



ASIAN PAC HOLDINGS BERHAD
(COMPANY NO. 129-T)



2018 | ANNUAL REPORT



www.asianpac.com.my

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EVENT HIGHLIGHTS

BOUNTIFUL HARVEST FESTIVAL & BLESSED HARI RAYA 2017

Harvest Festival and Hari Raya were ushered in at Imago Mall concurrently in year 2017. The presence of golden paddy field at The Oval, Ground Floor symbolizes good harvest by the Kadazan-dusun and Murut communities in Sabah. Whilst the 'kampung-styled' booths, decorated with colourful lightings offered a great variety of food and fashion for

shoppers to celebrate the Harvest and Raya festivals. Exciting cultural dances performed by local ethnics in the middle of paddy field were the favourite event among the tourists and local shoppers. The cultural dances were performed in the afternoon during weekday and at certain intervals during weekends.

EVENT HIGHLIGHTS

MISS SABAH TOURISM & BRIDAL FAIR 2017

Imago in collaboration with Miss Sabah Tourism Organisation held a fashion show event featuring finalists of Miss Sabah Tourism Pageant 2017 with the theme 'Spellbound the Enchanted Forest'. The Oval, Ground Floor was decorated with an enchanted, mystical and forest ambience. The event was officiated by YB Datuk Joniston Bangkuai, Chairman of Sabah Tourism Board, who had lauded

Imago and Miss Sabah Tourism Organisation's efforts in promoting tourism, local cultures and Sabah as a shopping destination. During the event, the pageant's finalists paraded and showcased various apparels from the Imago's fashion outlets. It ended on a high note with the crowning of Miss Imago Congeniality to one of the finalists from the Pageant.



EVENT HIGHLIGHTS

HALLOWEEN 2017

Following the success of the Halloween events in previous years, Imago brought in yet another spine-chilling and fun experience for Halloween 2017 with the theme 'The Playground'. An abandoned candy house surrounded by a playground for kids was built at The Oval, Ground Floor. The Halloween 2017 event had attracted huge crowd turnout with its activities

from the 'horror candy house adventure' for adults and fun-filled activities at the playground for kids to participate along. 'Trick or Treat' was held at the Ground Floor Main Entrance for children to dress up and imitate their favourite character or ghost for a chance to win the best Costume Award.





EVENT HIGHLIGHTS

CHRISTMAS 2017

In the spirit of celebrating Christmas, Imago created a fantasy island which includes a magical boat ride themed 'The Odyssey' at The Oval, Ground Floor. The boat rides were opened to kids aged 3 to 15 years old. It sailed around the fantasy island that was decorated with Santa Claus and children's favourite characters

in the fairy tales. A two-storey tall Christmas tree was placed and decorated in the middle of the fantasy island to add festive atmosphere to the Mall. Several animatronics were installed, bringing in state-of-the-art display for the visitors to have a magical experience during the Christmas season at Imago.



EVENT HIGHLIGHTS

CHINESE NEW YEAR 2018

Imago celebrated its 3rd Chinese New Year celebration in February 2018 with the theme 'Fortuitous Windfall'. The Oval, Ground Floor was decorated with rows of golden, red, white and pink cherry blossom trees, leading to a big 'Wishing Wheel' in middle of the Oval Court for shoppers to spin the huge Wishing Wheel and pray for good fortune for

the year ahead. Entrances to the Mall and South Court fountain area were adorned with auspicious New Year greetings to welcome shoppers. Traditional Lion Dances were performed at the Mall during weekends to add merriment to the Chinese New Year celebration.

EVENT HIGHLIGHTS

3RD YEAR ANNIVERSARY OF IMAGO MALL

Imago commemorated its 3rd anniversary in the month of March 2018 with the theme 'Exultation', to appreciate and recognize tenants and partners of their relentless support. There were categories of awards presented to nominated tenants and partners during the night. Highlight of the night

was the Gold Excellence Award, an award for an all-rounder best tenant which was won by Michael Kors. The guests and shoppers were delighted with the live performances by the tenants and special performance by China's top dance studio 'Caster'.



SPONSORSHIP

2017/2018

Venue sponsorship:
WWF-Malaysia to organize
“Earth Hour” awareness campaign.



Venue sponsorship:
Hopes Malaysia Welfare Association
- Kampung Tudan Fundraising Carnival. Hopes
Malaysia is a national community welfare
organization involves in community projects that
raises quality of living of rural residents.



Venue sponsorship:
Wheelchair Charity Run 2017.
The purpose of the event is to educate and create
awareness for people with special needs.

SPONSORSHIP

2017/2018

Venue sponsorship:
Borneo Indigenous Fashion Week 2017.



