



# INSIDE OUR REPORT

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Proxy Form

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fifty-Fifth Annual General Meeting (“**55<sup>th</sup> AGM**” or “**Meeting**”) of **Y&G CORPORATION BHD.** (“**the Company**”) will be held at Lot G-01 Ground Floor, Tower B, PJ City Development, No.15A, Jalan 219, Seksyen 51A, 46100 Petaling Jaya, Selangor Darul Ehsan on **Monday, 31 May 2021** at **11.00 a.m.** for the following purposes:

### AS ORDINARY BUSINESS

- |    |   |  |
|----|---|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.                          | <b>(Please refer to Explanatory Note 10)</b>           |
| 2. | To approve the payment of Directors’ fees of up to RM290,000 for the financial year ended 31 December 2020.   | <b>Ordinary Resolution 1</b>                           |
| 3. | To re-elect the following Directors who retire by rotation pursuant to Clause 137 of the Company’s Constitution:<br>(i) Dato’ Sri Yap Seng Yew; and<br>(ii) Mr. Tan Kak Teck.       | <b>Ordinary Resolution 2<br/>Ordinary Resolution 3</b> |
| 4. | To re-appoint Messrs. T. H. Kuan & Co. as Auditors of the Company until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. | <b>Ordinary Resolution 4</b>                           |

### AS SPECIAL BUSINESS

**To consider and if thought fit, pass with or without any modifications, the following resolutions:**

#### 5. ORDINARY RESOLUTION

##### **Payment of Directors’ Allowances to Non-Executive Directors**

“**THAT** the payment of Directors’ allowances of up to RM7,500 per month to Non-Executive Directors of the Company for the period commencing 1 June 2021 to the date of the next annual general meeting be and is hereby approved.”

**Ordinary Resolution 5**

#### 6. ORDINARY RESOLUTION

##### **Proposed Retention of Independent Directors**

(i) “**THAT** Mr. Lee Boon Hong @ Lee Boon Keong who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, shall continue to act as an Independent Non-Executive Director of the Company.”

**Ordinary Resolution 6**

(ii) “**THAT** Encik Mohd Shafizan Bin Shahbudin who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, shall continue to act as an Independent Non-Executive Director of the Company.”

**Ordinary Resolution 7**

## NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

### 7. ORDINARY RESOLUTION

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

“**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being and that the Directors be and are also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued **AND THAT** such authority shall continue in force until the conclusion of the next annual general meeting of the Company after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier unless revoked or varied by an ordinary resolution of the Company at a general meeting.”

#### Ordinary Resolution 8

8. To transact any other business of the Company of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board  
**Y&G CORPORATION BHD.**

**CHEN WEE SAM (LS 0009709) (SSM PC No. 202008002853)**  
Company Secretary

Kuala Lumpur  
30 April 2021

## **NOTICE OF ANNUAL GENERAL MEETING** (Cont'd)

### **NOTES:**

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his/her/its proxy to exercise all or any of his/her/its rights to attend, speak and vote in his/her/its stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the Meeting, provided that the member specifies the proportion of his/her/its shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. 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 shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
6. Subject to the Constitution, members may deposit the instrument appointing the proxy by electronics means by way of submitting the instrument to the e-mail address [ir@shareworks.com.my](mailto:ir@shareworks.com.my) not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
7. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 24 May 2021, shall be eligible to attend the Meeting or appoint proxy(ies) to attend and/or vote on his/her/its behalf.
9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all resolutions set out in this Notice will be put to vote by way of poll.

## NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

### Explanatory Note on Ordinary Business

#### 10. Audited Financial Statements for the Financial Year Ended 31 December 2020

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

### Explanatory Note on Special Business

#### 11. Payment of Directors' Allowances to Non-Executive Directors

Ordinary Resolution 5 is to approve the payment of Directors' allowances to the three (3) Non-Executive Directors of the Company of up to RM7,500 per month for the period commencing after the date of the 55<sup>th</sup> AGM to the date of the next annual general meeting. The Board is of the view that it is just and equitable for the Directors to be paid the allowances for them to discharge their responsibilities and render their services to the Company.

#### 12. Proposed Retention of Independent Directors

The proposed Ordinary Resolutions 6 and 7, if passed will allow Mr. Lee Boon Hong @ Lee Boon Keong and Encik Mohd Shafizan Bin Shahbudin to be retained and continue to act as Independent Directors to fulfil the requirement of Paragraph 15.02 of Bursa Securities' Main Market Listing Requirements. The full details of the Board's justification and recommendations for the retention of Mr. Lee Boon Hong @ Lee Boon Keong and Encik Mohd Shafizan Bin Shahbudin as Independent Directors are set out on Pages 29 and 30 of the Board's Corporate Governance Overview Statement in the Annual Report 2020.

#### 13. Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 8 is proposed pursuant to Sections 75 and 76 of the Companies Act 2016 for the purpose of obtaining a renewed general mandate ("General Mandate"), which if passed, will empower the Directors of the Company to allot and issue new ordinary shares in the Company at any time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares, if any) of the Company for the time being for such purposes as the Directors deem fit and in the best interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This General Mandate will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next annual general meeting after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is the earlier. This General Mandate, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Fifty-Fourth Annual General Meeting of the Company held on 27 July 2020 and which will lapse at the conclusion of this 55<sup>th</sup> AGM.

**IMPORTANT NOTICE:** In view of the COVID-19 pandemic, the Company has in place rules and control for the 55<sup>th</sup> AGM in order to safeguard the health of attendees. Please follow the procedures provided in the Administrative Guide which can be downloaded from the Company's announcement via Bursa Securities' website.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

<b>Lee Boon Hong @ Lee Boon Keong</b>	Independent Non-Executive Chairman
<b>Dato' Sri Yap Seng Yew</b>	Managing Director
<b>Datin Sri Gan Li Li</b>	Deputy Managing Director
<b>Dato' Yap Jun Jien</b>	Executive Director
<b>Mohd Shafizan Bin Shahbudin</b>	Independent Non-Executive Director
<b>Tan Kak Teck</b>	Independent Non-Executive Director

### AUDIT AND RISK COMMITTEE

Tan Kak Teck (Chairman)  
 Lee Boon Hong @ Lee Boon Keong  
 Mohd Shafizan Bin Shahbudin

### NOMINATION COMMITTEE

Mohd Shafizan Bin Shahbudin (Chairman)  
 Lee Boon Hong @ Lee Boon Keong  
 Tan Kak Teck

### REMUNERATION COMMITTEE

Dato' Yap Jun Jien (Chairman)  
 Lee Boon Hong @ Lee Boon Keong  
 Mohd Shafizan Bin Shahbudin

### COMPANY SECRETARY

Chen Wee Sam  
 (LS 0009709)  
 (SSM PC No. 202008002853)

### REGISTERED OFFICE

No. 2-1, Jalan Sri Hartamas 8,  
 Sri Hartamas,  
 50480 Kuala Lumpur,  
 Wilayah Persekutuan (KL)  
 Tel : 03 - 6201 1120  
 Fax : 03 - 6201 3121

### SHARE REGISTRAR

ShareWorks Sdn. Bhd.  
 No. 2-1, Jalan Sri Hartamas 8,  
 Sri Hartamas,  
 50480 Kuala Lumpur,  
 Wilayah Persekutuan (KL)  
 Tel : 03 - 6201 1120  
 Fax : 03 - 6201 3121

### AUDITORS

T. H. Kuan & Co. (AF : 1216)  
 Chartered Accountants  
 No. 26A, Jalan 21/19, SEA Park,  
 46300 Petaling Jaya,  
 Selangor Darul Ehsan.  
 Tel : 03 - 7875 8200  
 Fax : 03 - 7877 1820

### STOCK EXCHANGE LISTING

BURSA MALAYSIA SECURITIES BERHAD  
 (Main Market)  
 Stock Code : 7003  
 Stock Name : Y&G

### PRINCIPAL BANKERS

Hong Leong Bank Berhad  
 AmBank (M) Berhad  
 RHB Bank Berhad

### WEBSITE

[www.ygcorp.com.my](http://www.ygcorp.com.my)

## **DIRECTORS' PROFILE**

### **LEE BOON HONG @ LEE BOON KEONG**

aged 68, Male, Malaysia

Independent Non-Executive Chairman

Mr. Lee was appointed to the Board on 11 March 2005 and re-designated as an Independent Non-Executive Chairman on 12 May 2008. He holds a BA (Hons) degree in Interior Architecture, University of Teesside (formerly known as Teesside Polytechnic), United Kingdom. He currently serves on the Board of Directors of an oil palm plantation company. Mr. Lee serves as a member of the Audit and Risk Committee, Remuneration Committee and Nomination Committee of the Company. He does not have any conflict of interest with the Company, and is not having any family relationship with any Directors and/or major shareholders of the Company.

### **DATO' SRI YAP SENG YEW**

aged 62, Male, Malaysia

Managing Director/Key Senior Management

Dato' Sri Yap was appointed as the Executive Director of the Company on 20 December 2004 and re-designated as Managing Director on 11 March 2005. Upon the completion of his studies, he ventured into the business of property development, building construction and civil engineering industries. Over the past 30 years, he has been actively involved in the management of various developments, and hence has gathered extensive experience and expertise especially in the housing and property development sectors. Dato' Sri Yap is a major shareholder of the Company and he is the spouse of the Deputy Managing Director, Datin Sri Gan Li Li and father of the Executive Director, Dato' Yap Jun Jien. He does not have any conflict of interest with the Company.

### **DATIN SRI GAN LI LI**

aged 60, Female, Malaysia

Deputy Managing Director/Key Senior Management

Datin Sri Gan was appointed as the Executive Director of the Company on 20 December 2004 and then re-designated as Deputy Managing Director on 11 March 2005. She has been actively involved in the operations of the Company over the years and amassed vast experience in the housing and property development businesses. Datin Sri Gan is a major shareholder of the Company and she is the spouse of Dato' Sri Yap Seng Yew and mother of Dato' Yap Jun Jien. She does not have any conflict of interest with the Company.

### **DATO' YAP JUN JIEN**

aged 39, Male, Malaysia

Executive Director/Key Senior Management

Dato' Yap was appointed as the Executive Director of the Company on 1 December 2007. He has also served as the Chairman of the Company's Remuneration Committee since 1 December 2007. He holds a Civil Engineering degree from the University of Nottingham, United Kingdom. Dato' Yap is a major shareholder of the Company and he is the son of Dato' Sri Yap Seng Yew and Datin Sri Gan Li Li. He does not have any conflict of interest with the Company.

### **MOHD SHAFIZAN BIN SHAHBUDIN**

aged 47, Male, Malaysia

Independent Non-Executive Director

Encik Mohd Shafizan was appointed to the Board on 11 March 2005. An advocate and solicitor by profession, he graduated from University of Malaya with a LLB (Hons) degree. He is the Chairman of the Company's Nomination Committee and also a member of both Audit and Risk and Remuneration Committees. He does not have any conflict of interest with the Company, and is not having any family relationship with any Directors and/or major shareholders of the Company.



## **DIRECTORS' PROFILE** (Cont'd)

### **TAN KAK TECK**

aged 62, Male, Malaysia

Independent Non-Executive Director

Mr. Tan was appointed to the Board on 3 October 2014. A chartered accountant by profession, he is a member of Malaysian Institute of Accountants and a Fellow Member of Association of Chartered Certified Accountants. He is a Chairman of the Audit and Risk Committee and a member of Nomination Committee of the Company. Currently, he is a partner of a Chartered Accountant firm in Kuala Lumpur. He is also an Independent Non-Executive Director of Plenitude Berhad. Mr. Tan does not have any conflict of interest with the Company, and is not having any family relationship with any directors and/or major shareholders of the Company.

## **KEY SENIOR MANAGEMENT's PROFILE**

### **YAP JUN WEI**

aged 37, Male, Malaysia

Key Senior Management

Mr Yap was appointed as the Corporate cum Project Planning Manager of the Company and its subsidiaries since 2 January 2009. He graduated with a B.Sc Actuarial Science from London School of Economics and a Master of Philosophy from University of Cambridge, United Kingdom. He is responsible for the corporate affairs, project development planning and marketing of the Group. He is a major shareholder of the Company. He is the son of Dato' Sri Yap Seng Yew and Datin Sri Gan Li Li and the brother of Dato' Yap Jun Jien. He does not have any conflict of interest with the Company.

## **OTHER INFORMATION**

### **Directorship in other Public Companies and Listed Companies**

Except for Mr. Tan Kak Teck, none of the other Directors/Key Senior Management holds any directorship in other public companies and listed companies.

### **Conviction of Offences**

Other than traffic offences, if any, the Directors/Key Senior Management have not been convicted of any offences within the past five (5) years and have not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.

### **Attendance of Board Meetings**

The Directors' attendance of the Board Meetings for the financial year 2020 is presented on page 27 of the Annual Report.

## MANAGEMENT DISCUSSION AND ANALYSIS

The main principal activity of the Group is property development, targeting mixed development projects within the high-growth Greater Klang Valley area. Our products offering are mostly in the affordable and mid-market segments with the middle income group from both private and public sectors being our target market.

### REVIEW OF ECONOMIC

Malaysia's economy slowed down more than expected, which affected the median incomes as well as the local purchasing power. Malaysia unemployment rate for 2020 was 4.8%, an 1.5% increase from 2019.

In fact, the property industry was already facing headwinds in the past few years, owing to the slow economy as above-mentioned, rising of building costs, property overhang, strict lending policy and also the challenges added by the unprecedented COVID-19 pandemic. Therefore, buying property has been too expensive for many Malaysians now as potential buyers are likely to wait-and-see, leading to the reduction of average sales in short term.

### OVERVIEW OF BUSINESS AND OPERATIONS

The government's implementation of the Movement Control Order ("**MCO**") from 18 March 2020 on non-essential services effectively halted the progress of our on-going development projects. Although the construction site was allowed to operate in early May 2020, due to the strict Standard Operating Procedures ("**SOP**") on-site requirements and mandatory COVID-19 screening for all foreign workers, the resumption to normal operations has been gradual and incremental. The prolonged implementation of several phases/types of MCOs in containing the COVID-19 pandemic had affected also our Group's operational activities during the year.

In financial year ended 31 December 2020 ("**FY2020**"), the demand for the on-going project, Trifolia and the existing inventories have been encouraging due to attractive promotional packages offered by us to boost the sales and the government's effort in re-introducing the National Home Ownership Campaign ("**HOC**") 2020/2021 coupled with the Overnight Policy Rate reduced to a historic low rate of 1.75% by Bank Negara Malaysia in July 2020. However, the conversion from bookings into actual sales remains a concern as evidenced by the lower mortgage loan approval rate by most of the commercial banks.

Against these backdrops, the Group has been actively on the lookout for suitable landbank and has successfully acquired a piece of land in Kajang in FY2020. Kajang is a town in southeastern Selangor. This landbank offers us an affordable entry point into strategic location as the development gravity has shifted to southeastern Selangor for the past few years. The Group plans to develop this land into a mixed development comprising affordable residential and commercial properties.

### RESPONSES TO COVID-19 PANDEMIC

COVID-19 presents a major global health and economic crisis that has crippled countries and industries globally and continues to threaten lives and livelihoods. With physical lockdowns in place around the world, there has been a greater shift towards digitalization and new ways of working, forcing businesses to rethink traditional business strategies. Supply chains, route to markets and customer demands have also been affected and will continue to remain under pressure in this period of uncertainty.

Responding to this crisis has been a key priority this year, as we review our business development plans and safeguard the health and safety of all our stakeholders. In adhering to the MCO instructions and SOPs issued by the government to prevent community spread, the Group cancelled all gatherings, marketing events, new project launches, festive celebrations and other community events.

We are committed to strike to combat this virus across the board within the parameters of what we can control.

# MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

## REVIEW OF FINANCIAL RESULTS

With the unexpected outbreak of COVID-19 pandemic and the continued challenging property market in FY2020, the Group reported a significantly lower revenue of RM39.3 million for the current FY2020 compared to RM59.9 million in the previous financial year ended 31 December 2019 (“FY2019”), representing a drop of RM20.6 million which was mainly due to lesser on-going development projects, continuing weak market condition and operational interruption / halt following the Government’s implementation of several phases of MCO in containing the pandemic since mid-March 2020.

The above drop in revenue was also partly contributed by the non-recognition of PPAM Scheme’s revenue under Trifolia Project amounting to RM8.2 million (FY2019 : RM4.4 million) due to MFRS15 accounting standard (which only allows revenue recognition only upon its completion and hand-over to the purchasers). Had these revenue been recognised, the Group’s revenue for the FY2020 and FY2019 would have been RM47.5 million and RM64.3 million respectively, representing a lower drop of RM16.8 million.

Corresponding to the drop in revenue as abovementioned, the Group’s profit before tax decreased by RM3.7 million to RM3.2 million in the FY2020 compared to RM6.9 million reported in the FY2019, primarily due to the lower revenue as above-mentioned despite lower operating expenses in the FY2020.

As in the previous years, the major components of the Group’s assets comprise Land Held for Property Development (“LHFPD”), Property Development Expenditure (“PDE”), Inventories and Cash and Cash Equivalents. As compared to the FY2019, the following components of the Group’s assets, liabilities and equity for the FY2020 have significant changes:

- Increase in LHFPD by RM10.3 million mainly due to a new land acquisition during the year (whereby its balance purchase price has been accrued in Other Payables and Accruals);
- Increase in PDE by RM16.1 million mainly due to the postponement of sales launch of a development project already under construction;
- Increase in Contract Assets by RM9.8 million mainly due to the non-issuance of progress billings to PPAM Scheme’s purchasers; and
- Decrease in Other Payables and Accruals (despite the accrual of new land acquisition’s balance purchase price mentioned above) and the corresponding increase in Bank Borrowing, primarily due to the settlement of a land acquisition’s balance purchase price (which had been accrued in the previous FY2019) via the aforesaid borrowing during the year.

Compared to the FY2019, save for the lower revenue mentioned above, there were no significant changes to the components of the Group’s income and expenses for the FY2020.

Notwithstanding the above, the Group’s financial position has grown marginally stronger, and as at 31 December 2020, its shareholder’s equity has increased to RM294.2 million (FY2019: RM293.5 million) with net tangible assets of RM1.35 (FY2019: RM1.34) per share. However, the market capitalization was lower at RM122.4 million based on its closing market price of RM0.56 per share as at 31 December 2020.

For further information about our financial results, please kindly refer to our past Five (5) Years’ Financial Highlights on Page 44 of this Annual Report.

## **MANAGEMENT DISCUSSION AND ANALYSIS** (Cont'd)

### **DIVIDEND**

In view of the adverse impact of COVID-19 pandemic, coupled with uncertainties on the global economy and markets going forward, the Board of Directors ("Board") needs to take into consideration of the Group's financial position, operational working capital requirements and the need to conserve cash for any opportunities of landbank acquisition even though the Board acknowledges the importance to reward and provide a return to shareholders on yearly basis through the payment of dividend. As such, the Board does not recommend the payment of any dividend at the forthcoming 55<sup>th</sup> AGM.

The Board endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management to ensure the shareholders may participate in the profits of the Group in the future. The Board remains committed to creating long-term value for all the shareholders.

### **OUTLOOK AND FUTURE PROSPECTS**

The Malaysian property market remains weighed down by high and rising unsold completed units. The weaker buying interest for properties due to COVID-19 pandemic induced economic crisis and the continued stringent lending policy by most of the banks in Malaysia, have further affected the property sector negatively.

However, the re-introduction of the HOC 2020/2021 is expected to be an important catalyst to stimulate property sales in Malaysia. The campaign offers a minimum 10% discount on property prices and stamp duty exemption for homebuyers. Property sales are also expected to improve in tandem with the recovery in the economy.

While property market conditions are likely to remain soft in the medium term, projects that are strategically located and appropriately priced will continue to see strong demand. The Group's primary focus is to follow through on the existing new projects leveraging on our expertise in affordable homes. We will continue our efforts to monetise the existing inventories, tapping on the HOC 2020/2021 to improve further the Group's cashflow position. Besides, we will also continue to work closely with banks and potential homebuyers to address the issue of tight financing and high loan rejection rates.

The future holds exciting opportunities as well as uncertainty. As we step into financial year 2021, the Group's current unbilled sales stood at RM99.3 million, providing a good earning visibility. On top of that, our landbanks, currently in total of 206 acres is sufficient for the Group to sustain our momentum moving forward. At the same time, our sound balance sheet and ample capital resources place us in a solid position to sustain our development activities and accommodate land acquisition opportunities that may arise.

The Group endeavours to continue to be cautious, nimble and be innovative in our marketing strategies and launches. Prudent financial management would be a key to ride this crisis out and sustainability would be an utmost priority and at the same time looking out for any potential growth opportunity.

# SUSTAINABILITY STATEMENT

## ABOUT THIS SUSTAINABILITY STATEMENT

In our journey towards a sustainable property developer, Y&G Corporation Bhd. and its subsidiaries (“the Group”) are pleased to disclose our initiatives in this annual sustainability statement. Our corporate mission is to develop and provide quality homes to our customers with the “ultimate home experience” at affordable prices while protecting the environment and improving the quality of life of the communities we serve and still remain profitable to stakeholders.



This sustainability statement covers information during the financial year ended 31 December 2020 (“FY2020”).

This annual disclosure identifies, evaluates and manages the material **Economic**, **Environmental** and **Social** (“EES”) risks and opportunities in accordance with the:

- Global Reporting Initiative Sustainability Reporting Guidelines; and
- Bursa Malaysia’s Sustainability Reporting Guide and its accompanying Toolkits 2<sup>nd</sup> Edition, issued by Bursa Securities.

We welcome and value your suggestions or feedback on our approach towards sustainability, you may contact us through the following channels:

Head of Finance : Mr. Johnny Lee Y.S.  
Email : [johnny.lee@ygcorp.com.my](mailto:johnny.lee@ygcorp.com.my)  
Mailing Address : Lot G-01, Ground Floor,  
Tower B, PJ City Development,  
No.15A, Jalan 219, Seksyen 51A,  
46100 Petaling Jaya,  
Selangor Darul Ehsan.



### ECONOMIC

The creation of long-term value for shareholders and value add for all the Group’s stakeholders



### ENVIRONMENTAL

Striving towards reducing the Group’s environmental footprint by improving the efficiency of resources and supporting conservation efforts.



### SOCIAL

Dealing with the customers and public according to good market practices and regulatory requirements, conducive workplace practices and community engagement through a variety of initiatives involving the Group’s monetary and non-monetary resources.

# SUSTAINABILITY STATEMENT (Cont'd)

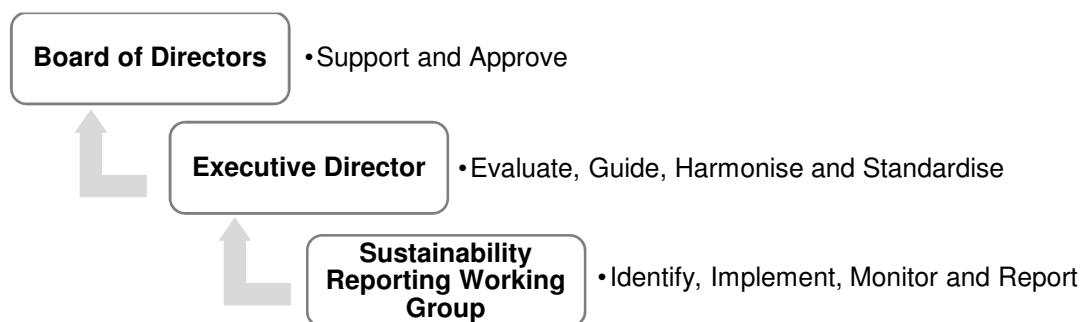
## SUSTAINABILITY GOVERNANCE STRUCTURE

The Group's sustainability governance comes under the purview of its Board of Directors ("**Board**"), who is approving the proposed strategies and practices that drive business growth without impinging the Group's sustainability goals.

The Executive Director together with the Sustainability Reporting Working Group ("**SRWG**"), comprising certain key management personnel from corporate planning, finance, project, marketing, human resources & general administration and corporate planning, work closely to drive the implementation of the Board's approved sustainability strategies and practices.

The SRWG was formed in 2019, to ensure the identification, implementation, monitoring and reporting on the sustainability strategies and practices of the Group to the Board.

The sustainability governance structure is illustrated as below:



## SUSTAINABILITY POLICY

The Group adopted a sustainability policy as a guiding principal to improve sustainability performance. The sustainability policy will endeavour to:

- Continuously assess and address significant economic, environmental and social concerns on our operations and incorporate these considerations into our business planning, decision-making and execution processes to ensure sustainability;
- Ensure compliance with relevant legislations, standards, policies and procedures;
- Ensure business activities are conducted in an ethical and transparent manner;
- Define targets and track sustainability performance;
- Improve efficiency in our operations; and
- Maintain relationships with our stakeholders as we drive our sustainability journey.

# SUSTAINABILITY STATEMENT (Cont'd)

## STAKEHOLDERS' ENGAGEMENT

We continue to align the Group's focus to the area of interest of all our stakeholders to deliver long term value to our shareholders. Through constant engagement with all stakeholders, we build mutual trust and allowing better insight into the community's needs as well as market trends for us to formulate the Group's sustainability strategies and practices.

The table below sets out the stakeholder groups, their area of interests and our methods of engagement:

Stakeholder	Area of interests	Methods of communication	Frequency of engagement
<b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>❖ Return on investment</li> <li>❖ Financial performance</li> <li>❖ Branding</li> <li>❖ Company's strategies and updates</li> <li>❖ Corporate governance</li> <li>❖ Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>• Investor relations and conferences</li> <li>• Annual and sustainability reports</li> <li>• Shareholders' updates</li> <li>• Annual general meeting and extraordinary general meeting</li> <li>• One-to-one or group meetings</li> <li>• Site visits</li> </ul>	<ul style="list-style-type: none"> <li>• On-going</li> <li>• Annually</li> <li>• Periodic</li> <li>• Annually/Ad Hoc</li> <li>• Periodic</li> <li>• Periodic</li> </ul>
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>❖ Financial performance</li> <li>❖ Growth and strategic direction of the Group</li> <li>❖ Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>• Board Meetings</li> <li>• General Meeting</li> <li>• Directors' training</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly</li> <li>• Annually</li> <li>• On-going</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>❖ Community activities and programmes</li> <li>❖ Company's development and updates</li> <li>❖ Project launches</li> <li>❖ Customer engagements</li> <li>❖ Quality of products</li> <li>❖ Health, safety and environmental compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Company's website</li> <li>• Events and engagement sessions</li> <li>• Social media</li> <li>• Customer Care Email</li> </ul>	<ul style="list-style-type: none"> <li>• On-going</li> <li>• Periodic</li> <li>• On-going</li> <li>• On-going</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>❖ Career development and opportunities</li> <li>❖ Remuneration and welfare</li> <li>❖ Training and skills enhancement</li> <li>❖ Workplace health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Performance appraisal</li> <li>• Regular meetings</li> <li>• Intranet</li> <li>• Sports &amp; Social Club's activities</li> </ul>	<ul style="list-style-type: none"> <li>• Yearly</li> <li>• Periodic</li> <li>• On-going</li> <li>• Throughout the year</li> </ul>
<b>Government/Regulatory Authorities</b>	<ul style="list-style-type: none"> <li>❖ Compliance with laws and regulations</li> <li>❖ Supporting government's initiatives</li> <li>❖ Annual reporting</li> <li>❖ Labour practices, environmental and health issues</li> </ul>	<ul style="list-style-type: none"> <li>• Formal meetings</li> <li>• Performance reports</li> <li>• Regular consultations</li> <li>• Site inspections/audits</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic</li> <li>• Periodic</li> <li>• Periodic</li> <li>• Periodic</li> </ul>

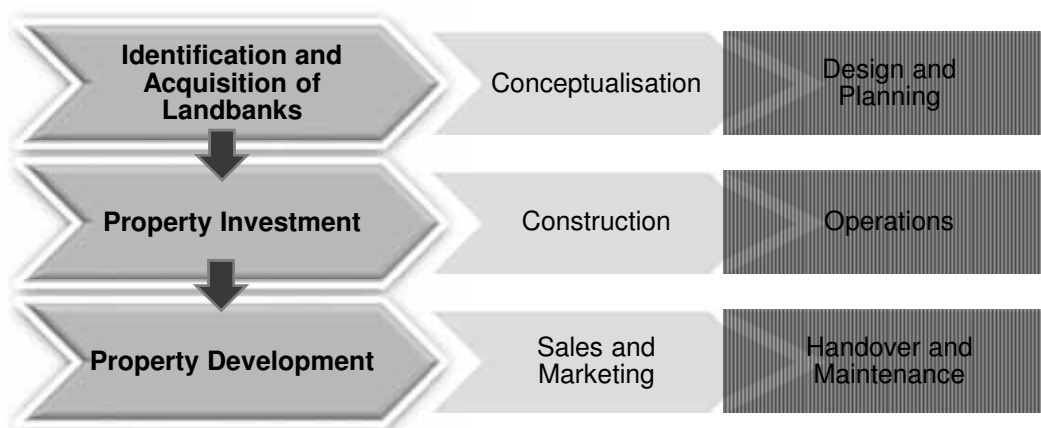
# SUSTAINABILITY STATEMENT (Cont'd)

## STAKEHOLDERS' ENGAGEMENT (Cont'd)

Stakeholder	Area of interests	Methods of communication	Frequency of engagement
<b>Value Chain Partners</b>	<ul style="list-style-type: none"> <li>❖ Fair procurement</li> <li>❖ Sustainable partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Training and briefing</li> <li>• Events and engagement sessions</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic</li> <li>• Periodic</li> </ul>
<b>Community and the Public</b>	<ul style="list-style-type: none"> <li>❖ Societal contributions</li> <li>❖ Socio-environmental impact from operations</li> </ul>	<ul style="list-style-type: none"> <li>• Community programmes</li> <li>• Social media</li> <li>• Website</li> <li>• Strategic partnership</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic</li> <li>• On-going</li> <li>• On-going</li> <li>• As and when required</li> </ul>
<b>Analysts / Media</b>	<ul style="list-style-type: none"> <li>❖ Ongoing and future projects</li> <li>❖ Communication of corporate updates and news</li> </ul>	<ul style="list-style-type: none"> <li>• Press releases</li> <li>• Press conferences</li> <li>• Press Questions and Answers</li> </ul>	<ul style="list-style-type: none"> <li>• As and when required</li> <li>• As and when required</li> <li>• As and when required</li> </ul>

## OUR VALUE CHAIN

Property development remain as our main core business, the Group's value chain comprises several stages which includes the identification and acquisition of landbanks, property investments as well as property development projects as illustrated below:



By inculcating the culture of sustainable development within our business operations, we consider and monitor the Economic, Environmental and Social risks that are material to the Group as well as our stakeholders. We are optimistic that we can strive towards sustainable growth and deliver value to our stakeholders through the sustainability efforts.

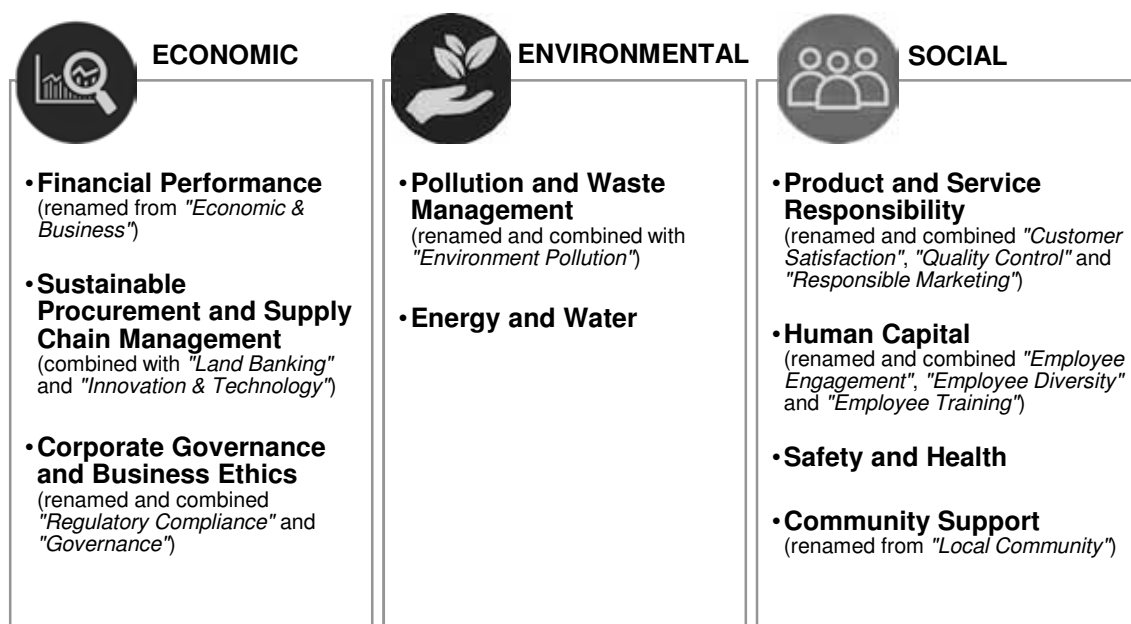


# SUSTAINABILITY STATEMENT (Cont'd)

## MATERIAL SUSTAINABILITY MATTERS

During the financial year ended 31 December 2019 ("FY2019"), a materiality survey was conducted by SRWG to determine and rank the material sustainability matters reflecting the Group's economic, environmental and social related risks and opportunities which are crucial for the success and continued growth of the Group. The Group identified 17 key sustainability matters during the survey.

In FY2020, we reviewed and reclassified the 17 key sustainability matters into 9 material sustainability matters, which were categorised into the relevant sustainability pillars as illustrated below:



## ECONOMIC

### 1. FINANCIAL PERFORMANCE

Good financial performance is one of the key factors in maintaining the continuity of the Group in the long term. The Group is committed in increasing sustainable and responsible corporate performance, creating the conditions for development that ensures the needs and expectations of all the stakeholders are met.

During FY2020, we have faced several challenges and uncertainties including the global economic instability and COVID-19 pandemic. It is not an easy year for us where the market sentiments and economic spending is poor and slowdown which consequently result in our declining business performance. However, the Group still managed to record RM39.3 million in revenue and a profit after tax of RM0.8 million in FY2020. We remain prudent in maintaining a strong financial position that enable the execution of our objective in creating value over the coming years.

Further information on our financial performance can be found in:

- Management Discussion and Analysis : Page 8 to 10
- Audited Financial Statements : Page 45 to 128

# SUSTAINABILITY STATEMENT (Cont'd)



## ECONOMIC

### 2. SUSTAINABLE PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Sustainable procurement and supply chain management is key to the Group's economic performance and competitiveness. Hence, designing sustainability into our procurement and supply chain enables us to manage risks of business disruption, rising costs as a result of damage to reputation and loss of business.

In our Group, project's main contractors are selected by our Contract Department ("CD") via tender and/or selection process. The CD has in place formalised standard operating procedures ("SOP") for tender and/or selection processes and priorities for local business.

To ensure the provision of quality products and services, we evaluate, monitor and assess the service quality of suppliers based on their work progress. In line with this approach, we have established criteria to assure the robust selection of reliable contractors, suppliers and consultants as well as formulated SOP to effectively manage our supply chain.

The Group is committed to promoting business opportunities and building the capacity of local contractors, suppliers and consultants across operations and throughout the supply chain. In FY2020, 100% of contractors, suppliers and consultants engaged by our Group were sourced from local businesses that adhere to the Group's product quality expectations, cost effectiveness and business ethics standards.

Besides, in the current FY2020, we acquired 5.4 acres of land in Kajang through direct acquisition and joint-venture. Kajang is a town in southeastern Selangor. This landbank offers us an affordable entry point into strategic location as the development gravity has shifted to the southeastern Selangor for the past few years. The Group plans to develop this land into a mixed development comprising affordable residential and commercial properties.

### 3. CORPORATE GOVERNANCE AND BUSINESS ETHICS

The Group is committed to good and ethical corporate governance as the basis to protect the interests of all the stakeholders and also the reputation of the Group.

The Group has established a Code of Conduct and Ethics to identify and emphasise the areas of ethical risk and it also provides an ethical framework to guide actions and behaviours of all our Directors and employees.

In addition, the Group has in place various policies that establish the rules of conduct and governance within the organisation as follows which are available at the Company's website, [www.ygcorp.com.my](http://www.ygcorp.com.my):

- a. Board Charter;
- b. Terms of Reference of the Board Committees;
- c. Code of Conduct and Ethics;
- d. Investor Relations Disclosure Policy;
- e. Remuneration Policy;
- f. Grievance Procedure;
- g. Whistle Blowing Policy; and
- h. Anti-Bribery and Corruption Policy

# SUSTAINABILITY STATEMENT (Cont'd)



## ECONOMIC

### 3. CORPORATE GOVERNANCE AND BUSINESS ETHICS (Cont'd)

#### Anti-Bribery and Corruption Policy

In response to the introduction of the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("**MACC Act**"), which took effect on 1 June 2020, the Group has established an Anti-Bribery and Corruption Policy which serves to provide guidance on how to prevent, deal with and combat bribery and corrupt activities and issues that may arise in the course of business. This Policy is applicable to all employees, directors and any person who performs services for and on behalf of the Group.



## ENVIRONMENTAL

### 4. POLLUTION AND WASTE MANAGEMENT

The Group acknowledges its environmental responsibility and the related impacts and shall strive to mitigate our own environment impact, to exercise great care and grow in a sustainable manner.



Reduce, Reuse and Recycle ("**3R**") initiatives are being implemented across project sites, inculcating environmental awareness among our employees on approaches to minimise wastage.

In our corporate office, we encourage our employees to think before print so as to reduce paper usage as well as practicing the good culture of recycling waste materials. Waste papers, newspapers, boxes and other recyclable materials were packed separately in the waste bin for collection.

Being a responsible developer, we encourage our contractors to dispose all the scheduled wastes and non-hazardous solid wastes generated to the approved disposal facilities and regulated landfills respectively.

In relation to our projects, the Group:

- ✓ Complies with all relevant laws, in particular the Environmental Quality Act 1974 and the Environmental Impact Assessment ("**EIA**") Report, if required. The EIA Report includes pollution, control and discharge of effluent and satisfy the noise, visual impact, aerial pollution and vibration parameters required in respect of our projects;
- ✓ Ensures the incorporation of appropriate mitigative, rehabilitative, restoration and enhancement measures in its planning, design and implementation works;
- ✓ Gives due consideration to the preservation and social implications of water, noise and air quality, soil, flora and fauna within the site of our project land; and
- ✓ Ensures that our project land is appropriately landscaped to enhance visual amenity.

We are glad to highlight that there was no fine or penalty imposed by the relevant authority in FY2020.

# SUSTAINABILITY STATEMENT (Cont'd)



## ENVIRONMENTAL

### 5. ENERGY AND WATER

#### Energy Conservation

The use of significant amount of energy can create negative environmental impact in the form of greenhouse gases emissions, whether directly or indirectly, which contribute to global warming.

Our focus area was on energy saving in which power saving features or sleep mode were enabled on computers, photocopiers and other equipment and switching off lights and appliances when not in use which helped to reduce electricity consumption.

Electricity consumption in FY2020 was 28,402 kWh as compared with 33,528 kWh in FY2019, a decrease of 5,126 kWh. Although the decrease was mainly due to the shutdown of the corporate office during MCO, our efforts that we put in and the steps taken have also contributed to the decrease in power consumption.

#### Water Management

Our construction sites use on-site detention tanks to drain and retain rainwater to reduce the risk of flash flood and reduce erosion in rivers and streams. To conserve water consumption, we incorporate rainwater harvesting facilities to collect rainwater for common use. Besides, our projects use dual flush water cistern, thus enabling sustainable water consumption in the long term.



## SOCIAL

### 6. PRODUCTS AND SERVICES RESPONSIBILITY

The Group proclaims that maintaining and improving the quality of products and services is an essential aspect that contributes to an organisation's business success. We assert that the needs of our customers have to be met to ensure that our property sales continue to grow.

#### Products

As a developer, the Group recognises that quality and on-time delivery of its property products are vital for a sustainable growth of the Group and as such, continuously seeks to improve its business approaches and processes in this area.

The construction quality of the appointed Main Contractors for each of our projects is closely monitored. The Group has appointed an in-house Quality Assurance/Quality Control ("QA/QC") team to carry out the quality inspection during construction, issuance of non-conformance reports as and when necessary. Our appointed project consultants will also conduct periodic site visits/inspection.

#### Services

We maintain close relationships with our customers through social media such as Facebook where we post our latest launched projects, promotion packages and upcoming events in our sales galleries. Besides, in ensuring our customers' satisfaction towards our products and services, we work closely with customers to obtain feedback. Any inquiries from customers shall be dealt with by us within a short period of times.

## SUSTAINABILITY STATEMENT (Cont'd)



### SOCIAL

#### 6. PRODUCTS AND SERVICES RESPONSIBILITY (Cont'd)

##### Responsible Marketing

The Group conducts responsible marketing and communication, during sales as well as at the corporate level. Our marketing information is clear, accurate and informative. Properties under development are showcased at their respective sales galleries close to the project sites. These galleries act as the information centre catering for the current and prospective customers and investors.

We constantly update, support and facilitate our sales agents so that our customers will have confidence in our products and the transaction can be concluded in a seamless manner. We incorporate our sustainability values such as integrity, professionalism and ethical mannerism in our dealings with our sales agents so that the mutual trust and understanding can be escalated to our housebuyers. We expect our sales agents to market our products responsibly to ensure repeat customers in our future launches.

Support/engagement provided to our sales agent includes (but not limited) to the followings:

- a) Briefing to share project information and receive feedback from sales agents;
- b) Providing brochures for sales agents to do marketing;
- c) Providing sales gallery in strategic locations for sales agent to do marketing;
- d) Providing project model for sales agents to do marketing; and
- e) Tier-commission structure to incentivise sales agents.

In FY2020, the Group did not receive any significant complaint on any of our sales agents.

#### 7. HUMAN CAPITAL

We believe in our collective workforce to drive sustainability as our competitive advantage in the business. As such, the Group practices sustainable human resource management whereby we recognise and reward performance and support our people in achieving their professional development goals by continuously investing in their career development. We also advocate workforce diversity, equality and inclusivity.

##### Diversity and Equal Opportunity

The Group does not set specific numerical targets for diversity on gender, race and age in its workforce but we will continuously enhance workplace diversity at all levels. When recruiting for new positions, we look for the most suitable candidate based on competence and experience. This is vital due to the technical nature of the work tasks involved.

In general, the corporate office has almost equal number of gender whereas project sites are mainly male dominated. We take pride that our entire workforce comprise 100% local or Malaysians and we believe by employing locals, we play a role in enhancing the economic status of our community.

As at 31 December 2020, our group workforce consisted 48 employees.

# SUSTAINABILITY STATEMENT (Cont'd)



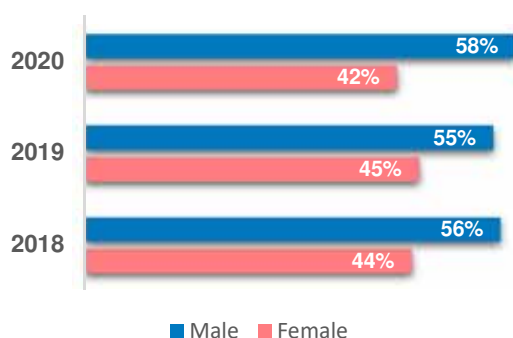
## SOCIAL

### 7. HUMAN CAPITAL (Cont'd)

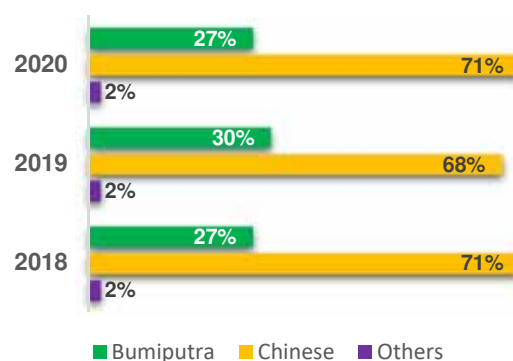
#### Diversity and Equal Opportunity (Cont'd)

The following charts show our employee demographics by gender, by race, by age as well as by employment type in supporting our business activities.