Venue sponsorship:
United Nation Children's Fund Malaysia
"My Promise to Children Campaign with Unicef"

Venue sponsorship:
Blood Donation Campaigns



SPONSORSHIP

2017/2018



Venue sponsorship:
Pusat Zakat Sabah during the whole month of
Ramadhan 1438H/2017M

Venue sponsorship:
Martial Art Run Registration Counter & Flag Off



Venue sponsorship:
Sabah Tourism Board for Sabah Rural Tourism
Showcase 2017.

SPONSORSHIP

2017/2018

Venue sponsorship:

Sandakan Borneo Bird Club Sabah for Celebration of the Magnificent Birds of Borneo.

The purpose of this event is to create public awareness on bird conservation, promoting bird watching and ecotourism in Sabah.

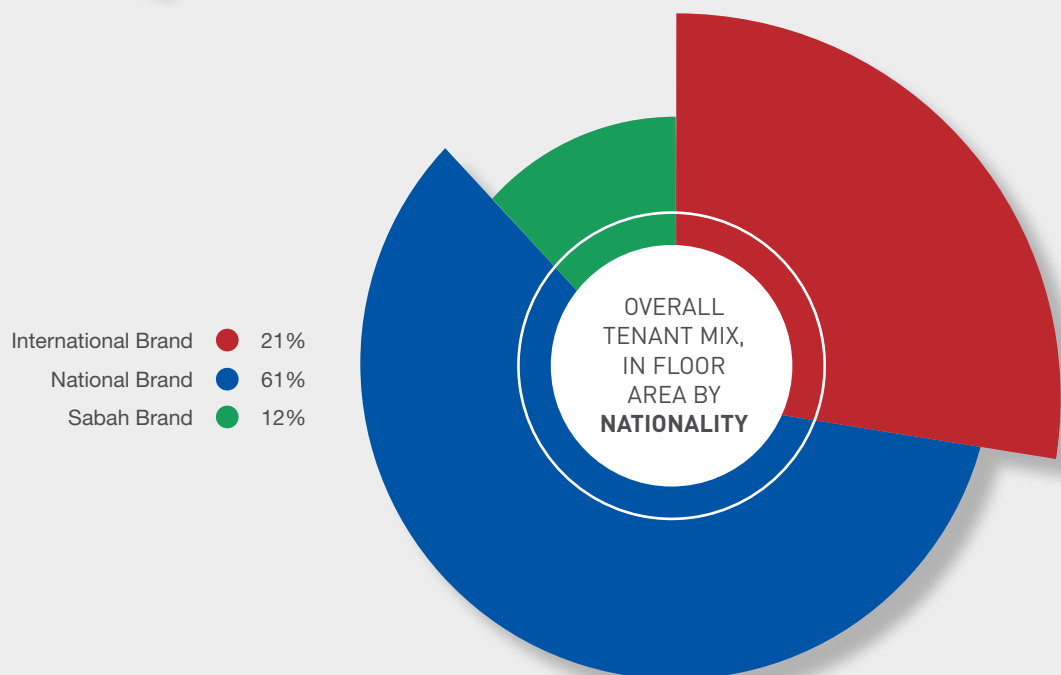
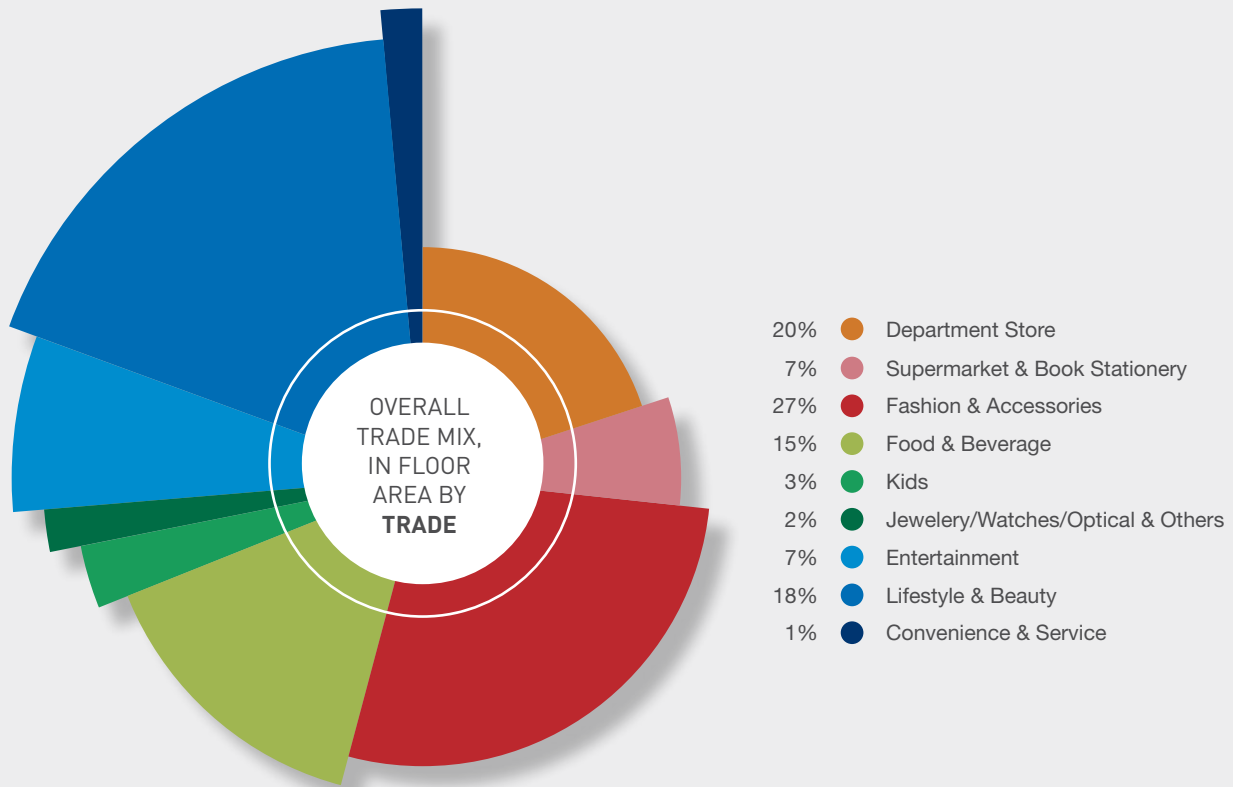