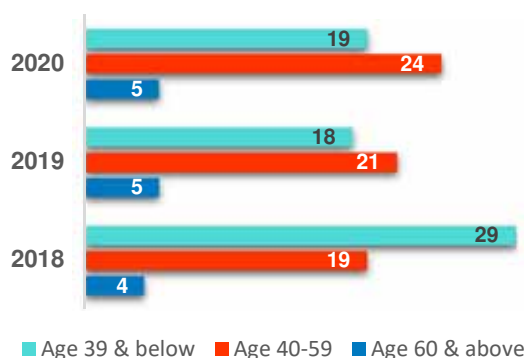
**Workforce by Gender**



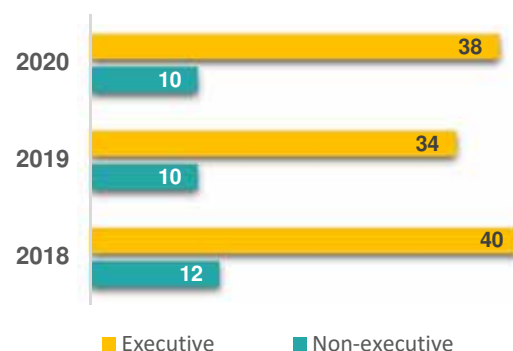
**Workforce by Race**



**Workforce by Age**



**Workforce by Employment Type**



#### Talent Management

We practice forward looking appraisal system whereby the employees receive constant feedback and guidance on their progress throughout the year so that they are challenged at work, see a career path and continuously learning in the Group. The annual review conducted at the end of the year is used to set the target for the following year. As the feedback is conducted more frequently, it fits our employees who want real-time feedback for their self-improvement. Our employees find such appraisal more dynamic and fulfilling as they are kept constantly on their toes. We also believe in mentoring to support, nurture and groom our employees in their career development.

## SUSTAINABILITY STATEMENT (Cont'd)



### SOCIAL

#### 7. HUMAN CAPITAL (Cont'd)

##### Talent Management (Cont'd)

The Group thrives to upgrade the soft skills of our employees that embrace digitalisation and artificial intelligence in view of the industrial revolution of machines replacing human jobs. We believe property technology (PropTech), a new technology innovation, will be a game changer in the property industry as it will have positive impact on improving efficiency and productivity. It encompasses the use of digital solutions, such as virtual reality application, artificial intelligence, data and analytics. As such, we aim to equip our employees to be adaptive to the industrial revolution by encouraging critical thinking, adaptive in learning multiple technologies, building their social media networks professionally in order to build new relationships and share ideas to upskill themselves, interpersonal skills, communication skills as well as maintaining a healthy mental well-being. We aim to groom our employees to anticipate challenges instead of reacting to problem. We believe by investing into our employees' skills, the company will be able to be more adaptive and resourceful in today's digital age with our employees being the fuel to the change. Developing our employee's interpersonal skills and communication skills will improve our customer's experience and eventually this service oriented culture becomes part of our DNA.

##### Employee Engagement

During the FY2020, our Human Resource Department introduced various external training and development programmes to assist our employees to upskill themselves by keeping abreast of current development and staying agile. This serves as a part of self-enrichment to our people. To keep our business sustainable, we instil highest possible ethical standards in our employees and in all of our practices as reflected in the Code of Conduct and Ethics and Internal Whistle Blowing Policy to create a corporate culture of professionalism and ethical mannerism. This in turn provides confidence to our stakeholders when conducting any dealings with the Group. In FY2020, the Group did not report any non-compliance issue.

In line with the Group's drive for continuous improvement on team spirit and promotion of interaction among employees, the Group's Social and Sports Club continued to organise various employee engagement activities including festivals celebration and healthy activity such as Trail Walk during the FY2020.

##### Pre-CNY Hi Tea



##### Trail Walk @ Taman Tugu



# SUSTAINABILITY STATEMENT (Cont'd)

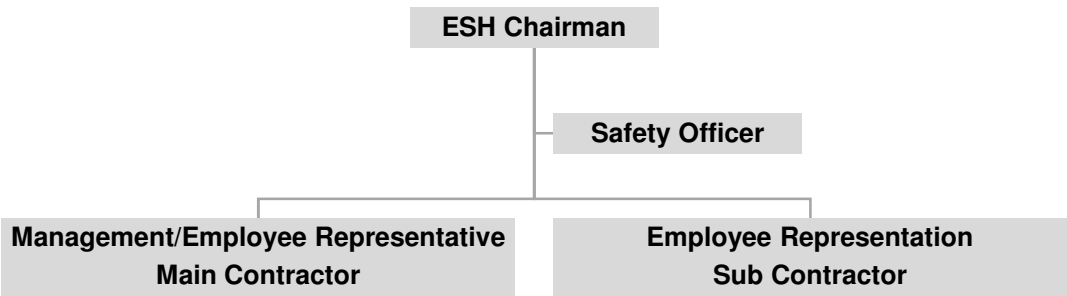


SOCIAL

8. SAFETY AND HEALTH

As a property developer, the nature of our business exposes our employees and contractors to Occupational Health and Safety risks. The Group undertakes necessary checks and measures that safeguard the well-being, safety and health of our employees, contractors and the public at large, especially in and around our construction sites.

The Group incorporates safety, health and environmental aspects into its procurement processes. In our Trifolia Apartment project, the main contractor has to comply with our site and safety requirements as well as the Department of Occupational Safety and Health (“**DOSH**”)’s requirements regarding environmental safety and health failing which offence penalty can be imposed on the main contractor throughout the contract period with us. The Environmental, Safety and Health (“**ESH**”) Committee chart for our Trifolia Apartment project is as follows:



To promote safety and health, and compliance with relevant authorities, the Group maintains insurance policies for its projects throughout the construction period as well as during the defects liability period on the following basis:

- (a) a contractors’ all risk policy against loss or damage to its projects from the following:
  - fire, flood, storm, tempest, lightning, explosion, aircraft or anything dropped therefrom, aerial objects bursting, overflowing water tanks, apparatus or pipes, earthquake, riot, civil commotion and etc.
- (b) a policy against any liability including third party for each incident (the number of incidents to be unlimited) which may arise in projects.

Site briefing on safety and health is conducted weekly to ensure the site staff and contractors are fully aware of their responsibilities in preventing any accidents. There was no material incident recorded on work-related injuries or fatalities at site during the FY2020.

**COVID-19 Safety and Health Measures**

The unexpected outbreak of COVID-19 pandemic has presented unprecedented challenges and concerns for both site workers and office staff which are beyond the usual occupational conditions and hazards.



# SUSTAINABILITY STATEMENT (Cont'd)



## SOCIAL

### 8. SAFETY AND HEALTH (Cont'd)

#### COVID-19 Safety and Health Measures (Cont'd)

##### At Project Site

Following the government's decision to allow construction works to resume in early May 2020 after the ending of MCO, we have requested our main contractor to conduct medical surveillance and COVID-19 testing for all their site workers in order to ensure all the workers are free from COVID-19 before entering site upon obtaining work permit from Ministry of International Trade and Industry ("MITI").

Besides that, we are also adhering to all prescribed guidelines issued by MITI, Ministry of Health, Construction Industry Development Board, DOSH in our SOP.

##### Trifolia's Site



These SOPs include daily temperature screenings, use of face masks, maintaining hand hygiene, practice of physical distancing at work and etc.

##### At Corporate Office

By the time the Conditional MCO was introduced, the Group rolled out work schedules for staff to return to work at the office. This was to ensure business continuity while keeping employees monitored and safe. To prevent the spread of the virus, all employees are encouraged to pay attention to their personal hygiene and keep the workplace clean and to follow the SOPs.

The SOPs include but not limited to:

- ✓ Temperature checks at the office entrance for all staff and visitors
- ✓ Provision of hand-sanitiser at all public common areas
- ✓ Markings at office and meeting rooms to encourage physical distancing at all times



# SUSTAINABILITY STATEMENT (Cont'd)



## SOCIAL

### 9. COMMUNITY SUPPORT

The Group recognises that giving back to our community is an on-going commitment and a significant part of our efforts to make a difference to society.

In keeping with our philosophy of giving back to the community, the Group has been providing both monetary and non-monetary contributions to the Shepherd's Centre Foundation which provides shelter to unfortunate and terminally ill children and old folks in Semenyih, Selangor.

In FY2020, the Group has made contributions in various forms of assistance amounting to approximately RM8,400 to the social and economic development of the community.

We endeavour to contribute to the local community through continuous community engagement activities.

### MOVING FORWARD

Sustainability practices are embedded across the Group's real estate value chain so that the communities we build will continue to thrive in the future. It crafts a journey for the Group to continue building more integrated, liveable and sustainable communities that enrich the lives of its residents and could make the Group's brand synonymous with strength, reliability and value creation.

By focusing strategically on the issues that have the greatest impact on our ability to create shareholders' value and adopting innovation and technology in our strategy, we will be able to extend our performance frontier further by taking advantage of business opportunities as we embark on our sustainability journey.

By building sustainable strategies, the Group aims to pave the way to a sustainable society whereby we meet the needs of the current generation without sacrificing those of generations to come.

This Sustainability Statement was approved by the Board on 8 April 2021.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of Y&G Corporation Bhd. ("**Y&G**" or "**the Company**") presents this statement to provide shareholders and investors with an overview of the corporate governance ("**CG**") practices of the Company under the leadership of the Board during the financial year ended 31 December 2020 ("**FY2020**"). This overview takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance ("**MCCG**").

This statement is prepared in compliance with Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and it is to be read together with the CG Report 2020 of the Company ("**CG Report**") which is available at the Company's website, [www.ygcorp.com.my](http://www.ygcorp.com.my).

The CG Report provides the details on how the Company has applied the principles laid down in the MCCG during the FY2020.

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### A1. Board's Responsibilities

The Board collectively leads and is responsible for the performance and affairs of the Company and its subsidiary ("**Group**"), including practising a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner as well as to uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board leads and directs the Group towards promoting long-term growth and delivering short-term objectives via its strategic planning and directions with effective leadership.

In fostering a strong CG culture in the Group, the Board has formalised and adopted the following policies which the public could refer to on the Company's website:

- a. Board Charter;
- b. Terms of Reference of the Board Committees;
- c. Code of Conduct and Ethics;
- d. Investor Relations Disclosure Policy;
- e. Remuneration Policy;
- f. Grievance Procedure;
- g. Whistle Blowing Policy; and
- h. Anti-Bribery and Corruption Policy

The Board has established three (3) Board Committees namely, Audit and Risk Committee ("**ARC**"), Nomination Committee ("**NC**") and Remuneration Committee ("**RC**") to assist in its oversight function on specific responsibility areas; the details of which are set out in the Board Charter and this Annual Report. Each Committee operates in accordance with respective terms of references and report to the Board with their recommendations. The ultimate responsibility for decision on all important matters, however, lies entirely with the Board.

The Board delegates specific powers to the Board Committees, Group Non-Executive Chairman, Managing Director ("**MD**"), Deputy Managing Director ("**Deputy MD**") and Executive Director ("**ED**"). The day-to-day management of subsidiaries is headed by the Senior Management team and under the leadership of the MD, Deputy MD and ED.

The Board is assisted by an experienced, competent and knowledgeable Company Secretary who give clear and sound advice on regulatory and governance matters to the Board. The Company Secretary also ensures timely and appropriate information flow within the Board and Board Committees.

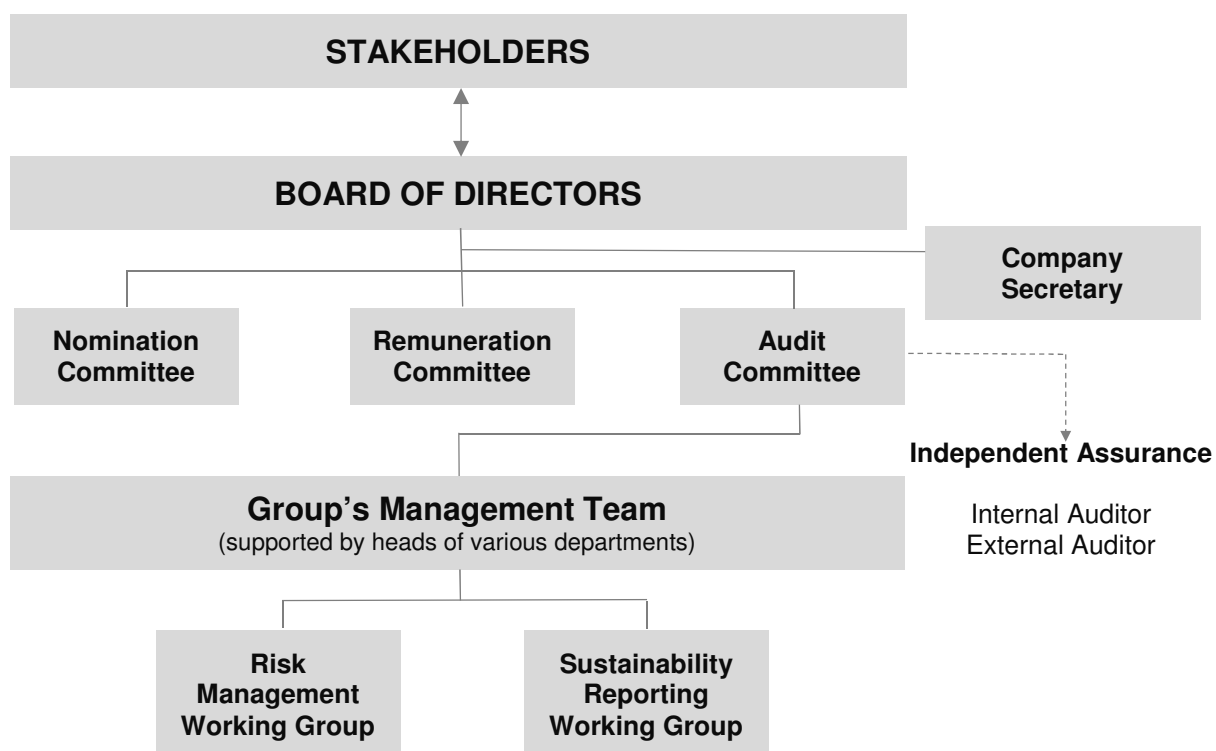
# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### A1. Board's Responsibilities (Cont'd)

#### Group Governance Framework

The governance framework of the Group is illustrated below:



#### Board Meetings

The Board met every quarter during the FY2020 to deliberate and approve, amongst others the development of various on-going and future projects, unaudited quarterly results, audited financial statements, regulatory updates and compliance. All proceedings of the Board Meetings were minuted, presented in the next meeting for confirmation and signed by the Chairman of the Meeting. At the Board Meetings, the Management presented papers pertaining to each issue raised for discussion or as supplementary information, and consultants (including the Internal Auditor) were invited to provide further insight and/or share advice and opinions on matters pertaining to governance, internal controls and risk management. The Chairman constantly promotes constructive, healthy debate and the Directors are given the chance to freely express their views.

To facilitate the Directors' time planning, a planned annual meeting calendar is prepared and circulated to them before the beginning of each year. It provides the scheduled dates for meetings of the Board and the annual general meeting. The Directors are also constantly updated with the closed periods for dealings in securities by Directors based on the targeted dates of announcement of the Group's quarterly results and annual financial results.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### A1. Board's Responsibilities (Cont'd)

During the FY2020, the Board met five (5) times and the attendance record for each Director at the meetings of the Board and Board Committees are tabulated below:

Board of Directors	Meeting Attendance
<b>Mr. Lee Boon Hong @ Lee Boon Keong</b> <i>Independent Non-Executive Chairman</i>	5/5 meetings
<b>Dato' Sri Yap Seng Yew</b> <i>Managing Director</i>	5/5 meetings
<b>Datin Sri Gan Li Li</b> <i>Deputy Managing Director</i>	5/5 meetings
<b>Dato' Yap Jun Jien</b> <i>Executive Director</i>	5/5 meetings
<b>Encik Mohd Shafizan Bin Shahbudin</b> <i>Independent Non-Executive Director</i>	5/5 meetings
<b>Mr. Tan Kak Teck</b> <i>Independent Non-Executive Director</i>	5/5 meetings

Audit and Risk Committee		Nomination Committee		Remuneration Committee	
<b><u>Chairman</u></b>		<b><u>Chairman</u></b>		<b><u>Chairman</u></b>	
Mr. Tan Kak Teck	5/5	Encik Mohd Shafizan Bin Shahbudin	1/1	Dato' Yap Jun Jien	1/1
<b><u>Member</u></b>		<b><u>Member</u></b>		<b><u>Member</u></b>	
Mr. Lee Boon Hong @ Lee Boon Keong	5/5	Mr. Lee Boon Hong @ Lee Boon Keong	1/1	Mr. Lee Boon Hong @ Lee Boon Keong	1/1
Encik Mohd Shafizan Bin Shahbudin	5/5	Mr. Tan Kak Teck	1/1	Encik Mohd Shafizan Bin Shahbudin	1/1

As part of the annual assessment on Directors, the Board was satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities and this was demonstrated by their above attendance record.

### **Directors' Training**

The Directors are encouraged to evaluate their own training needs on a continuous basis and undergo other relevant training programmes/seminars/webinars to further enhance their knowledge and expertise.

The Directors acknowledges that continuous education is vital for the Board members to gain insight into the state of the economy, technological advances, regulatory updates and management strategies to equip themselves with the necessary skills and knowledge to effectively discharge their duties.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### A1. Board's Responsibilities (Cont'd)

#### Directors' Training (Cont'd)

During the FY2020, all the Directors were periodically updated on new regulations and statutory requirements, particularly on the changes or amendments made to the MMLR and the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"). The training programmes/seminars/webinars attended by Directors during the FY2020 are as follows:

Name of Directors	Training Programmes/Seminars/Webinars
Mr. Lee Boon Hong @ Lee Boon Keong	<ul style="list-style-type: none"> <li>PwC Malaysia's Budget 2021 Webinar : Paving the way towards a resilient future</li> </ul>
Dato' Sri Yap Seng Yew	<ul style="list-style-type: none"> <li>Leading Change Successfully</li> <li>Legal Insights to Tax Audits and Investigations Affecting Property Developer and Contractors</li> </ul>
Datin Sri Gan Li Li	<ul style="list-style-type: none"> <li>Updates on Critical Tax Issues for Property Development Sector</li> <li>Legal Insights to Tax Audits and Investigations Affecting Property Developer and Contractors</li> </ul>
Dato' Yap Jun Jien	<ul style="list-style-type: none"> <li>PwC Malaysia's Budget 2021 Webinar : Paving the way towards a resilient future</li> <li>Powering Your Business with Sustainable Energy in Malaysia Confirmation</li> </ul>
Encik Mohd Shafizan Bin Shahbudin	<ul style="list-style-type: none"> <li>Corporate Liability under the MACC Act</li> </ul>
Mr. Tan Kak Teck	<ul style="list-style-type: none"> <li>National Tax Conference 2020</li> </ul>

### A2. Board's Composition

The Group is currently led and managed by an experienced Board comprising six (6) members with a wide range of business, legal, financial, technical background and experience necessary for the effective stewardship of the Group.

The Board is supported by three (3) Board Committees, i.e. ARC, NC and RC. The list of the members is shown in the Corporate Information on Page 5 of this Annual Report.

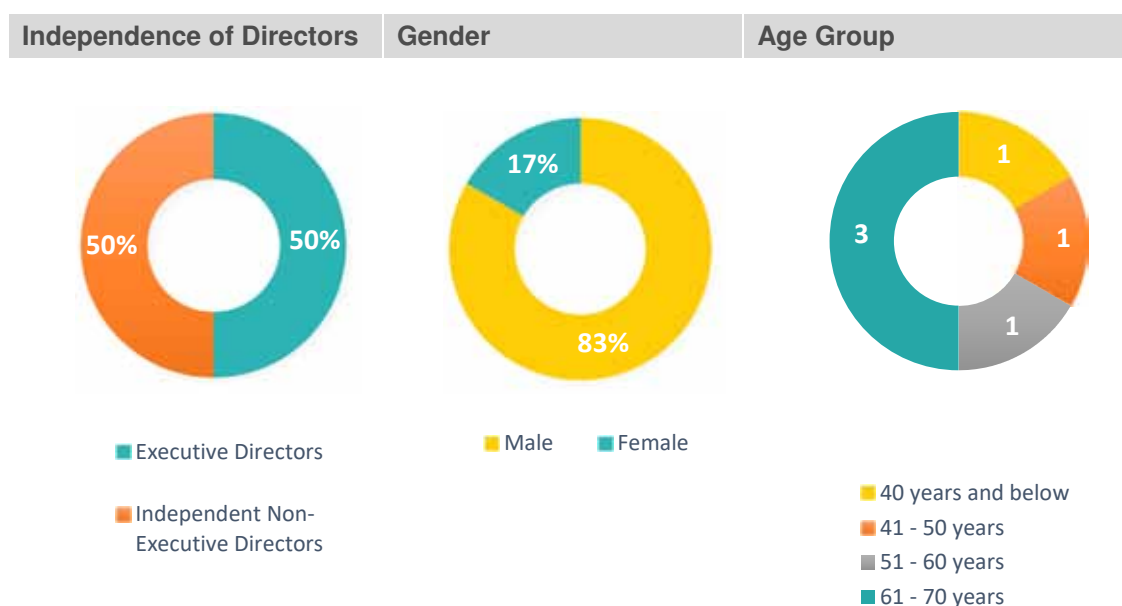
The current composition has a balance of Executive and Non-Executive Directors as well as Independent Directors and is in compliance with the best practices of the MCGG and fulfils Paragraph 15.02(1) of the MMLR. As part of the process of ensuring a balance board as prescribed in the Board Charter and fulfilling the needs of the Group, the Independent Directors are persons with accounting, legal and architectural background. The profile of the Board members is provided on Pages 6 and 7 of this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### A2. Board's Composition (Cont'd)

A detailed view of the current Board Composition is illustrated below:



### Chairman and Managing Director

Mr. Lee Boon Hong @ Lee Boon Keong is the Independent Non-Executive Chairman while, Dato' Sri Yap Seng Yew is the MD of the Company. The role of the Chairman and the MD are separated to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

The Independent Non-Executive Chairman provides leadership to the Board and the Group and ensures that the Board functions effectively, and is entrusted with the task of managing the interface between the Board and the Management.

The MD on the other hand, leads the Management of the Group, and oversees and monitors the business and operations of the Group.

The separate distinct functions and responsibilities between the Chairman and the MD have been set out in the Board Charter which is available on the Company's website at [www.ygcorp.com.my](http://www.ygcorp.com.my).

### Independence of Directors

The Board has not developed a policy which limits the tenure of its Independent Directors to nine (9) years as yet. Nonetheless, the Board is mindful of the prescribed practice of the MCCG pertaining to Board independence. The Board recognises that tenure of directorship is not an absolute indicator of a Director's independence and objectivity wherein the spirit, intention, purpose and attitude should also be considered.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

#### A2. Board's Composition (Cont'd)

##### Independence of Directors (Cont'd)

The tenure of Mr. Lee Boon Hong @ Lee Boon Keong and Encik Mohd Shafizan Bin Shahbudin as Independent Directors have exceeded the prescribed tenure limit of nine (9) years, as advocated by the MCGG.