Venue Sponsorship :
WWF Malaysia



Venue sponsorship:
SPR - Pejabat Pilihan Raya

MALL HIGHLIGHTS



AWARDS AND RECOGNITION



PROJECT HIGHLIGHTS

FORTUNE PERDANA

Exclusivity Rediscovered

An integrated mixed development of 36 units shop offices and 3 blocks of 576 units of serviced residence on a 6-acre leasehold land located in Kepong Entrepreneurs' Park. The Certificate of Completion and Compliance was obtained on 2 June 2017 and the Group had handed vacant possession to purchasers.





PROJECT HIGHLIGHTS

FORTUNE CENTRA

Life Defined. Character Matters.

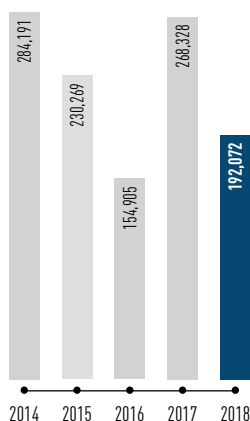
A low density mixed development of 19 units shop offices and 462 units of serviced residence on a 3-acre leasehold land located in Kepong town centre. The location has excellent connectivity with major highways and 2 upcoming MRT stations. This is the eighth project of the Group's Fortune Series under Kepong Entrepreneurs' Park masterplan.

Fortune Centra was officially launched in May 2017 and has achieved excellent sales of 94% for its residential units. The construction works has reached up to level 6 and we expect the project to be completed by 2020.

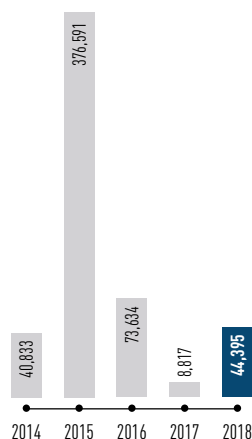
5 YEAR GROUP FINANCIAL HIGHLIGHTS

	31 March 2014	31 March 2015	31 March 2016	31 March 2017	31 March 2018
Revenue (RM'000)	284,191	230,269	154,905	268,328	192,072
Net Profit Attributable to Equity Holders (RM'000)	40,833	376,591	73,634	8,817	44,395
Earning Per Share (Sen)	4.2	38.0	7.4	0.9	4.4
Net Assets Per Share (Sen)	41.9	79.9	86.9	86.7	96.1
Shareholders' Equity (RM'000)	409,121	791,672	862,316	860,637	991,290
Return on Equity (%)	10.0	47.6	8.5	1.0	4.5
Net Debt (RM'000) (Note 35, Page 158)	329,372	479,193	493,417	461,415	387,196
Gearing Ratio (%) (Note 35, Page 158)	45	38	36	35	28

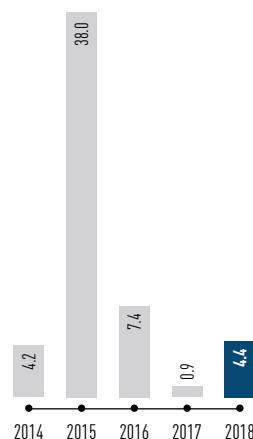
REVENUE
(RM'000)



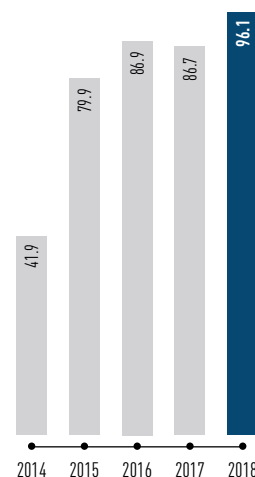
**NET PROFIT ATTRIBUTABLE
TO EQUITY HOLDERS**
(RM'000)