The Board through its NC conducted an assessment of the independence of all its Independent Directors and was satisfied that the Independent Directors have fulfilled the criteria under the definition of Independent Director as stated in the MMLR and are able to provide objective and independent judgment in deliberation of the Board's agenda. Based on the Board's assessment, the Board is recommending to put forward a resolution at the forthcoming Fifty-Fifth Annual General Meeting to retain both Mr. Lee Boon Hong @ Lee Boon Keong and Encik Mohd Shafizan Bin Shahbudin as Independent Directors notwithstanding that their tenure as Independent Directors have exceeded the nine (9) years limit as recommended under the MCGG.

The Board's and NC's justifications to retain Mr. Lee Boon Hong @ Lee Boon Keong and Encik Mohd Shafizan bin Shahbudin (both hereinafter referred to as "the **INEDs**") are premised on the followings:-

- a) The INEDs continue to fulfill the criteria and definition of Independent Director as set out under Paragraph 1.01 of the MMLR;
- b) During their tenure in office, the INEDs have not developed, established or maintained any significant personal or social relationship whether direct or indirect with the ED, major shareholders or Management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent and expected of them to carry out their respective duties. Mr. Lee is the Chairman of the Board and member of the ARC, NC and RC whilst Encik Mohd Shafizan is the Chairman of the NC and member of the ARC and RC;
- c) During their tenure in office, the INEDs have never transacted or entered into any transactions with, nor provided any services to the Group, the ED, major shareholders or Management of the Company (including their family members) within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the MMLR;
- d) During their tenure in office as the INEDs, they have not been offered or granted any options by the Company. Other than directors' allowances paid which have been the norms and been duly disclosed in the annual reports, no other incentives or benefits of whatsoever nature have been paid to them by the Company;
- e) During their tenure in office, the INEDs have demonstrated consistently their integrity, commitment and contributed effectively to the Board's decision-making process; and
- f) During their tenure in office, the INEDs have gained significant and detailed understanding and insights into the business operations, and industry sectors in which the Group operates in. This includes an understanding of the peculiarities, strengths and weaknesses of the industry sectors, thereby enabling them to offer a different perspective during the decision-making process which a fresh appointee or a director holding office for a short length of time would not be able to offer.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

#### A2. Board's Composition (Cont'd)

##### Nomination Committee

The NC comprises three (3) members, all of whom are Independent Non-Executive Directors, as follows:

- Encik Mohd Shafizan Bin Shahbudin (*Chairman*)
- Mr. Lee Boon Hong @ Lee Boon Keong
- Mr. Tan Kak Teck

The NC is responsible for identifying, evaluating and nominating suitable candidates with the necessary mix of skills, experience and competencies to be appointed to the Board and Board Committees to ensure the effectiveness of the Board and the Board Committees. As an enhancement to its current process, the NC may also consider procuring suitable candidates from independent sources, when required. The NC annually reviews and assesses the effectiveness of the Board and the Board Committees as well as individual Directors based on the criteria set out by the Board and according to the fulfilment of the respective Board Committee's terms of reference.

During the FY2020, the activities carried out by the NC were as follows:

- Carried out an assessment and rating of the performance of the Board, Board Committees and individual Directors against the criteria as set out in the evaluation forms;
- Assessed and evaluated the independence of all Independent Non-Executive Directors;
- Reviewed and recommended the retention of Mr. Lee Boon Hong @ Lee Boon Keong and Encik Mohd Shafizan Bin Shahbudin as Independent Non-Executive Directors; and
- Reviewed and recommended the re-election of Directors pursuant to the Company's Constitution.

In assessing and recommending to the Board suitable candidature of Directors, the NC shall have regard to:

- a) size, composition, mix of skills, independence, diversity (including gender diversity), experience, competencies and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and Group;
- b) the appropriate number of Independent Directors to fairly reflect the interests of minority shareholders to ensure a balance of power and authority on the Board; and
- c) best practices of the MCCG which stipulates that Directors should be persons of calibre, credibility and have the necessary skill and experience to bring an independent judgement on issues considered by the Board.

As at the reporting date, the Board has not set a gender diversity target but, it is moving towards a more gender equality. The Board will focus on getting the participation of women and those of different ethnicity on its Board and within Senior Management and the person selected must be able to contribute positively to the development of the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### A2. Board's Composition (Cont'd)

#### Remuneration Committee

The RC comprises three (3) members, the majority of whom are Independent Non-Executive Directors, as follows:

- Dato' Yap Jun Jien (*Chairman*)
- Mr. Lee Boon Hong @ Lee Boon Keong
- Encik Mohd Shafizan Bin Shahbudin

The RC's main responsibility is to review and recommend to the Board all the Directors' remuneration packages which are commensurate with their level of responsibilities and individual performance.

The Board has adopted the principle recommended in the MCGG whereby the level of remuneration of the Directors is sufficient to attract and retain the right calibre Directors for the successful performance of the Group. The Company has established a policy and procedure on the remuneration structure of its MD, Deputy MD and ED and also that of the Non-Executive Directors. Due to the sensitivity of the nature of the information, it shall only be disclosed to those with legal authority.

The remunerations of the MD, Deputy MD and ED comprise fees, salaries, bonuses, allowances, Employees Provident Fund and Social Security Contribution which are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration shall reflect the level of responsibilities undertaken by the particular Non-Executive Director concerned.

The aggregate Directors' remuneration paid or payable to all Directors of the Company by the Group for the FY2020 are as follows:

NAME OF DIRECTORS	COMPANY				SUBSIDIARIES				GROUP
	Fees RM'000	Salary <sup>1</sup> RM'000	Others <sup>2</sup> RM'000	Total RM'000	Fees RM'000	Salary <sup>1</sup> RM'000	Others <sup>2</sup> RM'000	Total RM'000	
<b>MD, Deputy MD and ED</b>									
Dato' Sri Yap Seng Yew	100	215	26	341	-	392	47	439	780
Datin Sri Gan Li Li	100	215	26	341	-	328	39	367	708
Dato' Yap Jun Jien	-	108	13	121	90	305	37	432	553
<b>Total MD, Deputy MD and ED's Remuneration</b>	<b>200</b>	<b>538</b>	<b>65</b>	<b>803</b>	<b>90</b>	<b>1,025</b>	<b>123</b>	<b>1,238</b>	<b>2,041</b>
<b>Non-Executive Directors:</b>									
Lee Boon Hong @ Lee Boon Keong	-	-	36	36	-	-	-	-	36
Mohd Shafizan Bin Shahbudin	-	-	24	24	-	-	-	-	24
Tan Kak Teck	-	-	30	30	-	-	-	-	30
<b>Total Non-Executive Directors' Remuneration</b>	<b>-</b>	<b>-</b>	<b>90</b>	<b>90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90</b>
<b>Total Directors' Remuneration</b>									
<b>Total Directors' Remuneration</b>	<b>200</b>	<b>538</b>	<b>155</b>	<b>893</b>	<b>90</b>	<b>1,025</b>	<b>123</b>	<b>1,238</b>	<b>2,131</b>

1. Salary – Comprises salaries and bonuses

2. Others – Comprises emoluments and benefits such as allowances, EPF and SOCSO.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

#### A2. Board's Composition (Cont'd)

##### Remuneration Committee (Cont'd)

Given below is the number of Directors of the Company whose total remuneration during the FY2020 fall within the following bands:

Band (RM)	Number of Directors		Total
	Executive	Non-Executive	
Below RM50,000	-	3	3
RM50,001 to RM100,000	-	-	-
RM100,001 to RM200,000	-	-	-
RM200,001 to RM400,000	-	-	-
RM400,001 to RM600,000	1	-	1
RM600,001 to RM800,000	2	-	2

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### B1. Audit and Risk Committee

The ARC comprises three (3) members, all of whom are Independent Non-Executive Directors and its Chairman is not the Chairman of the Board, as follows:

- Mr. Tan Kak Teck (*Chairman*)
- Mr. Lee Boon Hong @ Lee Boon Keong
- Encik Mohd Shafizan Bin Shahbudin

The Board established the ARC to provide independent oversight on both internal and external audit functions, financial reporting, risk management and internal control systems of the Company including reviewing the integrity of the financial reporting and overseeing the independence of External Auditors. The terms of reference of the ARC are available at the Company's website at [www.ygcorp.com.my](http://www.ygcorp.com.my).

The ARC sat five (5) times during the year and discussed amongst others the draft audited financial statements, unaudited quarterly results, annual report, risk management report and the internal audit report. The ARC also evaluated the External Auditors and Internal Auditor, in terms of their independence, suitability, objectivity, competency, skill set, resources, and time commitment. Private meeting with the External Auditors were also held. No material matters of concern were reported by the External Auditors.

The details of the key activities carried out by the ARC during the FY2020 are set out in the ARC Report of this Annual Report.

#### B2. Risk Management and Internal Control Framework

The Board acknowledges the importance of risk management and internal control systems are an integral part of effective management practice and to safeguard shareholders' investment and Group's assets. The ARC ensures principal risks in the Group are identified, assessed and mitigated with the appropriate internal control system.

The RMWG consisting mainly of all the Departmental Heads of the Group, was formed to assist the ARC to oversee the risk management system, practices and processes. The RMWG is assigned with the responsibility of continuously monitoring and managing the risks of the Group through risk identification, assessment and control.

The risk management review is performed on yearly basis to assess and manage the risks faced by the Group. The review is carried out to address major risk areas of concern, if any, from the perspectives of environment, regulatory and legal governance and operational controls, financial, customers, products and services, consultants, contractors, human capital and sustainability risks.

The Group has outsourced the services of internal audit to an independent professional service provider ("**Outsourced IA**") which reports directly to the ARC. Further details of the activities of the internal audit function carried out by the Outsourced IA during the FY2020 are set out in the ARC Report on Page 37 to 38 of this Annual Report.

The risk management framework and internal control system are disclosed under the Statement on Risk Management and Internal Control, on Pages 39 to 41 of this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

### C1. Communication with Stakeholders

The Board acknowledges the importance of establishing a direct line of communication with shareholders and investors through timely dissemination of information on the Group's performance and operations via distribution of annual reports and relevant circulars, and release of quarterly financial results, press releases and announcements.

The Company has in place policies and procedures on the roles and responsibilities of Directors, Management and staff together with the levels of authority with regard to corporate disclosures requirements. The Company recognizes the need to adopt a high standard for the disclosures of relevant and material information on the development of the Group. In addition, the Company also emphasizes on the need of timely disclosures of information to shareholders as it acknowledges the importance of keeping shareholders and investment communities informed of Company's business and corporate developments to enable them to make informed judgement in valuing the Company's shares. Such information is disseminated via the Company's Annual Reports, quarterly financial results and the various announcements made from time to time to Bursa Securities which are accessible via Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The Group also maintains a website at [www.ygcorp.com.my](http://www.ygcorp.com.my) that allows all shareholders and investors to access information about the Group.

The Company has provided procedure on communication channel at its website whereby enquiries and feedback may be posed to the Company's Management. The Company has also appointed the Head of Finance as the primary contact person on matters pertaining to investor relations:

Name : Mr. Johnny Lee Y.S.  
Email : [johnny.lee@ygcorp.com.my](mailto:johnny.lee@ygcorp.com.my)  
Contact : +603 – 7876 1188

### C2. Conduct of General Meetings

The Board also acknowledges annual general meeting and other general meetings as important avenues in engaging with shareholders.

The annual general meeting of the Company represents the principal forum for dialogue with shareholders where they may seek clarification on the Company's business. Shareholders are encouraged to participate in the questions and answers session and the Board will respond to any questions raised during the meeting to the best of its ability and knowledge.

In order to encourage shareholders' participation at the annual general meeting, the Company sends out the notice of annual general meeting earlier or at least 28 days to allow sufficient time for shareholders to make arrangements to attend either in person, by corporate representative, proxy or attorney.

During the previous Fifty-Fourth Annual General Meeting ("54<sup>th</sup> AGM") held on 27 July 2020, all resolutions set out in the Notice of 54<sup>th</sup> AGM were put to vote by poll. An independent scrutineer was appointed to validate the votes casted at the 54<sup>th</sup> AGM. The Directors, Management and External Auditors were also in attendance to respond to the shareholders' queries.

This Corporate Governance Overview Statement was approved by the Board on 8 April 2021.

## AUDIT AND RISK COMMITTEE REPORT

The objectives of the Audit and Risk Committee (“**ARC**”) are to relieve the full Board of Directors (“**Board**”) from detailed involvement in the review of the results of internal and external audit activities and to ensure that audit findings are brought up to the highest level for consideration, on matters pertaining to accounting policies, the external audit reporting, risk management and the internal audit function.

### A. Authorities, Duties and Responsibilities

The authorities, duties and responsibilities of the ARC are set out in the Terms of Reference of ARC which is included in the Board Charter.

### B. Composition

The ARC consists of three (3) members, all of whom are Independent Non-Executive Directors and in compliance with the MMLR and the MCCG, as follows:

- Mr. Tan Kak Teck (*Chairman, Independent Non-Executive Director*)
- Mr. Lee Boon Hong @ Lee Boon Keong (*Member, Independent Non-Executive Chairman*)
- Encik Mohd Shafizan Bin Shahbudin (*Member, Independent Non-Executive Director*)

The Chairman of the ARC, Mr. Tan Kak Teck, meets the requirement of Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements (“**MMLR**”) as he is a Chartered Accountant and a member of the Malaysian Institute of Accountants. Further, all other members have been long-standing members of the Board and have working familiarity with finance and accounting practices.

### C. Meetings and Minutes

The ARC will meet at least four (4) times a year with additional meetings to be held, if necessary. If need arises, meetings will be attended by the Management, Internal and/or External Auditors.

During the financial year ended 31 December 2020 (“**FY 2020**”), the ARC held five (5) meetings and the records of attendance of each ARC member are as follows:

Name of ARC Member	Total number of meetings attended
Mr. Tan Kak Teck	5/5
Mr. Lee Boon Hong @ Lee Boon Keong	5/5
Encik Mohd Shafizan Bin Shahbudin	5/5

The ARC also met the External Auditors in one (1) private session without the presence of Management to discuss audit related matters that External Auditors wish to raise directly with the ARC during the FY2020.

The meetings are pre-scheduled and are timed just before the Board Meetings. The Agenda carries matters that need to be deliberated, reviewed or decided on and further reported to the Board. Notices and meeting papers are circulated to all members in due course before each meeting with sufficient preparation time given for deliberation on matters arising.

The Company Secretary is the secretary of the ARC and is responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the ARC members prior to each meeting. The Company Secretary is also responsible for keeping the minutes of meetings and circulating them to the ARC members for comment and confirmation. The signed minutes of meeting are also circulated to the Board for notation.

## AUDIT AND RISK COMMITTEE REPORT (Cont'd)

### D. Summary of Activities of the ARC

The ARC carried out the following activities during the FY2020:

- a) Reviewed the unaudited quarterly results announcements for each quarter of the Group prior to the Board's approval focusing particularly on:
  - the overall performance of the Group;
  - the prospects of the Group;
  - the changes in or implementation of major accounting policy changes; and
  - compliance with accounting standards and other legal requirements.
- b) Reviewed the annual report of the Group prior to submission to the Board for its consideration and approval;
- c) Reviewed internal audit reports and to monitor/follow-up on remedial actions;
- d) Reviewed the audit planning memorandum, which lists out the audit programme undertaken by the External Auditors;
- e) Reviewed related party transactions within the Group and conflict of interests situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- f) Reviewed the Corporate Governance Overview Statement, ARC Report, Additional Compliance Information and Statement on Risk Management and Internal Control and subsequently submitted the said documents to the Board for its consideration and approval and for inclusion in the Annual Report for the financial year ended 31 December 2019;
- g) Undertook an annual assessment of the suitability, objectivity, independence and performance of the External Auditors before recommending their re-appointment to the Board, upon which shareholders' approval was sought at the Fifty-Fourth Annual General Meeting held on 27 July 2020; and
- h) Assessed the suitability, objectivity, independence and performance of the outsourced Internal Auditors ("**Outsourced IA**").

In the FY2020, the ARC noted on the findings highlighted in Internal Audit Reports with the feedback and agreed on the corrective actions to be undertaken by the Management.

### E. Internal Audit Function

The Group has been outsourcing its internal audit functions to an Outsourced IA who acts independently with proficiency, due professional care and reports directly to the ARC. The cost incurred by the Group in relation to the Outsourced IA amounted RM26,000 for the FY2020.

The principal roles of the Outsourced IA are:

- a) Maintaining a sound system of internal control to safeguard shareholders' investment and the company's assets;
- b) Overseeing the conduct of the business to evaluate whether the business is being properly managed;

## AUDIT AND RISK COMMITTEE REPORT (Cont'd)

### E. Internal Audit Function (Cont'd)

- c) Evaluating the system of internal control based upon the standard operational manual and put forward recommendations to the management and ARC;
- d) Establishing an overview of the adequacy and effectiveness of system of internal control in order to provide reasonable assurance regarding the achievement of the objectives in the following areas:
  - Effectiveness and efficiency of operations
  - Suitability, reliability and integrity of financial and other management information
  - Compliance with the established policies, procedures, applicable laws and regulations
- e) Addressing issues or concerns as requested by management or ARC;
- f) Reviewing new system of internal control implemented; and
- g) Following-up on actions taken in previous internal audit findings to determine if the issues and control deficiencies highlighted are subsequently rectified.

Due to the outbreak of COVID-19 pandemic and the Government's implementation of several phases of Movement Control Order in containing the pandemic since mid-March 2020, the outsourced IA has just performed the following reviews during the FY2020:

- Sales Collection and Monitoring (review spilled over from financial year ended 31 December 2019); and
- Project Development Management (based on approved Internal Audit Plan 2020)

No significant irregularity or deficiency in internal control mechanism was brought to the attention of the ARC by the Outsourced IA during the FY2020.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("**Board**") is pleased to present its Statement on Risk Management and Internal Control which outlines the nature and scope of the risk management and internal control of Y&G Corporation Bhd. and its subsidiaries (collectively referred to as "**Group**") for the financial year ended 31 December 2020 ("**FY2020**"). This statement is made in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa**") and as guided by the Bursa's guidelines, Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

### A. Board's Responsibility

The Board acknowledges the importance of sound system of internal controls and risk management in safeguarding the shareholders' investments and other stakeholders' interest. However, such system is designed to manage rather than eliminate the business risk totally in view of the inherent limitations in any system. As such, the system could provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of objectives throughout the year under review.

### B. Risk Management and Internal Control Process

The Board acknowledges a sound framework of risk management and internal control are fundamentals to establish good corporate governance. The Group's business activities and operations have been around for many years with continuous improvement made by the Management based on recommendation by the External and Internal Auditors. Management's in-depth knowledge of the business and operation assisted the Group in identifying the key risk areas of the Group.

The Board delegates the oversight of risk management and internal control to the Audit and Risk Committee ("**ARC**"). The ARC is assisted by the Risk Management Working Group ("**RMWG**") which consists mainly of all Departmental Heads of the Group. In November 2020, the ARC with the assistance from RMWG issued a Risk Management Report and highlighted the key risk areas to the Board. There was no risk issue that was above the risk tolerance level of the Board.

The Management is responsible to implement and maintain the following risk management framework:

- Establish a framework to systematically identify, evaluate, manage, control and monitor risks;
- Create risk awareness across the business by having accountability for risks and continuous monitoring;
- Emphasis on reviewing risks at meetings to improve on risk management; and
- Centralise the systematic gathering of risk profiles data in order for risk mitigation action to be initiated in accordance to their degree of significance.

The risk management framework will be implemented and maintained to achieve the following objectives:

- The Group's operational plans and overall risks are communicated to all levels appropriately;
- Effectively identify, evaluate, manage, control and monitor significant risks;
- Systematically review and report on significant risks and take appropriate actions; and
- Timely response to risks by all level of management.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

### B. Risk Management and Internal Control Process (Cont'd)

The risk management framework is illustrated below:



Key risks which may impact the Group's business include:-

#### a) Operational Risks

- risks from insufficient or slacked internal processes, employees and systems;
- risks of not foreseeing and responding to changes in operating environment, or executing strategies unsuccessfully; and
- risks from inappropriate product launching and marketing.

#### b) Financial Risks

- Risks of loss from movements in financial markets and changes in financial variables. Risks including credit, liquidity, interest rates and exchange rates.

While pursuing the strategic plans and to ensure continued growth, the Group will continue to emphasize on sound risk management and internal control to set the Group in a better position to handle the various challenges posed by the dynamic and competitive business environment.

### C. Key Elements of the Internal Control System

Key elements of internal control system embedded in the Group's operations are as follows:

- An organisation structure with defined scopes of responsibilities, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- Regular and comprehensive information provided to Management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- A Code of Conduct and Ethics is established for all employees, which defines the ethical standards and conduct of work required;
- Quarterly meetings for the Board are held to discuss on quarterly financial statements and issues that require the Board's attention;
- Operating policies and procedures which are subject to regular review and improvement;
- Strategic planning, target setting and detailed budgeting process for each of the project which has been approved by the Senior Management team;
- ARC's reviews of the internal control issues highlighted by the RMWG, Internal Auditors and External Auditors; and
- ARC's reviews of the adequacy and effectiveness of the internal control system of the Group.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

### D. Review on the Adequacy and Effectiveness of Risk Management and Internal Control System

The review on the adequacy and effectiveness of the risk management and internal control system involves the followings:

- Annual assurance by the Managing Director, Deputy Managing Director and Executive Director and the Head of Finance on the adequacy and effectiveness of the risk management and internal control system, highlighting any weaknesses; and
- Periodical internal control review carried out with reference to the approved internal audit plan by the outsourced Internal Auditors. The reports on the review will be presented to the ARC.

The risk management and internal control processes in place provide reasonable assurance that the internal control system structure is appropriate to the Group's business and the significant risks are at a manageable level. However, the processes do not eliminate the possibility of poor judgement in decision-making, human error, and the occurrence of unforeseeable circumstances. The Board is of the opinion that the system of internal control in place is adequate to safeguard the Group's assets and shareholders' investments during the year under review.

### E. No Weakness in Internal Control That Result in Material Losses

There were no material losses incurred during the FY2020 that was the result of the weakness in the internal control system of the Group. The management will continue to take appropriate measures to strengthen the control activities after taking into consideration the changing business environment.

### F. Review of Statement by External Auditors

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the FY2020. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system.

### G. Conclusion

The Board has received assurance from the Managing Director, Deputy Managing Director and Executive Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board believes that the system of risk management and internal control of the Group is sound and sufficient to safeguard shareholder's investments and the Group's assets.

There was no significant material weakness in risk management and internal control resulting in significant losses. The management will continue to review the adequacy and integrity of the Group's risk management and internal control system.

This Statement was approved by the Board on 8 April 2021.

## **ADDITIONAL COMPLIANCE INFORMATION**

The following additional compliance information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

### **1. Audit and Non-Audit Fees**

The amount of audit fees payable by the Company and the Group to the External Auditors for the financial year ended 31 December 2020 amounted to RM35,000 and RM110,700 respectively.

The non-audit fees payable by the Company and the Group to the External Auditors or a firm or corporation affiliated to the External Auditors during the financial year ended 31 December 2020 amounted to RM3,500 and RM32,700 respectively.

### **2. Material Contracts**

Other than those transactions disclosed as Related Party Transactions in Note 34 (a) to the Financial Statements on Page 126, there were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors or major shareholders either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.

This Additional Compliance Information was approved by the Board on 8 April 2021.

## STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible to prepare financial statements for each financial year which have been made out in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of the Companies Act 2016 ("**Act**") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements for the year ended 31 December 2020, the Directors have considered:

- The adoption of appropriate accounting policies and which are consistently applied;
- Reasonable and prudent judgments and estimates were made; and
- The financial statements are prepared on a going concerns basis.

The Directors are responsible for ensuring that the Group and the Company maintain accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Act.

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

## **FIVE-YEAR FINANCIAL HIGHLIGHTS**

**FINANCIAL YEAR ENDED 31 DECEMBER**

RM'000	2020	2019	2018	2017	2016
Revenue	39,290	59,935	64,986	76,157	116,429
Profit before tax	3,199	6,885	16,412	10,114	25,947
Profit after tax	782	4,032	11,115	5,111	18,461
Profit attributable to equity holders	772	4,027	11,050	5,069	18,430
Share capital	218,478	218,478	199,384	199,384	199,384
Equity attributable to equity holders	294,239	293,467	289,440	278,390	273,321
Total assets	387,078	376,132	324,141	357,522	355,202
Total borrowings	42,361	7,008	8,019	9,038	1,295
Net tangible assets (NTA)	294,731	293,949	289,917	278,802	273,691
NTA per share (RM)	1.35	1.34	1.45	1.40	1.37
Gearing ratio	14.40%	2.39%	2.77%	3.25%	0.47%
Earnings per share (sen)	0.35	1.84	5.54	2.54	9.24
Dividend per share (sen)	-	-	-	-	5
Return on equity	0.26%	1.37%	3.82%	1.82%	6.74%
Share Price – High (RM)	0.80	1.00	1.00	1.19	1.33
Share Price – Low (RM)	0.42	0.65	0.91	0.95	0.88
Share Price – Year Close (RM)	0.56	0.75	0.93	0.95	1.11
Market Capitalisation (RM' million)	122.35	163.86	185.43	189.4	221.32

# DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, property construction and management services. The principal activities of the subsidiaries are disclosed in Note 8 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 subsidiaries are disclosed in Note 8 to the financial statements.

## RESULTS FOR THE FINANCIAL YEAR

	<b>Group</b> <b>RM'000</b>	<b>Company</b> <b>RM'000</b>
Profit/(Loss) for the year	782	(2,177)
Profit/(Loss) for the year attributable to :		
Owners of the parent	772	(2,177)
Non-controlling interest	10	-
	782	(2,177)

## DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year and the Directors do not recommend any dividend payment in respect of the current financial year ended 31 December 2020.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except for those provisions made within the ordinary course of business which have been disclosed in the financial statements.

## **DIRECTORS' REPORT** (Cont'd)

### **ISSUE OF SHARES, DEBENTURES AND WARRANTS**

There were no new shares, debentures or warrants issued during the financial year.

### **BAD AND DOUBTFUL DEBTS**

Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and to satisfy themselves that there were no known bad debts and that adequate allowance for impairment losses on receivables has been made.

At the date of this report, the Directors advise that they are not aware of any circumstances which would render it necessary to write off bad debts or the allowance for impairment losses on receivables inadequate to any substantial extent.

### **CURRENT ASSETS**

Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, 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 which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

### **VALUATION METHODS**

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



## **DIRECTORS' REPORT** (Cont'd)

### **CONTINGENT AND OTHER LIABILITIES**

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

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

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve (12) 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.

### **CHANGE OF CIRCUMSTANCES**

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

### **ITEMS OF AN UNUSUAL NATURE**

In the opinion of the Directors, the results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, affect substantially the results of the operations of the Group and of the Company for the financial year.

### **DIRECTORS OF THE COMPANY**

The Directors of the Company in office since the end of the last financial year to the date of this report are as follows :-

DATO' SRI YAP SENG YEOW  
DATIN SRI GAN LI LI  
DATO' YAP JUN JIEN  
LEE BOON HONG @ LEE BOON KEONG  
MOHD SHAFIZAN BIN SHAHBUDIN  
TAN KAK TECK

# **DIRECTORS' REPORT** (Cont'd)

## **DIRECTORS OF THE SUBSIDIARIES**

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries since the end of the last financial year to the date of this report are as follows :

DATO' SRI YAP SENG YEW  
 DATIN SRI GAN LI LI  
 DATO' YAP JUN JIEN  
 YAP JUN WEI  
 DATIN TEH MI MI  
 TAN WAH KOK  
 NG YOKE LAN  
 GAN LI CHING  
 ZURAIDI BIN AZIZ

## **DIRECTORS' INTERESTS**

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2020, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016, are as follows :-

<b>THE COMPANY</b>	<b>----- No. of Ordinary Shares -----</b>			
	<b>As at 01.01.2020</b>	<b>Bought</b>	<b>Sold</b>	<b>As at 31.12.2020</b>
<b>Direct Interests :</b>				
DATO' SRI YAP SENG YEW	6,621,600	-	-	6,621,600
DATIN SRI GAN LI LI	6,687,383	-	-	6,687,383
DATO' YAP JUN JIEN	16,693,302	-	-	16,693,302
TAN KAK TECK	22,050	-	-	22,050
<b>Indirect Interests :</b>				
DATO' SRI YAP SENG YEW	131,876,279	-	-	131,876,279
DATIN SRI GAN LI LI	131,810,496	-	-	131,810,496
DATO' YAP JUN JIEN	119,112,208	-	-	119,112,208

# DIRECTORS' REPORT (Cont'd)

## DIRECTORS' INTERESTS (Cont'd)

HOLDING COMPANY	No. of Ordinary Shares			
	As at 01.01.2020	Bought	Sold	As at 31.12.2020
KINTA AROMA SDN. BHD.				
<b>Direct Interests :</b>				
DATO' SRI YAP SENG YEW	350,000	-	-	350,000
DATIN SRI GAN LI LI	350,000	-	-	350,000
DATO' YAP JUN JIEN	150,000	-	-	150,000

By virtue of their interest in the shares of the Company, the above-mentioned Directors, except for Mr. Tan Kak Teck, are also deemed interested in the shares of the subsidiaries during the financial year to the extent the Company has an interest pursuant to Section 8(4) of the Companies Act 2016.

Other than as disclosed above, none of the other Directors holding office at the end of the financial year held any interest in the shares of the Company or of its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or has become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors, including the estimated money value of other benefits otherwise in cash of which all have been disclosed in Note 27, 28 and 34(b) to the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

There were no arrangements during and at the end of the financial year, to which the Company is a party, 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.

Except as reported specifically in this report, no other services have been rendered or provided by the Directors or past Directors.

## INDEMNITY TO DIRECTORS AND OFFICERS

The Group and the Company have not indemnified directly or indirectly or effected any insurance for any Director and officer of the Group and of the Company.

## **DIRECTORS' REPORT** (Cont'd)

### **HOLDING COMPANY**

The holding company is Kinta Aroma Sdn. Bhd., a company incorporated and domiciled in Malaysia.

### **SIGNIFICANT AND SUBSEQUENT EVENTS**

There were no significant events and subsequent events which occurred after the end of the financial year except as disclosed in Note 38 to the financial statements of the Group and of the Company.

### **INDEMNITY TO AUDITORS**

The Company has agreed to indemnify its auditors, T. H. KUAN & CO., the cost provided and permitted under Section 289 of the Companies Act 2016 in Malaysia. No payment has been made to indemnify T. H. KUAN & CO. during the financial year or since the end of financial year.

### **AUDITORS' REMUNERATION**

The auditors' remuneration for the financial year ended 31 December 2020 is as disclosed in Note 27 to the financial statements of the Group and of the Company.

### **AUDITORS**

Messrs. T. H. KUAN & CO., Chartered Accountants, have expressed their willingness to accept re-appointment.

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

DATO' SRI YAP SENG YEW  
DIRECTOR

DATIN SRI GAN LI LI  
DIRECTOR

Petaling Jaya, Selangor Darul Ehsan  
Dated : 8 April 2021

## **STATEMENT BY DIRECTORS**

**PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

We, DATO' SRI YAP SENG YEW and DATIN SRI GAN LI LI, being two of the Directors of Y&G CORPORATION BHD., do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on Pages 57 to 128 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

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

DATO' SRI YAP SENG YEW  
DIRECTOR

DATIN SRI GAN LI LI  
DIRECTOR

Petaling Jaya, Selangor Darul Ehsan

Dated : 8 April 2021

## **STATUTORY DECLARATION**

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

I, LEE YOON SEONG (NRIC No. : 701111-08-5943) (MIA Membership No. : 13330), being the Officer primarily responsible for the financial management of Y&G CORPORATION BHD., do solemnly and sincerely declare that the accompanying financial statements set out on Pages 57 to 128 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
LEE YOON SEONG )  
NRIC No. : 701111-08-5943 )  
at Petaling Jaya, )  
in the State of Selangor Darul Ehsan )  
this day of 8 April 2021 )

Before me,  
WONG CHOY YIN  
No. B508  
Commissioner of Oaths

# **INDEPENDENT AUDITORS' REPORT**

## **TO THE MEMBERS OF Y&G CORPORATION BHD.**

**(Incorporated in Malaysia)**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Y&G CORPORATION BHD., which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on page 57 to 128.

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 December 2020, 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 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 matters included further hereunder within this report with no separate opinion given on the matters and key matters primarily involved significant matters where our professional judgement is required together with other audit procedures performed by us to form an overall audit opinion of the truth and fairness of the Group's financial statements.

# **INDEPENDENT AUDITORS' REPORT** (Cont'd)

**TO THE MEMBERS OF Y&G CORPORATION BHD.**  
**(Incorporated in Malaysia)**

## **Key Audit Matters (Cont'd)**

### **1. Property development revenue and profit recognition**

Within the revenue and cost reported in the Group's financial statements, the recognition of the revenue and cost for the construction and sale of development properties is based on the stage of completion achieved by each development phase at each material time, of which include the reporting date reported herein.

The stage of completion at each material time is determined and calculated based on the actual property development costs incurred over the estimated total development cost for completing a development phase.

With the above determinants, the recognition of revenue is hence dependent on the estimated total cost of development, which has the inclusion of estimates and judgement made by the Directors on the cost to be incurred for the development.

In view of the above, there is a risk of deviation between the estimated cost and the actual cost of development incurred resulting in material variance in the amount of profit or loss recognised for the period reported herein.

Along with other audit procedures, the above matter is further addressed by us with the following audit procedures:-

- Procedures which ensure the estimated and actual cost incurred for each development phase were duly approved.
- Procedures which ensure the estimated and actual cost incurred for each development phase were duly monitored with deviation reported promptly.
- Procedures which ensure the stage of completion determined for the recognition of revenue and cost is supported by architect certification.
- Procedures which challenge the estimates provided within the feasibility study report of each development phase.

We also considered the adequacy of the disclosure on revenue recognition included in the significant accounting policies in Note 3.15(c), Note 3.16 and Note 3.21(a) as well as in the significant accounting estimate and judgements accounting policies of Note 4.1(c) to the financial statements.

### **2. Impairment of trade receivables**

As at 31 December 2020, the respective credit risk of trade receivables of the Group, including past due but not impaired receivables of RM18.336 million together with other amounts of receivables of trade in nature have been respectively disclosed in Note 14 and Note 32(b)(i) of the financial statements.

In determining whether a provision for expected credit losses on receivables is required for the foregoing-mentioned amount of receivables past due and not impaired and the other receivables which are within the credit period of the Group, an on-going review and evaluation of the creditworthiness, trend of payments, including delinquent and/or default payment, subsequent receipts and payment terms of the receivables are performed by the management and Directors.

## **INDEPENDENT AUDITORS' REPORT** (Cont'd)

**TO THE MEMBERS OF Y&G CORPORATION BHD.**  
**(Incorporated in Malaysia)**

### **Key Audit Matters (Cont'd)**

#### **2. Impairment of trade receivables (Cont'd)**

In view of the review and evaluation performed by the management and Directors involves certain extent of judgement, there is a risk of inherent change in circumstances in which judgement was made, resulting a variation in the balance of receivables reported herein and the consequence effect to the results reported in the statement of comprehensive income.

Along with other audit procedures, the above matter of provision for expected credit losses on receivables is further addressed by us with the following audit procedures:-

- Procedures which ensure the design of credit control system is adequate and the implementation thereof in assessing creditworthiness of receivables is complied.
- Procedures which ensure the sales made to receivables are properly and adequately supported by legally enforceable documents of sale for recovery of debts.
- Procedures which ensure receivables are with adequate subsequent receipts and/or adequate subsequent support of financing arrangement.
- Procedures which ensure the adequacy of measures taken to recover the receivables.

### **Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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



## **INDEPENDENT AUDITORS' REPORT** (Cont'd)

**TO THE MEMBERS OF Y&G CORPORATION BHD.**  
**(Incorporated in Malaysia)**

### **Responsibilities of the Directors for the Financial Statements**

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

## **INDEPENDENT AUDITORS' REPORT** (Cont'd) **TO THE MEMBERS OF Y&G CORPORATION BHD.** **(Incorporated in Malaysia)**

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

- Evaluate the overall presentation structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

### **Other matters**

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

T. H. KUAN & CO.  
AF 1216  
CHARTERED ACCOUNTANTS

TAN KIM HOR  
No. 03014/01/2023 J  
CHARTERED ACCOUNTANT

Petaling Jaya, Selangor Darul Ehsan  
8 April 2021

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	GROUP		COMPANY	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	5	1,703	1,194	219	310
Investment property	6	17,891	18,123	-	-
Land held for property development	7	161,909	151,627	-	-
Investment in subsidiaries	8	-	-	128,682	128,682
Intangible asset	9	-	-	-	-
Deferred tax assets	10	1,651	928	-	-
<b>Total Non-Current Assets</b>		<b>183,154</b>	<b>171,872</b>	<b>128,901</b>	<b>128,992</b>
<b>Current Assets</b>					
Inventories	11	62,058	77,491	-	-
Property development expenditure	12	38,242	22,124	-	-
Contract assets	13	12,113	2,305	-	-
Trade receivables	14	20,872	34,207	1,572	2,261
Other receivables and deposits	15	2,862	1,638	169,501	169,127
Current tax assets		1,133	104	-	-
Cash and cash equivalents	16	66,644	66,391	716	188
<b>Total Current Assets</b>		<b>203,924</b>	<b>204,260</b>	<b>171,789</b>	<b>171,576</b>
<b>TOTAL ASSETS</b>		<b>387,078</b>	<b>376,132</b>	<b>300,690</b>	<b>300,568</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION (Cont'd)

AS AT 31 DECEMBER 2020

	Note	----- GROUP -----		----- COMPANY -----	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
		RM'000	RM'000	RM'000	RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	17	218,478	218,478	218,478	218,478
Irredeemable convertible preference shares	17	-	-	-	-
Warrant reserve	18(a)	-	-	-	-
Retained earnings	18(b)	75,761	74,989	56,170	58,347
		<u>294,239</u>	<u>293,467</u>	<u>274,648</u>	<u>276,825</u>
Non-controlling interest		492	482	-	-
<b>Total Equity</b>		<u>294,731</u>	<u>293,949</u>	<u>274,648</u>	<u>276,825</u>
<b>Non-Current Liabilities</b>					
Obligation under finance leases	19	666	190	-	-
Bank borrowings	20	32,893	5,840	-	-
Deferred tax liabilities	21	10,077	9,901	-	-
<b>Total Non-Current Liabilities</b>		<u>43,636</u>	<u>15,931</u>	<u>-</u>	<u>-</u>
<b>Current Liabilities</b>					
Trade payables	22	31,861	22,946	-	-
Other payables and accruals	23	7,930	40,476	26,042	23,699
Obligation under finance leases	19	324	233	-	44
Bank borrowings	20	8,478	745	-	-
Current tax liabilities		118	1,852	-	-
<b>Total Current Liabilities</b>		<u>48,711</u>	<u>66,252</u>	<u>26,042</u>	<u>23,743</u>
<b>Total Liabilities</b>		<u>92,347</u>	<u>82,183</u>	<u>26,042</u>	<u>23,743</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>387,078</u></u>	<u><u>376,132</u></u>	<u><u>300,690</u></u>	<u><u>300,568</u></u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		----- GROUP -----		----- COMPANY -----	
	Note	<u>2020</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2019</u> RM'000
Revenue	24	39,290	59,935	2,628	3,009
Cost of revenue	25	(26,098)	(42,438)	-	-
Gross profit		13,192	17,497	2,628	3,009
Other income		1,367	1,335	44	1
Administration expenses		(7,713)	(8,764)	(4,717)	(5,153)
Selling and distribution expenses		(1,222)	(1,818)	-	-
Other operating expenses		(1,863)	(905)	(131)	(299)
Profit/(Loss) from operations		3,761	7,345	(2,176)	(2,442)
Finance costs	26	(562)	(460)	(1)	(4)
<b>Profit/(Loss) before tax</b>	27	3,199	6,885	(2,177)	(2,446)
Income tax expenses	30	(2,417)	(2,853)	-	-
<b>Profit/(Loss) for the financial year</b>		782	4,032	(2,177)	(2,446)
Other comprehensive income		-	-	-	-
<b>Total comprehensive income/(loss)</b>		<b>782</b>	<b>4,032</b>	<b>(2,177)</b>	<b>(2,446)</b>
<b>Profit/(Loss) for the financial year / Total comprehensive income/(loss) attributable to :-</b>					
Owners of the parent		772	4,027	(2,177)	(2,446)
Non-controlling interest		10	5	-	-
		<b>782</b>	<b>4,032</b>	<b>(2,177)</b>	<b>(2,446)</b>
<b>Earnings per share attributable to owners of the parent (Sen per share)</b>					
Basic	31	0.35	1.84		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	<----- Non-distributable ----->		Distributable		
	Irredeemable				
GROUP	Share capital RM'000	preference shares RM'000	Warrant reserve RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 January 2019	199,384	19,094	2,584	68,378	289,440
Transactions with owners :-					
Mandatory conversion of irredeemable convertible preference shares into ordinary shares	19,094	(19,094)	-	-	-
Transfer to retained earnings upon lapse of warrants	-	-	(2,584)	2,584	-
<b>Total Transactions With Owners</b>	19,094	(19,094)	(2,584)	2,584	-
Profit for the financial year	-	-	-	4,027	4,027
Other comprehensive income	-	-	-	-	-
<b>Total Comprehensive Income</b>	-	-	-	4,027	4,032
<b>As at 31 December 2019</b>	218,478	-	-	74,989	293,467
Transactions with owners :-					
Profit for the financial year	-	-	-	772	772
Other comprehensive income	-	-	-	-	-
<b>Total Comprehensive Income</b>	-	-	-	772	782
<b>As at 31 December 2020</b>	218,478	-	-	75,761	294,239
				492	294,731

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY <sup>(Cont'd)</sup> FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	<----- Non-distributable ----->			Distributable	
COMPANY	Share capital RM'000	Irredeemable convertible preference shares RM'000	Warrant reserve RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 January 2019	199,384	19,094	2,584	58,209	279,271
Transactions with owners :-					
Mandatory conversion of irredeemable convertible preference shares into ordinary shares	19,094	(19,094)	-	-	-
Transfer to retained earnings upon lapse of warrants	-	-	(2,584)	2,584	-
<b>Total Transactions With Owners</b>	19,094	(19,094)	(2,584)	2,584	-
Loss for the financial year	-	-	-	(2,446)	(2,446)
Other comprehensive income	-	-	-	-	-
<b>Total Comprehensive Loss</b>	-	-	-	(2,446)	(2,446)
<b>As at 31 December 2019</b>	218,478	-	-	58,347	276,825
Transactions with owners :-					
Loss for the financial year	-	-	-	(2,177)	(2,177)
Other comprehensive income	-	-	-	-	-
<b>Total Comprehensive Loss</b>	-	-	-	(2,177)	(2,177)
<b>As at 31 December 2020</b>	218,478	-	-	56,170	274,648

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		----- GROUP -----		----- COMPANY -----	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(Loss) before tax		3,199	6,885	(2,177)	(2,446)
Adjustments for :					
Depreciation of property, plant and equipment	5, 27	446	411	96	108
Amortisation of investment property	6, 27	232	232	-	-
Written off - Others	27	3	70	-	71
Provision for uncollectible deposit	15, 27	1,000	-	-	-
Goodwill on consolidation written off	9, 27	-	555	-	-
Interest on obligation under finance leases	27	29	28	1	4
Term loan interest	27	417	432	-	-
Bridging loan interest	27	64	-	-	-
Gain on disposal of property, plant and equipment					
- Current year	27	(33)	-	-	-
- Over recognition in previous year	27	-	(530)	-	-
Interest income	27	(462)	(729)	(1)	(1)
Operating profit/(loss) before changes in working capital		4,895	7,354	(2,081)	(2,264)
<b>Changes in working capital</b>					
Inventories		15,433	2,853	-	-
Property development expenditure		(16,118)	39,981	-	-
Contract assets/(liabilities)		(9,808)	20,886	-	-
Trade and other receivables		11,108	(8,169)	4,274	8
Trade and other payables		(23,631)	51,405	(4,004)	68
Cash (used in)/from operation		(18,121)	114,310	(1,811)	(2,188)
Tax paid		(5,727)	(3,677)	-	-
<b>Net cash (used in)/from operating activities</b>		<b>(23,848)</b>	<b>110,633</b>	<b>(1,811)</b>	<b>(2,188)</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		----- GROUP -----		----- COMPANY -----	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of property, plant and equipment	5(a)	(153)	-	(5)	-
Proceeds from disposal of property, plant and equipment		59	-	-	-
Addition of land held for property development	7	(10,282)	(48,604)	-	-
Repayment from/(Advance to) subsidiaries		-	-	2,540	2,540
Interest income	27	462	729	1	1
<b>Net cash (used in)/from investing activities</b>		<u>(9,914)</u>	<u>(47,875)</u>	<u>2,536</u>	<u>2,541</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Drawdown from bank borrowings		42,750	-	-	-
Repayment of bank borrowings		(7,964)	(721)	-	-
Repayment of obligation under finance leases		(261)	(290)	(44)	(73)
Repayment to Directors		-	(500)	(152)	(152)
Interest paid	26, 27	(510)	(460)	(1)	(4)
Placement of deposits pledged to licensed banks	16	(5,788)	-	-	-
<b>Net cash from/(used in) financing activities</b>		<u>28,227</u>	<u>(1,971)</u>	<u>(197)</u>	<u>(229)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(5,535)</u>	<u>60,787</u>	<u>528</u>	<u>124</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<u>66,391</u>	<u>5,604</u>	<u>188</u>	<u>64</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	16	<u><u>60,856</u></u>	<u><u>66,391</u></u>	<u><u>716</u></u>	<u><u>188</u></u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2020**

## **1. CORPORATE INFORMATION**

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

The principal place of business of the Company is located at Lot G-01, Ground Floor, Tower B, PJ City Development, No. 15A, Jalan 219, Seksyen 51A, 46100 Petaling Jaya, Selangor Darul Ehsan.