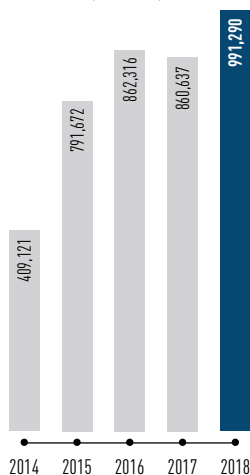
EARNINGS PER SHARE
(SEN)



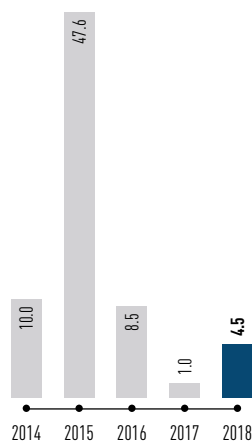
NET ASSETS PER SHARE
(SEN)



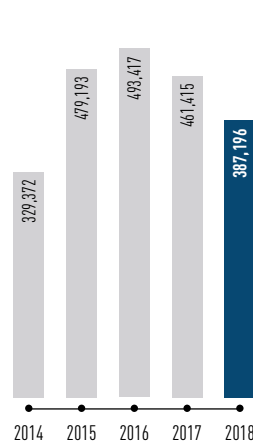
SHAREHOLDERS' EQUITY
(RM'000)



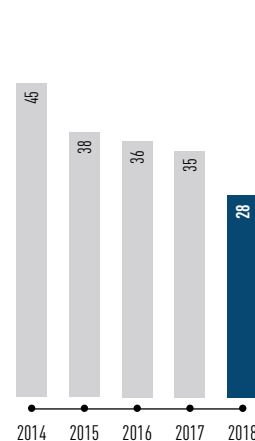
RETURN ON EQUITY
(%)



NET DEBT
(RM'000)



GEARING RATIO
(%)





MANAGEMENT DISCUSSION AND ANALYSIS

WHO ARE WE

Asian Pac Holdings Berhad (“**Asianpac**” or the “**Group**”) was incorporated in 1913 and listed on the Main Board of Bursa Malaysia Securities Berhad in 1961.

We are in the business of property development and property investment. Property development segment is our key revenue driver whilst property investment segment provides us a consistent business income growth. Our property development segment, which focuses on niche market comprises mixed development of commercial shops and high rise residential projects in Kuala Lumpur. Through our property investment portfolio, we operate a shopping mall located in Kota Kinabalu, Sabah. It is one of the components of our flagship KK Times Square II project which we have retained as our investment property. We also provide car park management services on multiple car parks that we own. Presently, we operate approximately 3,600 parking bays located in Kota Kinabalu, Sabah.

MANAGEMENT

DISCUSSION AND ANALYSIS

(CONT'D)

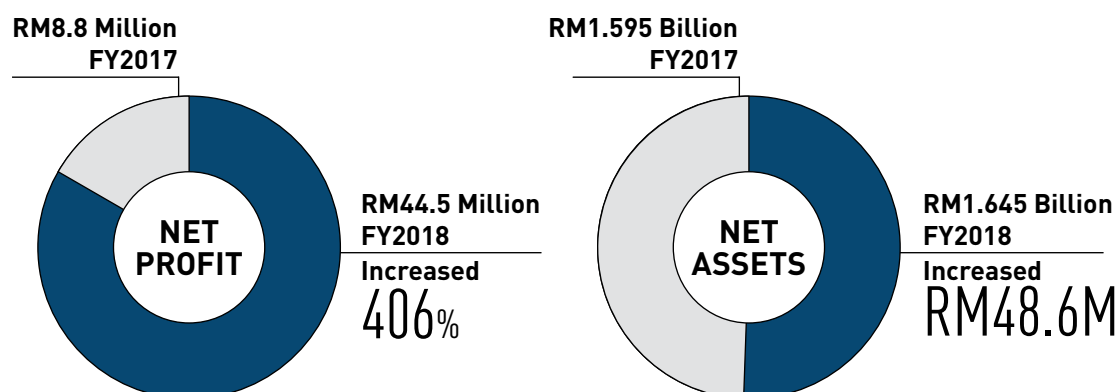
FINANCIAL PERFORMANCE

For the financial year under review, the Group achieved a lower revenue of RM192.1 million, a decrease of RM76.2 million or 28.4% as compared to RM268.3 million in the preceding year. This was mainly due to lower revenue contributed from property development segment, where Fortune Perdana and Dataran Larkin projects were completed during the financial year. Profit before tax rose significantly by RM48.9 million to RM63.6 million year-on-year contributed mainly by fair value gain on investment properties of RM35.3 million, higher gross profits of RM31.2 million and reduced marketing expenses of RM14.4 million. Nonetheless, all three business segments contributed positively to the Group for the year under review.