The registered office of the Company is located at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan.

The principal activities of the Company are investment holding, property construction and management services. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The holding company is Kinta Aroma Sdn. Bhd., a company incorporated and domiciled in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 8 April 2021.

## **2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

### **2.1 Basis of Preparation**

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

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

### **2.2 Amendments to MFRSs and New MFRSs Adopted**

The accounting policies adopted are consistent with those of the previous financial year except as described below. The following new and amended MFRSs and Issues Committee ("IC") Interpretations issued by the Malaysian Accounting Standards Board ("MASB") became mandatory for current financial year of the Group and of the Company :

Effective for the financial periods beginning on or after 1 January 2020

Amendments to MFRS 3

Definition of a Business

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Cont'd)

### 2.2 Amendments to MFRSs and New MFRSs Adopted (Cont'd)

Effective for the financial periods beginning on or after 1 January 2020 (Cont'd)

Amendments to MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137 and MFRS 138	Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to IC Interpretation 12, IC Interpretation 19, IC Interpretation 20, IC Interpretation 22 and IC Interpretation 132	Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above standards and interpretations did not have any material effect on the financial performance or position of the Company.

### 2.3 Standards Issued But Have Not Been Effective

As at the date of authorisation of these financial statements, the following Standards, Amendments and IC Interpretations have been issued by the MASB but have not been effective and have not been adopted by the Group and the Company:-

Effective for the financial periods beginning on or after 1 June 2020

Amendments to MFRS 16	COVID-19 Related Rent Concessions
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Effective for the financial periods beginning on or after 1 January 2021

Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139	Interest Rate Benchmark Reform - Phase 2
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Effective for the financial periods beginning on or after 1 January 2022

Amendments to MFRS 1, MFRS 9 and MFRS 141	Annual Improvements to MFRSs 2018 - 2020 Cycle
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before intended use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Cont'd)

### 2.3 Standards Issued But Have Not Been Effective (Cont'd)

Effective for the financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any significant effect to the financial statements of the Group and the Company upon their initial application.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the accounting policies stated below.

### 3.2 Investment in Subsidiaries

A subsidiary is an entity over which the Group has the following:-

- (i) Power over the investee;
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use power over the investee to affect the amount of the Company's returns.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.2 Investment in Subsidiaries (Cont'd)

In the Company's separate financial statements, investment in subsidiaries is stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the profit or loss.

#### 3.3 Basis of Consolidation

##### (a) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Accounting policies are consistently applied for transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:-

- (i) Power over the investee;
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use power over the investee to affect the amount of the Company's returns.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiaries. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses of subsidiaries are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.3 Basis of Consolidation (Cont'd)

##### (a) Subsidiaries (Cont'd)

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in statements of comprehensive income. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to statements of comprehensive income or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as cost on initial recognition of the investment.

##### (b) Business Combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administration expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised in accordance with MFRS 9 in profit or loss. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instance where the contingent consideration does not fall within the scope of MFRS 9, it is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition-date through profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.3 Basis of Consolidation (Cont'd)

##### (b) Business Combinations (Cont'd)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 3.4.

##### (c) Transactions with Non-controlling Interest

Non-controlling interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from the equity of the owners of the Company. Transactions with non-controlling interest are accounted for as transactions with owners. On acquisition of non-controlling interest, the difference between the consideration and fair value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interest is recognised directly in equity.

#### 3.4 Intangible Assets

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but tested for impairment annually or more frequently when indications of impairment are identified.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.4 Intangible Assets (Cont'd)

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of cash-generating unit retained.

#### 3.5 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably.

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

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6.

Depreciation on property, plant and equipment is calculated on the straight-line method so as to write off the cost of the property, plant and equipment net of impairment losses over their estimated useful lives. The principal annual rates used are as follows:-

Motor vehicles	10%
Renovation	10%
Furniture and fittings	10%
Plant, machinery and equipment	10% - 20%

The residual values, useful life and depreciation method are reviewed at each financial year end, and adjusted if appropriate.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.6 Impairment of Non-Financial Assets

The Group and the Company assess at each reporting date whether there is an indication that non-financial assets (except for inventories, land held for property development, property development expenditure, contract assets, deferred tax assets and investment property measured at fair value) may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

#### 3.7 Investment Property

Investment property consists of investment in land and building that is not substantially occupied for use by, or in the operations of the Group and of the Company.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.7 Investment Property (Cont'd)

Investment property is treated as long term investment and is stated at cost less accumulated amortisation and provision for impairment in value.

Amortisation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the freehold building are 50 years. Freehold land is not amortised.

Upon the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss.

#### 3.8 Financial Instruments

##### (a) Financial Assets

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

The Group and the Company determine the classification of financial assets upon initial recognition. The measurement for each classification of financial assets under MFRS 9 *Financial Instruments* are as below:-

##### (i) Financial Assets Measured at Amortised Cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.8 Financial Instruments (Cont'd)

##### (a) Financial Assets (Cont'd)

##### (ii) Financial Assets Measured at Fair Value

Financial assets that are debt instruments are measured at fair value through other comprehensive income if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income, except impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The Group and the Company do not have any financial assets measured at fair value through profit or loss as at the current and previous financial year ends.

Equity instruments are classified as financial assets measured at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group and the Company can elect an irrevocable option to designate its equity financial instruments at initial recognition as financial assets measured at fair value through other comprehensive income if the equity instruments are not held for trading. The classification is determined on an instrument-by-instrument basis.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.8 Financial Instruments (Cont'd)

##### (a) Financial Assets (Cont'd)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in the other comprehensive income is recognised in profit or loss.

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

##### (b) Financial Liabilities

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

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### (i) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company do not have any financial liabilities measured at fair value through profit or loss as at the current and previous financial year ends.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.8 Financial Instruments (Cont'd)

##### (b) Financial Liabilities (Cont'd)

###### (ii) Other Financial Liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

When an existing financial liability is replaced by another instrument from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

##### (c) Offsetting of financial instruments

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

#### 3.9 Impairment of Financial Assets

At each financial year end, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company use external credit rating and other supportive information to assess deterioration in credit quality of a financial asset. The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.9 Impairment of Financial Assets (Cont'd)

The Group and the Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and the Company and all the cash flows that the Group and the Company expect to receive.

The Group and the Company recognise expected credit loss on the two-step approach as follows:

##### (a) 12-months expected credit loss

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group and the Company measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

##### (b) Lifetime expected credit loss

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime expected credit loss for that financial asset is recognised as the allowance for impairment loss by the Group and the Company. If in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group and the Company revert the allowance for impairment loss measurement from lifetime expected credit loss to 12-months expected credit loss.

For trade receivables and contract assets, the Group and the Company apply the simplified approach in accordance with MFRS 9 *Financial Instruments* and measure the allowance for impairment loss based on a lifetime expected credit loss from initial recognition.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.10 Contingencies

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

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

#### 3.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

#### 3.12 Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### 3.13 Provision

Provisions are recognised when the Group and the Company have a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.14 Lease

##### (a) The Group and the Company as Lessee

The Group and the Company recognise a right-of-use asset and lease liability at the lease commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is low value, conveying the right to control the use of an identified asset for a period of time.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use asset are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

If the lease transfers ownership to the Group and the Company by end of the lease term or if the cost of the right-of-use asset reflects that the Group and the Company will exercise a purchase option, the Group and the Company depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying assets. Otherwise, the Group and the Company depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group's and the Company's incremental borrowing rate. Subsequent to the initial recognition, the Group and the Company measure the lease liability by increasing the carrying amount reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and re-measuring the carrying amount to reflect any reassessment or lease modifications.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.14 Lease (Cont'd)

##### (b) The Group and the Company as Lessor

The Group and the Company classified its leases as either operating leases or finance leases. Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

If the Group and the Company transfer substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

#### 3.15 Inventories

##### (a) Completed development properties

Inventories represent completed residential and commercial properties.

Inventories of completed residential and commercial properties are stated at the lower of cost and net realisable value. Cost is determined on the specified identification basis and includes costs of land, construction and appropriate development overheads.

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

##### (b) Land Held for Property Development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed with the normal operating cycle and such land is classified as non-current inventory and is stated at the lower of cost and net realisable value. Cost includes the purchase price of the land, conversion cost and other incidental costs incurred in bringing the land to the condition for development. When property development commences and it can be completed within the normal operating cycle, the carrying amount of the land, or a portion thereof, is transferred to property development costs using the specific identification method if it is specifically identifiable.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.15 Inventories (Cont'd)

##### (c) Property Development Expenditure

Property development expenditures are classified as current inventory and measured at lower of cost and net realisable value. Costs comprise land cost, development costs, including infrastructure costs and other directly attributable costs of property development. The property development costs are accounted for on a project-by-project basis. Land costs, infrastructure cost and other common cost are allocated to development projects by reference to land area used or by reference to relative development value of the project, depending on which basis better reflects a fair allocation of the costs incurred. When the development units are sold to customers, a portion of the development costs is transferred to contract asset account. The balance in the property development costs not transferred to contract assets represents costs of unsold units in progress.

#### 3.16 Contract Assets and Contract Liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development, contract asset is the excess of cumulative revenue earned over the billings to-date, for which the billings to customers are based on progress milestones set out in sale and purchase agreement with the customers. Contract asset is stated at cost less accumulated impairment losses. The amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract liability is the obligation to transfer goods and services to customer for which the Group and the Company have received the consideration or have billed the customer. In the case of property development, contract liability is the excess of the billings to-date over the cumulative revenue earned.

#### 3.17 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.18 Non-Current Asset Held For Sale

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity accounted investees ceases once classified as held for sale or distribution.

#### 3.19 Employee Benefits

##### (a) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company.

##### (b) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to Employee Provident Fund ("EPF"). This contribution is recognised as an expense in the profit or loss as incurred. Once contributions have been paid, the Group and the Company have no further payment obligations.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.20 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year, using tax rates enacted or substantively enacted by at the end of the reporting period, and any adjustments recognised in the year for current tax of prior years.

Deferred tax is recognised on all temporary differences between the carrying amounts of the assets and liabilities and their tax bases except where the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable income.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable income will be available against which the assets can be realisable. Deferred tax assets are reviewed at the end of each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realisable.

Deferred tax is measured at tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if and only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### 3.21 Revenue

The Group and the Company recognise revenue from contracts with customers for the provision of services and sale of properties based on the five-step model as set out below:

(a) Identify contract(s) with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(b) Identify performance obligations in the contract

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.21 Revenue (Cont'd)

(c) Determine the transaction price

The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(d) Allocate the transaction price to the performance obligations in the contract

For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

(e) Recognise revenue when the Group and the Company satisfy a performance obligation

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:-

- (i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where any of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:-

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.21 Revenue (Cont'd)

##### (a) Property Development

Revenue from contract with customers of property development activities is measured at the fair value of the consideration received and receivable. This is normally the contracted price in the sale and purchase agreement. Any variable consideration, including penalty for late delivery, is included in the measurement of the transaction price using either the expected value method or the most likely outcome method, depending on which method better predicts the consideration receivable.

If the performance obligation in a contract with customer is satisfied over time by transferring control of the assets to the customer over time, revenue is recognised in profit or loss using percentage of completion method. Control is transferred over time if the Group has no alternative use to the units sold to customers and the Group has enforceable right for payments for the work completed to date. For contracts with customers that do not meet any of these two conditions, revenue is recognised in profit or loss at the point in time when the development of the units is completed and the units delivered to customers.

The stage of completion is measured using an input method by reference to the costs incurred to date over the estimated total costs for completion. If the outcome of a project is uncertain, revenue in respect of units sold is recognised in profit or loss to the extent of the recoverable costs incurred.

The Group recognised sales at a point in time for the sale of completed properties, when control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers.

##### (b) Management Fee

Management fee is recognised on an accrual basis in accordance with the substance of the relevant agreement.

##### (c) Dividend Income

Dividend income is recognised when the right to receive payment is established.

##### (d) Rental Income

Rental income is recognised on a straight-line basis over the term of the lease.

##### (e) Interest Income

Interest income is recognised using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.22 Related Parties

A related party is a person or entity that is related to the Company.

A related party is:

- (a) a person or a close member of that person's family is related to the Company if that person:
  - (i) has control or joint control of the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or of the holding company of the Company.
- (b) an entity is related to the Company if any of the following conditions applies:
  - (i) the entity and the Company are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or of an associate of the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of the holding company of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the holding company of the Company.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.23 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

#### 3.24 Warrants

The issues of ordinary shares upon exercise of the warrants are treated as new subscriptions of ordinary shares for the consideration equivalent to the warrants exercise price.

#### 3.25 Fair Value Measurement

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability; or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.25 Fair Value Measurement (Cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:-

- (a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- (b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- (c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

#### 4.1 Judgements Made In Applying Accounting Policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:-

##### (a) Impairment of Non-Financial Assets

When the recoverable amount of a non-financial asset is determined based on the estimate of the value in use of the cash-generating units to which the assets is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating units and also to apply a suitable discount rate in order to determine the present value of those cash flows.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

#### 4.1 Judgements Made In Applying Accounting Policies (Cont'd)

##### (b) Provision for expected credit losses of trade receivables, other receivables and contract assets

The Group and the Company assess the credit risk at each reporting date, whether there have been significant increases in credit risk since initial recognition on an individual basis. To determine whether there is a significant increase in credit risks, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

Where there is a significant increase in credit risk, the Group and the Company determine the lifetime expected credit losses by considering the loss given default and the probability of default assigned to each counterparty customer. The financial assets are written off either partially or full when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-offs.

The carrying amounts of the contract assets and receivables are disclosed in Note 13, 14 and Note 15 respectively.

##### (c) Property Development Revenue

The Group recognises property development revenue and expenses in statements of comprehensive income by using the stage of completion method. The stage of completion method is described in Note 3.21 (a).

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of professionals.

#### 4.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

#### 4.2 Key Sources of Estimation Uncertainty (Cont'd)

##### (a) Useful Lives of Property, Plant and Equipment

The estimates for residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual lives of these assets, therefore future depreciation charges could be revised and impairment loss could be provided.

The carrying amount of the Group's and the Company's property, plant and equipment as at reporting date is disclosed in Note 5 to the financial statements.

##### (b) Provision for Income Tax

Significant estimation is involved in determining the provision for income taxes. There are many transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group estimated the tax liabilities based on the understanding of prevailing tax laws and estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### (c) Deferred Tax Assets

Deferred tax assets are recognised for all unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 5. PROPERTY, PLANT AND EQUIPMENT

### GROUP

	Motor vehicles	Renovation	Furniture and fittings	Plant, machinery and equipment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2020</b>					
<u>Cost</u>					
At 1 January 2020	3,056	783	340	836	5,015
Addition	976	-	-	5	981
Disposal	(518)	-	-	-	(518)
At 31 December 2020	3,514	783	340	841	5,478
<u>Accumulated Depreciation</u>					
At 1 January 2020	2,170	708	304	639	3,821
Charge for the year	289	73	22	62	446
Disposal	(492)	-	-	-	(492)
At 31 December 2020	1,967	781	326	701	3,775
<u>Net Carrying Amount</u>					
At 31 December 2020	1,547	2	14	140	1,703
<b>2019</b>					
<u>Cost</u>					
At 1 January 2019	3,056	783	340	836	5,015
Addition	-	-	-	-	-
At 31 December 2019	3,056	783	340	836	5,015
<u>Accumulated Depreciation</u>					
At 1 January 2019	1,929	630	282	569	3,410
Charge for the year	241	78	22	70	411
At 31 December 2019	2,170	708	304	639	3,821
<u>Net Carrying Amount</u>					
At 31 December 2019	886	75	36	197	1,194

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

### COMPANY

	Motor vehicles	Renovation	Furniture and fittings	Plant, machinery and equipment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2020</b>					
<u>Cost</u>					
At 1 January 2020	673	74	76	317	1,140
Addition	-	-	-	5	5
At 31 December 2020	673	74	76	322	1,145
<u>Accumulated Depreciation</u>					
At 1 January 2020	491	71	66	202	830
Charge for the year	67	2	2	25	96
At 31 December 2020	558	73	68	227	926
<u>Net Carrying Amount</u>					
At 31 December 2020	115	1	8	95	219
<b>2019</b>					
<u>Cost</u>					
At 1 January 2019	673	74	76	317	1,140
Addition	-	-	-	-	-
At 31 December 2019	673	74	76	317	1,140
<u>Accumulated Depreciation</u>					
At 1 January 2019	423	64	64	171	722
Charge for the year	68	7	2	31	108
At 31 December 2019	491	71	66	202	830
<u>Net Carrying Amount</u>					
At 31 December 2019	182	3	10	115	310

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

- (a) During the financial year, the Group and the Company acquired property, plant and equipment through the following arrangements:-

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
Total cost of property, plant and equipment acquired	981	-	5	-
Less : Purchase consideration (Satisfied by obligation under finance leases)	(828)	-	-	-
	<u>153</u>	<u>-</u>	<u>5</u>	<u>-</u>

- (b) The Group's and the Company's carrying amount of motor vehicles acquired under finance lease which still have outstanding instalments at the reporting date was as follows:-

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
Carrying amount of motor vehicles acquired under finance leases which still have outstanding instalments at the reporting date	<u>1,433</u>	<u>772</u>	<u>-</u>	<u>153</u>

- (c) Included in property, plant and equipment of the Group and Company are fully depreciated assets which are still in use as follows:-

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>				
Motor vehicles	874	423	290	-
Renovation	757	57	57	57
Furniture and fittings	275	115	58	58
Plant, machinery and equipment	359	212	69	69
	<u>2,265</u>	<u>807</u>	<u>474</u>	<u>184</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

- (d) Motor vehicles of the Group and Company with carrying amount of RM5 (2019 : RM21,002) and RM1 (2019 : RM15,000) respectively are registered in the name of corporations in which certain Directors have interest who hold the assets in trust.
- (e) Motor vehicles of the Group and Company with carrying amount of RM478,222 (2019 : RM606,761) and RM114,902 (2019 : RM167,201) respectively are registered in the name of a Director who holds the assets in trust.

### 6. INVESTMENT PROPERTY

GROUP	Freehold land RM'000	Freehold building RM'000	Total RM'000
<u>Cost</u>			
At 1 January 2020/31 December 2020	7,103	11,600	18,703
<u>Accumulated Amortisation</u>			
At 1 January 2020	-	(580)	(580)
Amortisation for the year	-	(232)	(232)
At 31 December 2020	-	(812)	(812)
<u>Net Carrying Amount</u>			
At 31 December 2020	7,103	10,788	17,891
<u>Cost</u>			
At 1 January 2019/31 December 2019	7,103	11,600	18,703
<u>Accumulated Amortisation</u>			
At 1 January 2019	-	(348)	(348)
Amortisation for the year	-	(232)	(232)
At 31 December 2019	-	(580)	(580)
<u>Net Carrying Amount</u>			
At 31 December 2019	7,103	11,020	18,123

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 6. INVESTMENT PROPERTY (Cont'd)

- (a) The above investment property has been pledged to a licensed bank as security for bank borrowings granted to the subsidiary as disclosed in Note 20 to the financial statements.
- (b) Investment property of the Group measured at Level 2 fair value is RM21.50 million (2019 : RM21.50 million), is determined based on the market comparison approach that reflects the recent transacted prices of comparable properties in close proximity with adjustment on differences in key attributes such as property size. The valuation of fair value of the investment property is performed by a registered independent valuer having appropriate recognised professional qualification and recent experience in the location and category of property being valued.
- (c) The surplus of the fair value over carrying amount for the investment property was not recognised in the financial statements as the Group adopts the historical cost basis in accounting for its investment property.

## 7. LAND HELD FOR PROPERTY DEVELOPMENT

GROUP	Long-term leasehold land, at cost RM'000	Freehold land, at cost RM'000	Development expenditure, at cost RM'000	Total RM'000
At 1 January 2020	129,674	8,403	13,550	151,627
Additions during the year	385	8,582	1,315	10,282
At 31 December 2020	130,059	16,985	14,865	161,909
At 1 January 2019	80,880	8,403	11,885	101,168
Additions during the year	48,239	-	365	48,604
Reclassification from property development expenditure (Note 12)	555	-	1,300	1,855
At 31 December 2019	129,674	8,403	13,550	151,627

Land held for property development with carrying amount of RM49,583,057 (2019 : Nil) is pledged as securities for bank borrowings as disclosed in Note 20 to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 8. INVESTMENT IN SUBSIDIARIES

	----- COMPANY -----	
	<u>2020</u>	<u>2019</u>
	RM'000	RM'000
Unquoted shares, at cost	128,682	128,682

The subsidiaries are incorporated and domiciled in Malaysia, and the details of the subsidiaries are as follows :-

		% of ownership interest held by			
		Group		Non-controlling interest	
<u>Direct subsidiaries</u>		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Name of subsidiaries	Principal activities				
Bumida Engineering & Construction Sdn. Bhd.	Property development and construction work	98	98	2	2
Beta Fame Sdn. Bhd.	Property investment and investment holding	100	100	-	-
Duta Asiana Sdn. Bhd. **#	Dormant	100	100	-	-
Hala Kota Development Sdn. Bhd.	Property development and investment holding	100	100	-	-
Kualiti Kinta Sdn. Bhd. **	Property development and investment holding	100	100	-	-
Magna Rembang Sdn. Bhd. **	Property development and investment holding	100	100	-	-
Maha Harapan Sdn. Bhd. **	Investment holding	100	100	-	-
Nusa Wibawa Sdn. Bhd. **#	Dormant	100	100	-	-
Sentosa Teliti Sdn. Bhd.	Construction work and investment holding	100	100	-	-
Tunas Temasek Sdn. Bhd. **#	Dormant	100	100	-	-

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 8. INVESTMENT IN SUBSIDIARIES (Cont'd)

		% of ownership interest held by			
		Group		Non-controlling interest	
		2020	2019	2020	2019
<b><u>Indirect subsidiaries</u></b>					
Name of subsidiaries	Principal activities				
<b>Subsidiaries of Beta Fame Sdn. Bhd.</b>					
Beta Fame Development Sdn. Bhd.	Property development	100	100	-	-
Dataran Majujaya Sdn. Bhd.	Investment holding	100	100	-	-
<b>Subsidiaries of Hala Kota Development Sdn. Bhd.</b>					
Melia Aktif Sdn. Bhd. #	Property development	100	100	-	-
Solid Spectra Sdn. Bhd. #	Dormant	100	100	-	-
<b>Subsidiary of Kualiti Kinta Sdn. Bhd.</b>					
Cosmic Harmony Sdn. Bhd. **	Investment holding	100	100	-	-
<b>Subsidiaries of Sentosa Teliti Sdn. Bhd.</b>					
Melati Purnama Sdn. Bhd.	Construction work	100	100	-	-
Mentari Jelas Sdn. Bhd.	Construction work and general trading	100	100	-	-
Sempurna Rampai Sdn. Bhd.	Construction work and general trading	100	100	-	-

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 8. INVESTMENT IN SUBSIDIARIES (Cont'd)

		% of ownership interest held by			
		Group		Non-controlling interest	
		2020	2019	2020	2019
<b><u>Indirect subsidiaries (Cont'd)</u></b>					
Name of subsidiaries	Principal activities				
<b>Subsidiaries of Magna Rembang Sdn. Bhd.</b>					
Rukun Warisan Sdn. Bhd. **#	Investment holding	100	100	-	-
Sempena Klasik Sdn. Bhd. #	Investment holding	100	100	-	-
<b>Subsidiaries of Rukun Warisan Sdn. Bhd.</b>					
Elemen Cekap Sdn. Bhd. **#	Dormant	100	100	-	-
Ikramin Sdn. Bhd. **	Property development	100	100	-	-
<b>Subsidiaries of Sempena Klasik Sdn. Bhd.</b>					
Teras Zaman Sdn. Bhd. #	Property development	100	100	-	-
Bayu Kemuning Sdn. Bhd. #	Dormant	100	100	-	-

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

# The auditors' report of the subsidiaries has highlighted that there is an indication of a material uncertainty that exists which may cast significant doubt on its ability to continue as a going concern. The Directors of the Company are of the opinion that the significant doubts of the ability to continue as a going concern of these subsidiaries do not have any significant impact on the financial position of the Group.

\*\* The subsidiaries' financial statements were audited by auditors other than Messrs. T. H. Kuan & Co..

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 8. INVESTMENT IN SUBSIDIARIES (Cont'd)

Financial information of Bumida Engineering & Construction Sdn. Bhd., a subsidiary that have material non-controlling interest are provided below:-

#### (a) Summarised statement of financial position

	<u>2020</u> RM'000	<u>2019</u> RM'000
Non-current assets	108	135
Current assets	39,628	55,067
Total assets	<u>39,736</u>	<u>55,202</u>
Non-current liabilities	-	(31)
Current liabilities	(15,158)	(31,089)
Total liabilities	<u>(15,158)</u>	<u>(31,120)</u>
Net assets	<u>24,578</u>	<u>24,082</u>
Equity attributable to equity holders of the Company	<u>24,086</u>	<u>23,600</u>
Non-controlling interest	<u>492</u>	<u>482</u>

#### (b) Summarised statement of comprehensive income

	<u>2020</u> RM'000	<u>2019</u> RM'000
Revenue	<u>7,292</u>	<u>16,052</u>
Profit for the year	<u>497</u>	<u>232</u>
Profit attributable to equity holders of the Company	487	227
Profit attributable to non-controlling interest	10	5
Total comprehensive income	<u>497</u>	<u>232</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 8. INVESTMENT IN SUBSIDIARIES (Cont'd)

#### (c) Summarised statement of cash flows

	<u>2020</u> RM'000	<u>2019</u> RM'000
Net cash from operating activities	16,879	3,293
Net cash from investing activities	102	141
Net cash (used in)/from financing activities	(15,553)	9,848
Net increase in cash and cash equivalents	1,428	13,282
Cash and cash equivalents at the beginning of the year	13,894	612
Cash and cash equivalents at the end of the year	15,322	13,894

### 9. INTANGIBLE ASSET

	----- <u>GROUP</u> -----	
	<u>2020</u> RM'000	<u>2019</u> RM'000
<b>Goodwill on Consolidation</b>		
<b>Cost</b>		
At 1 January	-	555
Goodwill on consolidation written off during the year (Note 27)	-	(555)
At 31 December	-	-

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 10. DEFERRED TAX ASSETS

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
At 1 January	928	-	-	-
Recognition of deferred tax assets during the year (Note 30)	723	928	-	-
At 31 December	1,651	928	-	-

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

	<b>Property development expenditure RM'000</b>	<b>Unutilised business losses RM'000</b>	<b>Total RM'000</b>
At 1 January 2020	582	346	928
Recognition to profit or loss (Note 30)	1,069	(346)	723
At 31 December 2020	1,651	-	1,651
At 1 January 2019	-	-	-
Recognition to profit or loss (Note 30)	582	346	928
At 31 December 2019	582	346	928

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 11. INVENTORIES

	----- GROUP -----	
	<u>2020</u>	<u>2019</u>
	RM'000	RM'000
Completed properties held for sale, at cost	62,058	64,967
Completed units transferred from property development expenditure (Note 12), at cost	-	12,524
	<u>62,058</u>	<u>77,491</u>

## 12. PROPERTY DEVELOPMENT EXPENDITURE

	----- GROUP -----	
	<u>2020</u>	<u>2019</u>
	RM'000	RM'000
At 1 January	22,124	63,960
Cost incurred/(reversed) during the year:-		
Development costs	30,353	(60)
	<u>52,477</u>	<u>63,900</u>
Reclassification to land held for property development (Note 7)	-	(1,855)
	<u>52,477</u>	<u>62,045</u>
Transferred to contract assets for unit sold (Note 13)	(14,235)	(27,397)
Unsold completed units transferred to inventories (Note 11)	-	(12,524)
	<u>38,242</u>	<u>22,124</u>

The above property development expenditure is pledged as securities for bank borrowings as disclosed in Note 20 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 13. CONTRACT ASSETS/(LIABILITIES)

	----- GROUP -----	
	<u>2020</u>	<u>2019</u>
	RM'000	RM'000
<u>Contract Assets/(Liabilities)</u>		
At 1 January	(101)	23,191
Revenue recognised for performance obligations partially and fully satisfied during the year	20,444	41,934
Progress billings for the year	(14,729)	(65,226)
At 31 December	5,614	(101)
<u>Contract Cost Assets</u>		
At 1 January	2,406	-
Development costs incurred transferred from property development costs (Note 12)	14,235	27,397
Amortisation of contract assets	(10,142)	(24,991)
At 31 December	6,499	2,406
	12,113	2,305

The contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its property development. The contract assets will be transferred to trade receivables when the rights become unconditional. The contract liabilities represent the excess of the billings to-date over the cumulative revenue recognised.

The Group capitalises costs to obtain or fulfil a contract which include sales commission when they are incremental and expected to be recovered over more than a year. These costs are amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the assets relates.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 14. TRADE RECEIVABLES

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
Trade receivables	1,572	2,261	1,572	2,261
Gross progress billings receivables	12,859	24,055	-	-
Gross retention sums receivables	6,441	7,891	-	-
	<u>20,872</u>	<u>34,207</u>	<u>1,572</u>	<u>2,261</u>

The progress billings are due within 21 days (2019 : 21 days). The retention sums are due upon the expiry of the defect liability period of 12 to 24 months (2019 : 12 to 24 months). Other credit terms are assessed and approved on a case-to-case basis.

### 15. OTHER RECEIVABLES AND DEPOSITS

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
Amount owing by subsidiaries	-	-	167,331	168,956
Other receivables	2,327	1,085	2,003	4
Deposits	1,532	542	164	164
Prepayments	3	11	3	3
	<u>3,862</u>	<u>1,638</u>	<u>169,501</u>	<u>169,127</u>
Provision for uncollectible deposits	(1,000)	-	-	-
	<u>2,862</u>	<u>1,638</u>	<u>169,501</u>	<u>169,127</u>

The amount owing by subsidiaries are unsecured, non-interest bearing and receivable on demand.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 16. CASH AND CASH EQUIVALENTS

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	15,555	10,573	-	-
Cash in hand and at banks	51,089	55,818	716	188
Cash and bank balances	66,644	66,391	716	188
Less : Deposits pledged with licensed banks	(5,788)	-	-	-
Cash and cash equivalents	60,856	66,391	716	188

The interest rates of deposits of the Group at the reporting date ranged from 0.01% to 3.20% (2019 : 3.00% to 3.25%) per annum. The maturities of deposits as at the end of the financial year range from 30 to 365 days (2019 : 30 days)

Included in the bank balances of the Group are amounts of RM20,191,812 (2019 : RM5,889,787) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and the balances thereon are restricted for use in other operation of the Group.

The interest rates for the deposits maintained in the Housing Development Accounts ranged from 0.95% to 2.05% (2019 : 1.00% to 2.05%) per annum.

The deposits that not available for use of the Group are:

- (i) Deposit of the Group amounting to RM4,097,340 (2019 : RM Nil) which is pledged as securities for banking facilities granted to the Group;
- (ii) Deposit of the Group amounting to RM40,000 (2019 : RM Nil) held in trust by a Director who served in a subsidiary which is pledged as securities for bank guarantee granted to the Group;
- (iii) Placement of debt service reserve account of the Group amounting to RM1,651,125 (2019 : RM Nil) which is pledged as securities for bank borrowings granted to the Group.

The currency exposure profile of cash and cash equivalents is as follows:

		----- GROUP -----		----- COMPANY -----	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
		RM'000	RM'000	RM'000	RM'000
Malaysian Ringgit	(MYR)	62,547	66,391	716	188
United States Dollar	(USD)	4,097	-	-	-
		66,644	66,391	716	188

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 17. SHARE CAPITAL

	----- Number of shares -----		----- Amount -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	'000	'000	RM'000	RM'000
<b>Issued and fully paid-up :</b>				
<u>Ordinary shares</u>				
At 1 January	218,478	199,384	218,478	199,384
Add: Issuance of shares pursuant to mandatory conversion of ICPS ^	-	19,094	-	19,094
At 31 December	<u>218,478</u>	<u>218,478</u>	<u>218,478</u>	<u>218,478</u>
<u>Irredeemable convertible preference shares ("ICPS")</u>				
At 1 January	-	19,094	-	19,094
Less: Conversion of ICPS to ordinary shares ^	-	(19,094)	-	(19,094)
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

^ During the financial year ended 31 December 2019, the Company had issued 19,093,810 ordinary shares pursuant to mandatory conversion of ICPS by the ICPS holders. The mandatory conversion was satisfied by surrendering one (1) ICPS of RM1.00 each in the Company for each new Company's ordinary share of RM1.00 each.

## 18. RESERVE

### (a) Warrant Reserve

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
At 1 January	-	2,584	-	2,584
Transferred to retained earnings upon lapse of warrants *	-	(2,584)	-	(2,584)
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

\* The warrant had expired on 16 November 2019, hence the balance in the warrant reserve had been transferred to retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 18. RESERVE (Cont'd)

### (b) Retained Earnings

Retained earnings is available for distributions by way of dividends. Under the single tier tax system, tax on the Company's profit is a final tax in Malaysia, and any dividends distributed are not taxable in the hands of the shareholders.

## 19. OBLIGATION UNDER FINANCE LEASES

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
<b>Minimum finance lease payments :</b>				
Not later than one (1) year	381	247	-	45
Later than one (1) year but not later than five (5) years	689	196	-	-
After five (5) years	-	-	-	-
	1,070	443	-	45
Less : Future finance charges	(80)	(20)	-	(1)
Present value of minimum lease payments	990	423	-	44
<b>Repayable as follows :</b>				
Not later than one (1) year	324	233	-	44
Later than one (1) year but not later than five (5) years	666	190	-	-
After five (5) years	-	-	-	-
	666	190	-	-
	990	423	-	44

The effective interest rate of the finance lease during the year was 4.58% to 4.92% (2019 : 4.58% to 4.92%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 20. BANK BORROWINGS

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
<b>Secured:</b>				
Term loans	33,842	6,585	-	-
Bridging loans	7,529	-	-	-
	<u>41,371</u>	<u>6,585</u>	<u>-</u>	<u>-</u>
<b>Repayable as follows :</b>				
Not later than one (1) year	8,478	745	-	-
Later than one (1) year but not later than five (5) years	20,168	3,156	-	-
After five (5) years	12,725	2,684	-	-
	<u>32,893</u>	<u>5,840</u>	<u>-</u>	<u>-</u>
	<u>41,371</u>	<u>6,585</u>	<u>-</u>	<u>-</u>

The effective interest rate of the bank borrowings during the year were as follows:-

Term loans	4.70% to 7.20% (2019 : 6.15% to 6.45%)
Bridging loans	6.20% (2019 : Nil)

The bank borrowings are secured by the following:-

- Legal charge on the investment property as disclosed in Note 6 to the financial statements;
- Legal charge on land held for property development as disclosed in Note 7 to the financial statements;
- Absolute legal assignment of rental proceeds under Tenancy Agreement;
- Specific debenture creating fixed and floating charge over a charged asset in relation to certain project developed by a subsidiary;
- Legal assignment of surplus from sale proceeds and all monies available in the Housing Development Account in relation to certain project developed by a subsidiary; and
- Corporate guarantee by the Company given to subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 21. DEFERRED TAX LIABILITIES

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
At 1 January	9,901	10,455	-	-
Recognition/(Reversal) for the year (Note 30)	176	(554)	-	-
At 31 December	10,077	9,901	-	-

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

	Land held for development RM'000	Inventories and Property development expenditure RM'000	Property, plant and equipment and investment property RM'000	Total RM'000
At 1 January 2020	9,377	152	372	9,901
Recognition/(Reversal) for the year (Note 30)	(2,210)	2,057	329	176
At 31 December 2020	7,167	2,209	701	10,077
At 1 January 2019	9,377	706	372	10,455
Reversal for the year (Note 30)	-	(554)	-	(554)
At 31 December 2019	9,377	152	372	9,901

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 22. TRADE PAYABLES

	----- GROUP -----	
	<u>2020</u>	<u>2019</u>
	RM'000	RM'000
Trade payables	23,227	16,899
Retention sums	8,634	6,047
	<u>31,861</u>	<u>22,946</u>

The normal credit terms extended by contractors and suppliers range from 30 to 90 days (2019 : 30 to 90 days). The retention sums are payable upon the expiry of the defect liability period of 12 to 24 months (2019 : 12 to 24 months).

### 23. OTHER PAYABLES AND ACCRUALS

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
Amount owing to subsidiaries	-	-	25,445	23,270
Other payables	6,564	39,125	-	-
Accruals	966	841	597	429
Provision for liquidated ascertained damages	400	510	-	-
	<u>7,930</u>	<u>40,476</u>	<u>26,042</u>	<u>23,699</u>

The amount owing to subsidiaries and Directors are unsecured, non-interest bearing and repayable on demand.

Other payables are non-interest bearing and normally are settled on an average term of 90 days (2019 : 90 days).

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 24. REVENUE

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
Property development	38,752	60,170	-	-
Management fee	-	-	2,628	3,009
Rental income	703	692	-	-
	39,455	60,862	2,628	3,009
Less : Transaction costs	(165)	(927)	-	-
	39,290	59,935	2,628	3,009

### Disaggregation of revenue

Set out below is the disaggregation of the Group's and the Company's revenue.

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
<b>Segments</b>				
- Property investment and others	703	692	2,628	3,009
- Property development	38,587	59,243	-	-
	39,290	59,935	2,628	3,009

### Timing of revenue recognition

	----- GROUP -----		
	Property Investment and others RM'000	Property development RM'000	Total RM'000
As at 31 December 2020			
- At a point in time	703	18,273	18,976
- Over time	-	20,314	20,314
	703	38,587	39,290
As at 31 December 2019			
- At a point in time	692	56,336	57,028
- Over time	-	2,907	2,907
	692	59,243	59,935



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 24. REVENUE (Cont'd)

### Geographical markets

	----- GROUP -----		
	Property Investment and others RM'000	Property development RM'000	Total RM'000
<b>As at 31 December 2020</b>			
- Malaysia	703	38,587	39,290
<b>As at 31 December 2019</b>			
- Malaysia	692	59,243	59,935

## 25. COST OF REVENUE

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2019</u> RM'000
Property development	26,028	42,339	-	-
Rental income	70	99	-	-
	<u>26,098</u>	<u>42,438</u>	<u>-</u>	<u>-</u>

## 26. FINANCE COSTS

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2019</u> RM'000
Interest expenses on :-				
Obligation under finance leases	29	28	1	4
Term loans	417	432	-	-
Bridging loans	64	-	-	-
	<u>510</u>	<u>460</u>	<u>1</u>	<u>4</u>
Other finance costs	52	-	-	-
	<u>562</u>	<u>460</u>	<u>1</u>	<u>4</u>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 27. PROFIT/(LOSS) BEFORE TAX

The following amounts have been included in arriving at profit/(loss) before tax :-

		----- GROUP -----		----- COMPANY -----	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	Note	RM'000	RM'000	RM'000	RM'000
<b>After charging :-</b>					
Directors' remuneration	28				
- Salaries and bonuses		1,965	1,852	538	650
- Allowances		90	90	90	90
- Fee		350	390	200	240
- Other emoluments		238	226	65	79
Auditors' remuneration					
- Current year		111	111	35	35
- Other services		33	41	4	9
Rental of office premises		466	507	456	498
Liquidated damages on late completion		-	666	-	-
Depreciation of property, plant and equipment	5	446	411	96	108
Amortisation of investment property	6	232	232	-	-
Written off - Others		3	70	-	71
Provision for uncollectible deposit	15	1,000	-	-	-
Goodwill on consolidation written off	9	-	555	-	-
Gain on disposal of property, plant and equipment					
- Current year		(33)	-	-	-
- Over recognition in previous year		-	(530)	-	-
Interest on obligation under finance leases	26	29	28	1	4
Term loan interest	26	417	432	-	-
Bridging loan interest	26	64	-	-	-

The Directors' remuneration includes remuneration of RM511,325 (2019 : RM461,375) paid to Directors of subsidiaries not within the Board of Directors of the Company.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 27. PROFIT/(LOSS) BEFORE TAX (Cont'd)

The following amounts have been included in arriving at profit/(loss) before tax (Cont'd) :-

		----- GROUP -----		----- COMPANY -----	
	Note	<u>2020</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2019</u> RM'000
<b>And crediting :-</b>					
Management fee charged to subsidiaries	34(a)	-	-	2,628	3,009
Rental charged to a corporation in which a Director has financial interest	34(a)	24	24	24	24
Rental income	24	703	692	-	-
Interest income		462	729	1	1

## 28. DIRECTORS' REMUNERATION

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2019</u> RM'000
<b>Directors</b>				
<b>Executive :-</b>				
Fee	350	390	200	240
Salaries, bonuses, allowances and other emoluments	2,203	2,078	603	729
<b>Total Executive Directors' remuneration</b>	<b>2,553</b>	<b>2,468</b>	<b>803</b>	<b>969</b>
<b>Non-Executive :-</b>				
Allowances	90	90	90	90
<b>Total Non-Executive Directors' remuneration</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>90</b>
	<b>2,643</b>	<b>2,558</b>	<b>893</b>	<b>1,059</b>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 28. DIRECTORS' REMUNERATION (Cont'd)

The number of Directors of the Group and of the Company whose total remuneration paid during the financial year falling within the following bands are analysed as below :-

	----- GROUP -----		----- COMPANY -----	
	Number of Directors		Number of Directors	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Executive Directors :-</b>				
Below RM50,000	-	-	-	-
RM50,001 to RM100,000	-	-	-	-
RM100,001 to RM200,000	1	1	1	1
RM200,001 to RM400,000	-	1	2	-
RM400,001 to RM600,000	2	1	-	2
RM600,001 to RM800,000	2	2	-	-
<b>Non-Executive Directors :-</b>				
Below RM50,000	3	3	3	3

## 29. STAFF COST

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
Salaries, bonuses and allowances	3,293	3,282	2,560	2,527
EPF and SOCSO contributions	426	396	333	327
Other employee benefits	56	76	56	70
	<u>3,775</u>	<u>3,754</u>	<u>2,949</u>	<u>2,924</u>

Number of employees in the Group and the Company at the end of the financial year (excluding Directors) are 48 and 32 (2019 : 52 and 35) respectively.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 30. INCOME TAX EXPENSES

		----- GROUP -----		----- COMPANY -----	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
		RM'000	RM'000	RM'000	RM'000
<b>Income tax expense:-</b>					
Estimated current year tax		2,894	4,286	-	-
Under provision in previous year		70	49	-	-
		<u>2,964</u>	<u>4,335</u>	<u>-</u>	<u>-</u>
<b>Deferred tax :-</b>					
	<b>Note</b>				
Recognition/(Reversal) of temporary difference of deferred tax liabilities	21	176	(554)	-	-
Recognition of deferred tax income for the year:					
- Origination temporary difference	10	(1,069)	(582)	-	-
- Tax benefits arising from previously unrecognised tax loss	10	-	(346)	-	-
- Reversal of tax benefits arising from previously unrecognised tax loss	10	346	-	-	-
		<u>(723)</u>	<u>(928)</u>	<u>-</u>	<u>-</u>
		<u>(547)</u>	<u>(1,482)</u>	<u>-</u>	<u>-</u>
Income tax expenses for the financial year		<u>2,417</u>	<u>2,853</u>	<u>-</u>	<u>-</u>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 30. INCOME TAX EXPENSES (Cont'd)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 31 December 2020 and 31 December 2019 are as follows:-

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	3,199	6,885	(2,177)	(2,446)
Tax at Malaysian statutory tax rate of 24% (2019 : 24%)	768	1,652	(522)	(587)
Adjustments:-				
Non-deductible expenses	962	1,931	59	131
Tax saving on utilisation of previously unrecognised tax losses	(370)	(539)	-	-
Income not subject to tax	(26)	(401)	-	-
Deferred tax asset not recognised in respect of current year tax losses	688	503	463	456
Deferred tax assets reversal/ (recognised) in respect of previously unrecognised tax losses	346	(342)	-	-
Deferred tax liabilities not recognised during the year	(21)	-	-	-
Under provision in previous year	70	49	-	-
Income tax expenses for the financial year	2,417	2,853	-	-

The Group's effective tax rate is higher than the Malaysian statutory tax rate of 24% primarily due to the progressive amortisation (through development cost) of the on-going development projects' revaluation surplus of the Group, which is not deductible for tax purposes and the impact from application of MFRS 15.