PROFIT OR LOSS	2018 (RM'000)	2017 (RM'000)	Changes (RM'000)
Revenue	192,071	268,328	(76,257)
Operating expenses	(145,197)	(235,008)	(89,811)
Other operating income	41,926	12,561	29,365
Profit from operations	88,800	45,881	42,919
Finance costs	(25,155)	(31,188)	6,033
Profit before tax	63,645	14,693	48,952
Taxation	(19,130)	(5,908)	(13,222)
Profit for the year	44,515	8,785	35,730

ASSETS AND LIABILITIES	2018 (RM'000)	2017 (RM'000)	Changes (RM'000)
Assets			
Non-current assets	1,349,031	1,346,338	2,693
Current assets	295,539	249,624	45,915
Total assets	1,644,570	1,595,962	48,608
Liabilities			
Non-current liabilities	485,523	496,252	(10,729)
Current liabilities	167,757	239,193	(71,436)
Total liabilities	653,280	735,445	(82,165)
Equity			
Share capital	209,943	202,064	7,879
Reserve	2,071	1,226	845
ICULS	77,726	-	77,726
Retained profits	701,550	657,347	44,203
Equity attributable to equity holders of the parent	991,290	860,637	130,653
Non-controlling interest	-	(120)	120
Total equity	991,290	860,517	130,773
Total equity and liabilities	1,644,570	1,595,962	48,608

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



As at 31 March 2018, our total assets increased slightly by RM48.6 million to RM1.6 billion from previous year. The increase was mainly due to portion of the unutilised cash proceeds of approximately RM62.5 million which was derived from the Rights Issue of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and Warrants ("Rights Issue of ICULS") exercise which has yet to be utilised for land banks acquisition.

Total liabilities reduced by RM82.2 million to RM653.3 million mainly due to net repayment of bank borrowings of RM52.0 million and write back of project development expenses of RM32.5 million upon finalisation of a project account. Included in repayment of bank borrowings, an amount of RM25.0 million was utilised from the proceeds of Rights Issue of ICULS.

Total equity increased by RM130.8 million were mainly due to increase in share capital of RM7.9 million by way of ICULS conversion during the year, increase of equity components of ICULS of RM77.7 million pursuant to the Right Issue of ICULS and increase in retained earnings by RM44.2 million.

The cash flow generated from operating activities decreased mainly due to reduction in working capital funds. The increase in cash outflow used in investing activities was mainly attributed to the placement of ICULS proceeds amounted to RM43.2 million into short term investment pending its utilisation for land banks acquisition. The increase in cash flow from financing activities was primarily due to net proceeds from the Rights Issue of ICULS amounted to RM97.9 million, reduced by net repayment of bank borrowings and interest of RM72.4 million. As a result of the above, cash and cash equivalents decreased by RM6.3 million, amounted to RM53.8 million as at 31 March 2018.

The gearing of the Group improved to 28% as compared to 35% in the preceding year due mainly to the increase in equity component of ICULS.

CASH FLOW	2018 (RM'000)	2017 (RM'000)	Changes (RM'000)
Cash flow generated from operating activities	4,568	55,504	(92%)
Cash flow used in investing activities	(33,873)	(10,226)	>(100%)
Cash flow from/(used in) financing activities	22,965	(36,367)	>100%
Cash and cash equivalent	53,774	60,114	(11%)

MANAGEMENT

DISCUSSION AND ANALYSIS

(CONT'D)

PROPERTY DEVELOPMENT

Business and Strategies

We are a niche developer focusing on development in prime locations such as Klang Valley, Kota Kinabalu and Johor Bahru. We replenish our land banks continuously for sustainable business growth in property development. We are selective in our land banking activities where we source and identify suitable lands for sustainable development. We are also exploring the alternative of joint venture business model with landowners not only for a lower initial investment cost, but also will reduce operating expenses in term of finance cost. Thus, it provides us with a higher investment return on value to our stakeholders. We deliver quality products to our purchasers where we embrace workmanship quality assessment system and stress innovative product design by combining the elements of simple and yet functional. We are wary on the material use in our development in order to protect the environment.

Review of Operations

Property development segment continues to be the key driver of revenue growth in 2018 despite it recording a lower revenue of RM129.5 million, as compared to RM214.3 million in the preceding year. The lower revenue was mainly due to lower contribution from Fortune Perdana and Dataran Larkin projects which were completed and handed over to purchasers during the financial year. In tandem with the lower revenue, segment result has recorded a lower segmental profit of RM11.2 million as compared to RM20.4 million year-on-year.

Despite the Malaysian economy recording a starling 5.9% growth in 2017, which exceeded the earlier consensus expectation of 4.8%, we did not have any new launch during the year. All of our unlaunched projects are undergoing overhaul exercise with regard to the type of products, design and material use that will meet the current market demand. We have also spent a considerable amount of time to comb through many new land deals to identify suitable lands that fit into our strategic planning for land banking and sustainability growth.



FORTUNE CENTRA

A mixed development of 19 units commercial suites and 462 units of serviced residences on a 3 acre leasehold land located in Kepong Entrepreneurs' Park. This is the eighth project of the Fortune series under Kepong Entrepreneurs's Park masterplan.

Fortune Centra was officially launched in May 2017 and sale of the residential units are up to 94%. Construction work has progressed in according to work schedule and it is expected to be completed by 2020.

In April 2018, the commercial component is opened for selective sales exercise and sales are expected to be well received by selective prospects.



FORTUNE PERDANA RESIDENCES, KEPONG, KUALA LUMPUR

An integrated mixed development of 36 units shop offices and 3 blocks of 576 units of serviced residence on a 6-acre leasehold land located in Kepong Entrepreneurs' Park. The Certificate of Completion and Compliance was obtained on 2 June 2017 and the handover process to residents was commenced on the 20 June 2017.

MANAGEMENT

DISCUSSION AND ANALYSIS

(CONT'D)



DATARAN LARKIN, JOHOR BAHRU

Dataran Larkin is a 2-phases development of shop-office on a 11.68 acre freehold land in Larkin, Johor Bahru. Phase 1 consisted of 79 units of 2 and 3-storey shop office was completed and handed over to purchasers in 2015.

Phase 2 of Dataran Larkin consists of 30 units 3-storey premium boutique and showroom commercial suites. Sale has reached 93% during the year. The Certificate of Completion and Compliance was obtained on 17 April 2017 and the handover process to residents was started on 07 June 2017.



THE ZIL @ KK SOUTH

A new 3 phases mixed development project undertaken on a 16.7 acres leasehold land located in the growth suburb of Kinarut, Kota Kinabalu, Sabah. Phase 1 is a retail commercial hub consisting 40 units of 3-storey retail shops. Phase 2 is a landed terrace house consisting 123 units of terrace houses and Phase 3 is currently planned for a high rise residential development.

Both Phase 1 and 2 are expected to be launched in end 2018 after due consideration of the soft property market in 2017 prolonging into 2018. The stringent financing requirements continues to pose a challenge to the sales as the impact of slow sales will result in holding of unsold stock units by the Group. The Group will monitor closely on the property market environment.



DAMANSARA DAMAI

A high rise mixed development consists of 13 shophouse units and 520 condominium units on a 6.5 acre leasehold land in Damansara Damai, Selangor. The Group has deferred the sale launch in the last financial year and is conducting further market studies to refine the right product for the target market segment.

Anticipated Risks

Our business operations in property development is subject to the general economic and political conditions, suitable land banks for development and fluctuation of interest rates, which may have a material effect on our operations, performance, financial results. To mitigate, we will constantly monitor the development and changes in the conditions of the property markets and plan our property launches cautiously. We maintain competitiveness through a reasonably priced product to meet market expectation. With the completion of our recent Rights Issue of ICULS and undrawn financing facility, we have more than RM250 million available funds to expeditiously pursue land banking activity. We will continue to vigilant and exercise prudent cost saving initiative to mitigate or avoid any cost overrun.

MANAGEMENT

DISCUSSION AND ANALYSIS

(CONT'D)

Outlook

Malaysia has just undergone its 14th General Election in May 2018 and a new Government has emerged, formed by the new coalition of 4 political parties the first time in Malaysian history since independent. It is a new regime in Malaysia history although welcomed by Malaysian, have casts uncertainties to the market after more than 60 years. It is also expected that many new policies will be introduced by the new Government in the following months in accordance with their manifestos. The first wave being scrapping of the goods and services tax system ("GST") and to revert to the old sales and service tax system ("SST") which we believe the market will react positively.

Notwithstanding the abovesaid, overall property market transaction value dropped by 3.8% to RM139.8 billion as compared to the preceding year, about RM68.5 billion or 48.9% was attributable to residential properties. The rejection rate of housing loan application somehow shown a decline of 23.1% as compared to its average of 26.1% from 2012-2016. We believe the property market outlook will remain lacklustre. To be sustainable in property development, we will replenish land bank for future growth. At the same time, pursuing innovative product design that is appealing to our target purchasers. The cancelation of the GST will bring a positive impact in general as it will lower our development cost and in turn we can pass on to purchasers by lowering our selling price of our new project. However, the impending introduction of SST may offset this positive effect from the higher raw material price. We are observing closely on the development of this direct tax system had on our profit margin.