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

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses and unabsorbed capital allowances	10,213	8,775	7,663	5,669
Potential tax benefits calculated at 24% (2019 : 24%) tax rate	2,451	2,106	1,839	1,361

Deferred tax assets have not been recognised in respect of the above items as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 31. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the financial year, net of tax, attributable to owners of the parent by the number of ordinary shares in issue during the financial year.

	----- GROUP -----	
	<u>2020</u>	<u>2019</u>
	RM'000	RM'000
Profit net of tax attributable to owners of the parent	772	4,027
	----- Number of shares -----	
	'000	'000
Number of ordinary shares (Weighted average)	218,478	218,478
	Sen	Sen
	per share	per share
Basic earnings per share	0.35	1.84

## 32. FINANCIAL INSTRUMENTS

### (a) Classification, Fair Value and Other Disclosures (except for risks disclosures)

The following table analysed the financial assets and liabilities in the statements of financial position by class of financial instrument to which they are assigned:-

		----- GROUP -----		----- COMPANY -----	
Financial assets measured at amortised cost:	Note	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
		RM'000	RM'000	RM'000	RM'000
Trade receivables	14	20,872	34,207	1,572	2,261
Other receivables and deposits (*)	15	2,859	1,627	169,498	169,124
Cash and cash equivalents	16	66,644	66,391	716	188
		90,375	102,225	171,786	171,573

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 32. FINANCIAL INSTRUMENTS (Cont'd)

#### (a) Classification, Fair Value and Other Disclosures (except for risks disclosures)

Financial liabilities measured at amortised cost:	Note	----- GROUP -----		----- COMPANY -----	
		<u>2020</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2019</u> RM'000
Trade payables	22	31,861	22,946	-	-
Other payables and accruals	23	7,930	40,476	26,042	23,699
Obligation under finance leases	19	990	423	-	44
Bank borrowings	20	41,371	6,585	-	-
		<u>82,152</u>	<u>70,430</u>	<u>26,042</u>	<u>23,743</u>

\* Exclude prepayment

None of the financial assets were pledged as collateral for any liability or contingent liability. The income, expenses, gains or losses arising from the financial instruments of the Group and of the Company for the year are disclosed in Note 26 and 27 to the financial statements.

#### Determination of fair value

The management has determined that the carrying amounts of the above categories of financial instruments based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of non-current portion of borrowings reasonably approximate their fair value due to the insignificant impact of discounting.

#### Fair value hierarchy

As the financial assets and liabilities of the Group and the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 32. FINANCIAL INSTRUMENTS (Cont'd)

#### (b) Risks Disclosure

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, market price risk and interest rate risk. The Group does not hold or issue derivative financial instruments for trading purposes.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks together with objectives and policies in managing these risks.

#### (i) Credit risk

The Group's and the Company's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from trade receivables and other receivables as well as cash and cash equivalents.

The Group and the Company manage its exposure to credit risk by the application of credits approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company measure the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL") using a simplified approach. The ECL on trade receivables are estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to trade receivables under financial distress, including but not limited to receivables under bankruptcy or under other financial reorganisation. Trade receivables are written off if the receivables are deemed by the Group and the Company not collectible.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 32. FINANCIAL INSTRUMENTS (Cont'd)

### (b) Risks Disclosure (Cont'd)

#### (i) Credit risk (Cont'd)

The aging of trade receivables is as follows :

<u>2020</u>	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
Not past due	2,536	-	-	2,536
<u>Past due but not impaired</u>				
1 to 30 days	4,302	-	-	4,302
31 to 60 days	1,910	-	-	1,910
61 to 120 days	5,342	-	-	5,342
Past due more than 121 days	6,782	-	-	6,782
	18,336	-	-	18,336
Gross receivables (Note 14)	20,872	-	-	20,872
<u>2019</u>				
Not past due	13,148	-	-	13,148
<u>Past due but not impaired</u>				
1 to 30 days	1,652	-	-	1,652
31 to 60 days	6,665	-	-	6,665
61 to 120 days	7,611	-	-	7,611
Past due more than 121 days	5,131	-	-	5,131
	21,059	-	-	21,059
Gross receivables (Note 14)	34,207	-	-	34,207

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 32. FINANCIAL INSTRUMENTS (Cont'd)

#### (b) Risks Disclosure (Cont'd)

##### (i) Credit risk (Cont'd)

###### Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM18.336 million (2019 : RM21.059 million) that are past due at the reporting date but not impaired, amongst which mainly consist of trade receivables that have obtained end financing or in the process of obtaining end financing to fund their purchase of the Group's development properties. The mitigations of credit risk on these receivables are the same with all the receivables arising from the purchase of properties where each and every purchaser is bound by the legally enforceable terms and conditions under an agreement to ensure adherence of payment against credit given.

###### Inter-company balances

The Company monitors the results of the subsidiaries on a regular basis for mitigating the credit risk on balances owing by related companies.

##### (ii) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirement.

###### Analysis of financial instruments by remaining contractual maturities

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

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 32. FINANCIAL INSTRUMENTS (Cont'd)

#### (b) Risks Disclosure (Cont'd)

##### (ii) Liquidity risk (Cont'd)

<u>2020</u>	On demand or within one (1) year RM'000	Between two (2) to five (5) years RM'000	More than five (5) years RM'000	Total RM'000
<b>Group</b>				
<b>Financial Liabilities :</b>				
Trade payables	31,861	-	-	31,861
Other payables and accruals	7,930	-	-	7,930
Obligation under finance leases	324	666	-	990
Bank borrowings	8,478	20,168	12,725	41,371
	<u>48,593</u>	<u>20,834</u>	<u>12,725</u>	<u>82,152</u>
<b>Company</b>				
<b>Financial Liabilities :</b>				
Other payables and accruals	26,042	-	-	26,042
	<u>26,042</u>	<u>-</u>	<u>-</u>	<u>26,042</u>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 32. FINANCIAL INSTRUMENTS (Cont'd)

### (b) Risks Disclosure (Cont'd)

#### (ii) Liquidity risk (Cont'd)

<u>2019</u>	On demand or within one (1) year RM'000	Between two (2) to five (5) years RM'000	More than five (5) years RM'000	Total RM'000
<b>Group</b>				
<b>Financial Liabilities :</b>				
Trade payables	22,946	-	-	22,946
Other payables and accruals	40,476	-	-	40,476
Obligation under finance leases	233	190	-	423
Bank borrowings	745	3,156	2,684	6,585
	<u>64,400</u>	<u>3,346</u>	<u>2,684</u>	<u>70,430</u>
<b>Company</b>				
<b>Financial Liabilities :</b>				
Other payables and accruals	23,699	-	-	23,699
Obligation under finance leases	44	-	-	44
	<u>23,743</u>	<u>-</u>	<u>-</u>	<u>23,743</u>

#### (iii) Foreign currency risk

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

The Group's exposure to foreign exchange rate risk is minimal and mainly through its placement of deposits which is pledged as securities for banking facilities granted to the Group.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 32. FINANCIAL INSTRUMENTS (Cont'd)

### (b) Risks Disclosure (Cont'd)

#### (iv) Market price risk

Market price risk is the risk that fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company is not exposed to market price risk.

#### (v) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of the changes in market interest rates.

The Group's exposure to interest rate risk for the financial year only arises primarily from their borrowings from obligation under finance leases, term loans and bridging loans.

The Group manages the net exposure to interest rate risk by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risk on an ongoing basis.

Management does not enter into interest rate hedging transactions since it considers that the cost of such instrument outweighs the potential risk of interest rate fluctuation.

The interest rate profile of the Group's interest-bearing financial instruments based on the carrying amount as at the reporting date is as follows:-

		-----2020-----		-----2019-----	
		Effective interest rate (%)	RM'000	Effective interest rate (%)	RM'000
Group	Note				
Financial liabilities					
Fixed rate instruments					
Obligation under finance leases	19	4.58 to 4.92	990	4.58 to 4.92	423
Floating rate instruments					
Term loans	20	4.70 to 7.20	33,842	6.15 to 6.45	6,585
Bridging loans	20	6.20	7,529	-	-

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

## 32. FINANCIAL INSTRUMENTS (Cont'd)

### (b) Risks Disclosure (Cont'd)

#### (v) Interest rate risk (Cont'd)

##### Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by one hundred (100) basis points with all other variables held constant:

	----- GROUP -----	
	<u>2020</u>	<u>2019</u>
	RM'000	RM'000
Profit after tax		
- Increase by 1%	(414)	(66)
- Decrease by 1%	414	66

## 33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

The Group monitors capital using a gearing ratio, which is net debts divided by total capital plus net debts. The Group includes within net debts are trade and other payables, obligation under finance leases and bank borrowings less cash and cash equivalents.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 33. CAPITAL MANAGEMENT (Cont'd)

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
Trade payables	31,861	22,946	-	-
Other payables and accruals	7,930	40,476	26,042	23,699
Obligation under finance leases	990	423	-	44
Bank borrowings	41,371	6,585	-	-
	82,152	70,430	26,042	23,743
Less : Cash and cash equivalents	(66,644)	(66,391)	(716)	(188)
Net debts	15,508	4,039	25,326	23,555
Total capital	294,239	293,467	274,648	276,825
Capital and net debts	309,747	297,506	299,974	300,380
<b>Gearing ratio</b>	5%	1%	8%	8%

### 34. SIGNIFICANT RELATED PARTY TRANSACTIONS

#### (a) Related Party Transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties took place at terms and conditions mutually agreed between the parties during the financial year:-

		----- GROUP -----		----- COMPANY -----	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	Note	RM'000	RM'000	RM'000	RM'000
Management fees charged to subsidiaries	27	-	-	2,628	3,009
Office rental charged to a corporation in which a Director, Dato' Yap Jun Jien has financial interest	27	24	24	24	24



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 34. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

#### (b) Compensation of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

The remuneration of key management personnel during the financial year is as follows:

	----- GROUP -----		----- COMPANY -----	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	4,355	4,218	2,481	2,575
Defined contribution plan	477	455	269	274
Estimated monetary value of benefit-in-kind	-	-	-	-
	<u>4,832</u>	<u>4,673</u>	<u>2,750</u>	<u>2,849</u>
Comprised amounts paid to :				
Directors (Note 27 and 28)	2,643	2,558	893	1,059
Other key management personnel	2,189	2,115	1,857	1,790
	<u>4,832</u>	<u>4,673</u>	<u>2,750</u>	<u>2,849</u>

### 35. MATERIAL LITIGATIONS

The Group and the Company are not engaged in any material litigation.

### 36. CONTINGENT LIABILITIES

	----- COMPANY -----	
	<u>2020</u>	<u>2019</u>
	RM'000	RM'000
Corporate guarantee given to financial institutions to secure banking facility granted to subsidiaries	41,371	6,585
Corporate guarantee given to a financial institution to secure finance leases granted to a subsidiary	340	-
	<u>41,711</u>	<u>6,585</u>

The Directors do not anticipate any loss from the above transactions.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2020

### 37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Obligation under ----- Bank Borrowing -----			Total RM'000
	finance lease RM'000	Term loans RM'000	Bridging loans RM'000	
1 January 2020	423	6,585	-	7,008
Acquisition of property, plant and equipment by finance lease payment (Note 5)	828	-	-	828
Loan drawdown	-	32,750	10,000	42,750
Interest charged (Note 26)	29	417	64	510
Repayment	(261)	(5,493)	(2,471)	(8,225)
Interest paid (Note 26)	(29)	(417)	(64)	(510)
31 December 2020	990	33,842	7,529	42,361
1 January 2019	713	7,306	-	8,019
Interest charged (Note 26)	28	432	-	460
Repayment	(290)	(721)	-	(1,011)
Interest paid (Note 26)	(28)	(432)	-	(460)
31 December 2019	423	6,585	-	7,008

### 38. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The World Health Organisation declared the COVID-19 a global pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 and had entered into various stages of the MCO subsequently.

The Management has assessed the financial impact on the Group and of the opinion that there were no material financial impact arising from the pandemic. To mitigate its potential risks exposure, the Group has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs of business operations.

As at the date of authorisation of the financial statements, the COVID-19 pandemic is still evolving and unpredictable. However, the Management is of the opinion that there is no material financial impact arising from pandemic at this juncture. The Group is actively monitoring and managing the operations of the Group to minimise any impact arising from the COVID-19 pandemic.

# LIST OF PROPERTIES

AS AT 31 DECEMBER 2020

No.	Land Title / Location	Tenure	Land Area <sup>1</sup> (Acres)	Year of Acquisition	Net Carrying Amount (RM'000)
<b>Land Under Development</b>					
1.	Lot 123225 & 123226, Mukim Klang, District of Klang, Selangor.	Freehold	6.175	2010	38,242
<b>Investment Property</b>					
2.	Lot PT 1506, Pekan Jenjarom, District of Kuala Langat, Selangor.	Freehold <sup>2</sup>	4.348	2010	17,891
<b>Land Held For Development</b>					
3.	Lot 1213, Mukim Cheras, Daerah Ulu Langat, Selangor.	Freehold	5.067	2008	12,258
4.	Lot PT 2503 & 2498, Pekan Jenjarom, District of Kuala Langat, Selangor.	Freehold	8.325	2010	3,597
5.	Lot 44095, Mukim Dengkil, District of Sepang, Selangor.	Leasehold (05.03.2091)	13.494	2015	20,737
6.	Lot 103532, Mukim Dengkil, District of Sepang, Selangor.	Leasehold (05.03.2091)	10.828	2015	19,022
7.	Lot PT 10316, Mukim Rawang, Daerah Gombak, Selangor.	Leasehold (24.11.2093)	41.500	2015	47,453
8.	Lot 183195 PN115447, Mukim Klang, Daerah Klang, Selangor.	Leasehold (21.04.2107)	123.454	2019	49,583
9.	Geran Mukim 1941 & 1274, Lot No.1793 & 1794, Tempat Batu 17 ½ Jalan Reko, Mukim Kajang, Daerah Hulu Langat, Negeri Selangor.	Freehold	5.438 (60%)	2020	8,694

Note :

<sup>1</sup> Approximate area

<sup>2</sup> Approximate age of building is 14-year. The building is a 1 ½ storey and tenanted to a hypermarket.

# ANALYSIS OF SHAREHOLDINGS

AS AT 23 MARCH 2021

## SHARE CAPITAL

Total Issued Capital : 218,478,320 Ordinary Shares  
 Class of Shares : Ordinary Shares  
 Voting Rights : One vote per Ordinary Share

## SHAREHOLDING DISTRIBUTION SCHEDULE

(As per the Record of Depositors)

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Shares
Less than 100	140	4,691	^
100 – 1,000	1,325	609,906	0.28
1,001 – 10,000	417	1,073,380	0.49
10,001 – 100,000	50	1,619,655	0.74
100,001 to less than 5% of issued shares	31	74,311,736	34.01
5% and above of the issued shares	5	140,858,952	64.47
<b>Total</b>	<b>1,968</b>	<b>218,478,320</b>	<b>100.00</b>

^: Less than 0.01%

## SUBSTANTIAL SHAREHOLDERS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Shares			
	Direct	%	Indirect	%
Kinta Aroma Sdn. Bhd.	116,902,200	53.51	-	-
Dato' Sri Yap Seng Yew	6,621,600	3.03	123,589,583~	56.57
Datin Sri Gan Li Li	6,687,383	3.06	123,523,800~	56.54
Dato' Yap Jun Jien	16,693,302	7.64	116,902,200+	53.51
Yap Jun Wei	17,263,450	7.90	116,902,200+	53.51

Notes:

~ Deemed interest by virtue of his/her direct shareholdings in Kinta Aroma Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and by virtue of his/her spouse's direct shareholdings in the Company.

+ Deemed interest by virtue of his direct shareholdings in Kinta Aroma Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

## DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Substantial Shareholders	No. of Shares			
	Direct	%	Indirect	%
Dato' Sri Yap Seng Yew	6,621,600	3.03	140,853,033@	64.47
Datin Sri Gan Li Li	6,687,383	3.06	140,787,250@	64.44
Dato' Yap Jun Jien	16,693,302	7.64	119,112,208#	54.52
Lee Boon Hong @ Lee Boon Keong	-	-	-	-
Mohd Shafizan Bin Shahbudin	-	-	-	-
Tan Kak Teck	22,050	0.01	-	-

Notes:

@ Deemed interest by virtue of his/her direct shareholdings in Kinta Aroma Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and by virtue of his/her spouse's and child's direct shareholdings in the Company.

# Deemed interest by virtue of his direct shareholdings in Kinta Aroma Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and by virtue of his spouse's direct shareholdings in the Company.

# ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 23 MARCH 2021

## LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (As per the Record of Depositors)

No.	Name of Shareholders	No. of Shares	%
1.	Kinta Aroma Sdn. Bhd.	46,912,200	21.47
2.	Amsec Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account – AmBank (M) Berhad for Kinta Aroma Sdn. Bhd.	36,000,000	16.48
3.	Kinta Aroma Sdn. Bhd.	23,990,000	10.98
4.	Yap Jun Wei	17,263,450	7.90
5.	Dato' Yap Jun Jien	16,693,302	7.64
6.	Amsec Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Kinta Aroma Sdn. Bhd.	10,000,000	4.58
7.	HLIB Nominees (Tempatan) Sdn. Bhd. - Nyew Heng Chuan	9,900,000	4.53
8.	Dato' Muthanna Bin Abdullah	9,000,000	4.12
9.	Gan Chee Wah	8,000,000	3.66
10.	HLIB Nominees (Tempatan) Sdn. Bhd. - Seo Eng Lean	4,793,450	2.19
11.	HLIB Nominees (Tempatan) Sdn. Bhd. - Teo Cheng Chuan	4,793,450	2.19
12.	Datin Sri Gan Li Li	4,098,683	1.88
13.	Dato' Sri Yap Seng Yew	4,098,600	1.88
14.	Datin Sri Gan Li Li	2,588,700	1.18
15.	Dato' Sri Yap Seng Yew	2,523,000	1.15
16.	LRC Tech (M) Sdn. Bhd.	2,300,000	1.05
17.	Datin Teh Mi Mi	2,210,008	1.01
18.	Gan Li Ching	1,743,650	0.80
19.	HLIB Nominees (Tempatan) Sdn. Bhd. - Cham Chean Fong @ Sian Chean Fong	1,200,000	0.55
20.	Bakal Sempurna Sdn. Bhd.	783,300	0.36
21.	Rigap Capaian Sdn. Bhd.	732,350	0.34
22.	RHB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Datuk Joseph Lau	700,000	0.32
23.	Gan Lay Shyi	696,000	0.32
24.	Saham Megah Sdn. Bhd.	601,900	0.28
25.	Tan Wah Kok	598,000	0.27
26.	Ang Ah Buay	511,190	0.23
27.	Empayar Padu Sdn. Bhd.	358,280	0.16
28.	Phuar Sok Khim	339,100	0.16
29.	Lim Ee Seong	338,800	0.16
30.	Ang Kok Thye	281,300	0.13
<b>TOTAL</b>		<b>214,048,713</b>	<b>97.97</b>

# Y&G CORPORATION BHD. 196501000612 (6403-X)

(Incorporated in Malaysia)

CDS ACCOUNT NO.				-															
NO. OF SHARES HELD																			

## FORM OF PROXY

I/We \_\_\_\_\_ NRIC/Company No. \_\_\_\_\_  
(full name in BLOCK LETTERS)

of \_\_\_\_\_  
(full address)

(Contact No./Email: \_\_\_\_\_)

being a member(s) of Y&G CORPORATION BHD. 196501000612 (6403-X), hereby appoint

<b>Name of Proxy</b> (Full Name)	<b>NRIC No./Passport No.</b>	<b>% of Shareholdings to be Represented</b> (Refer to Note 2)
Address		

and/or failing him

<b>Name of Proxy</b> (Full Name)	<b>NRIC No./Passport No.</b>	<b>% of Shareholdings to be Represented</b> (Refer to Note 2)
Address		

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fifty-Fifth Annual General Meeting ("55<sup>th</sup> AGM" or "Meeting") of the Company to be held at Lot G-01 Ground Floor, Tower B, PJ City Development, No.15A, Jalan 219, Seksyen 51A, 46100 Petaling Jaya, Selangor Darul Ehsan on **Monday, 31 May 2021 at 11.00 a.m.**, and at any adjournment thereof.

ORDINARY RESOLUTION		FOR	AGAINST
1	Payment of Directors' fees for the financial year ended 31 December 2020		
2	Re-election of Dato' Sri Yap Seng Yew as Director of the Company		
3	Re-election of Mr. Tan Kak Teck as Director of the Company		
4	Re-appointment of Auditors		
5	Payment of Directors' Allowances to Non-Executive Directors		
6	Retention of Mr. Lee Boon Hong @ Lee Boon Keong as Independent Director		
7	Retention of Encik Mohd Shafizan Bin Shahbudin as Independent Director		
8	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		

Please indicate with an "X" in the space provided above on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Signature(s) of member(s)

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his/her/its proxy to exercise all or any of his/her/its rights to attend, speak and vote in his/her/its stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the Meeting, provided that the member specifies the proportion of his/her/its shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. 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 shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
6. Subject to the Constitution, members may deposit the instrument appointing the proxy by electronics means by way of submitting the instrument to the e-mail address [ir@shareworks.com](mailto:ir@shareworks.com) my not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
7. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 24 May 2021, shall be eligible to attend the Meeting or appoint proxy(ies) to attend and/or vote on his/her/its behalf.
9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.



Fold this flap for sealing

Then fold here

AFFIX  
STAMP

The Company Secretary  
**Y&G CORPORATION BHD.** 196501000612 (6403-X)  
NO. 2-1, JALAN SRI HARTAMAS 8  
SRI HARTAMAS  
50480 KUALA LUMPUR  
WILAYAH PERSEKUTUAN (KL)

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Lot G-01 Ground Floor  
Tower B, PJ City Development  
No.15A, Jalan 219, Seksyen 51A  
46100 Petaling Jaya, Selangor

Tel: 603-7876 1188 | Fax: 603-7874 3788

**[www.ygcorp.com.my](http://www.ygcorp.com.my)**