MALL OPERATIONS

Business and Strategies

The highest value asset in our property investment portfolio, Imago KK Times Square in Kota Kinabalu, Sabah, is the first non-strata lease-only shopping mall that has attracted and continue to attract major international brands to set up their first outlet in East Malaysia. An important step moving forward is to consolidate further Imago's position in Sabah by continuously introducing new brands and tenants during major tenancy renewal cycles and leveraging on its current position to improve revenue for tenants that bring positive value to the mall. As Sabah continues to grow as a major tourist destination for East Asian countries such as China and South Korea, Imago will aim to work with major internet services to brand and market itself to such target markets. We also aim to launch our first loyalty program soon to create extra value for shopping at Imago. As the mall and retail industry continues to change, we will also create experiential activities and events to create fresh experiences for the shoppers.



Review of Operations

Mall operations contributed RM52.3 million in revenue and segment profit of RM15.1 million, respectively representing an increase of RM9.6 million, or 22.5% and RM17.2 million, or 835% from the preceding year of RM42.7 million and loss of RM2.1 million. The increase in revenue attributed to a higher revenue from rental income. It also saw improved profitability with the enhancement of internal processes and as the mall starts to mature and stabilise while seeing an increase in occupancy rate and improved better quality tenants.

During the year under review, Imago was heading towards an important year in 2018/2019 of tenancy renewals after its opening in 2015. Our principle of retaining the good and discarding the bad is such that better brands that are also favoured by shoppers are retained to ensure that the mall tenant mix continue to improve. As occupancy continues to increase, fresh quality tenants coming in have increased variety and options for shoppers, creating an even stronger retail environment.

MANAGEMENT

DISCUSSION AND ANALYSIS

(CONT'D)



Considered as the best mall in East Malaysia and being compared with the better mall in West Malaysia, we have reached another milestone by being the first to achieve recognition and certification for ISO 9001 Quality Management Standard. We will continue to adopt such internationally-recognised management standards, such as aiming for ISO 14001 Environmental Management System next, to ensure that mall operations continue to grow with sustainable approaches after also having adopted a Risk Management Framework that is based on ISO 31000 Risk Management.

The year also saw Imago winning the Gold Award for Best Experiential Marketing beating other shopping malls throughout Malaysia in its category. Imago also saw itself winning the Best Shopping Mall from Sabah Tourism Board. As tourist arrival continues to grow in Sabah, especially from China and South Korea, we are taking active steps to promote Imago more apart from continuing with traditional welcome dances at the main entrance, tourist-related events and other such activities in the mall. In the coming year, Imago will increase above-the-line (“ATL”) marketing while maintain a high standard of below-the-line (“BTL”) activities while continuing to deliver quality and memorable events and activities to create a premium experiential shopping mall.

At the same time, we take pride that we consistently maintain communications with our tenants, organising our first ever Tenant Appreciation Night, themed as “Exultation” in conjunction with our 3rd anniversary, and implementing anonymous Tenant Satisfaction Surveys so that we continue to receive feedback on ways to improve. As part of our social responsibility in consideration of tenant staff welfare, we have purposefully created a staff break-room where tenant staff now have a proper place to rest and have their meals.

Hope Express, the kids train ride, is still an ongoing project from Imago where collections from the public continue to be donated in full to charitable organisations. Thus far, two charitable organisations have benefitted from this initiative since the project’s inception, namely Taman Didikan Kanak-Kanak Kurang Upaya Sembulan and Seri Mengasih Centre with a total donation of RM167,743. This is on top of many other initiatives organised by Imago, such as making the celebration of Earth Hour a permanent part of Imago’s event calendar.



Anticipated Risks

We believe that there is a general oversupply of retail space in Kota Kinabalu as newer malls are introduced into the local market such as ITCC Penampang, Jesselton Mall, Aeropod and Pacific Mall (yet to open), on top of existing mega malls such as Suria Sabah and 1Borneo. The opening of more stores will give shoppers more options and may potentially make Imago less exclusive. Nevertheless, we believe that strong management and creative experiential marketing along with constant fresh attractions will keep Imago relevant.

Outlook

We believe that the general retail market will continue to be weak as people are still looking for positive indications on the economy. The oversupply of retail space is affecting rental rates as mall owners are fighting for the limited number of quality brands available in the market. However, top quality malls will continue to be stable and has better potential for growth as they have established themselves in their area and target market segment, thereby creating steady footfall that is of most importance to retailers. We will continue to leverage on this advantage to improve Imago in terms of trade and tenant mix to ensure long-term stability and growth.

MANAGEMENT

DISCUSSION AND ANALYSIS

(CONT'D)

CAR PARK MANAGEMENT

Business and Strategies

The car park segment is setting stable and good growth as operations in the car parks have stabilised from its initial operations in 2015. Revenue and profitability have also improved as contributions from Imago KK Times Square have been significant as vehicular traffic have continued to be stable despite rates increase. As the operations team mature and become more experienced, the focus will shift to the upgrading of the current portfolio of car parks to be more in line with modern car parks as equipment start to age as well as to improve traffic circulation in and out of our car parks. We will look at other opportunities to also grow the car park business as it has shown potential in become a notable contributor to the revenue and profitability for the Group as a whole.



Review of Operations

Car park operations contributed RM8.6 million in revenue and RM6.0 million of segment result, representing a growth of 37.7% and 31.5% respectively year-on-year. The increase was mainly due to upwards revision of parking rates in Imago KK Times Square car park during the year. As a result, and combining with effective management of costs, we have achieved a higher profitability.

The operations of the three car parks at Imago KK Times Square, Signature Office KK Times Square and Karamunsing Capital have stabilised and are reaping the benefits from it. Traffic improvement initiatives are now being planned for the entire KK Times Square development. Upgrading works have also started at the car park of Imago to better improve the experience and will be the major undertaking this year under this segment. At the same time, car park operations are working towards higher efficiency and sustainability. One of the major improvements this year is in the adoption of energy-efficient light sources in the form of LED lights from current fluorescent lights. This may potentially contribute to lighting energy savings while maintaining the same level of illuminance.

As car park operations continue to become a significant contributor to overall revenue and profitability, we are aiming to also implement internationally-recognised management standards by going for ISO 9001 Quality Management Standard and ISO 14001 Environmental Management Standard concurrently. This is on top of having adopted a Risk Management Framework that is based on the principles outlined in ISO 31000 Risk Management.

Anticipated Risks

Vehicular traffic is increasing rapidly in Kota Kinabalu and is especially noticeable during peak periods and festivities. The increase in traffic is resulting in congestion at main arterial roads that leads back to the location of our car parks. In view of this, we are working on a traffic improvement plan together with the authorities in order to allow vehicular traffic to flow faster in and out of our car parks, especially at Imago and Signature Office KK Times Square.

Outlook

The car park operations will continue to be stable in terms of revenue and profitability. There will be minimal impact from the economic situation of the country. Nevertheless, we will continue to monitor the parking rates and charges in the local market and review our rates accordingly.

DIVIDEND POLICY

The Board of directors does not recommend any dividend for the financial year ended 31 March 2018. The Board of directors has not adopted a dividend payout policy.

SUSTAINABILITY STATEMENT

Sustainability from the business perspective has often been described as a process by which companies manage their economic, social and environmental risks and opportunities.

Sustainability is recognised as a fundamental component in the preservation of the Company's future and has always been entrenched in the core businesses of the Group, comprising those of the Company and its subsidiaries. As with risk management, we are committed in prioritising its efforts towards managing the significant sustainability matters that have been identified, focusing on the Economic, Environmental and Social ("EES") realms impacting our operations.

This General Sustainability Statement ("Statement") is prepared in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") and sets out what the Board of Directors ("Board") considers as material sustainability risks and opportunities, collectively known as Material Sustainability Matters, that impact the way our operations are carried out and how such Material Sustainability Matters are managed. In preparing this Statement, our Board has considered the Sustainability Reporting Guide and its accompanying Toolkits which were issued by Bursa.

The contents of this Statement encompass our key business operations, which have been determined based on their revenue and contributions to the Group's results, i.e. property development, mall operations and car park operations.

GOVERNANCE STRUCTURE

Whilst our Board is primarily responsible for the sustainability performance, it has delegated the role and responsibility in overseeing the sustainability performance to the Audit and Risk Management Committee ("ARMC"). In addition, a committee, namely the Risk Management Working Committee ("RMWC"), which is helmed by key management personnel, has been tasked to assist the Board and ARMC in managing sustainability related matters.

METHODOLOGY AND APPROACH

The RMWC has been tasked to manage sustainability related matters as the Group integrates sustainability into its risk management system, where sustainability is treated as one of the key discussion points at all its meetings. The RMWC currently plays a more strategic role as it is now entrusted with responsibilities that include the following:

- establishment of a sustainability framework;
- reviewing the adequacy of sustainability initiatives and processes;
- ensuring effectiveness in identification, evaluation, management and reporting of Material Sustainability Matters; and
- monitoring and overseeing all sustainable strategies and initiatives of the Group.

With such new auxiliary responsibilities, the RMWC plays a pivotal role in ensuring the success of the sustainability initiatives.

MATERIAL SUSTAINABILITY MATTERS AND HOW THEY ARE MANAGED

A training workshop facilitated by an external consultant and participated by management personnel responsible for the respective business units was conducted to identify Material Sustainability Matters as well as key stakeholders pertaining to our core operations, i.e. property development, mall operations and car park operations.

SUSTAINABILITY

STATEMENT

(CONT'D)

MATERIAL SUSTAINABILITY MATTERS AND HOW THEY ARE MANAGED (CONT'D.)

Set out below is an overview of what the Material Sustainability Matters are, including how they are managed in the thematic aspects of Economic, Environmental and Social:

(A) Economic

We consider the quality and delivery of its property development units on a timely basis to be vital and has, accordingly, adopted the industry standard of CIDB's QLASSIC in the development of property projects, adopting stringent quality checks at all stages of construction and finishing, including testing and commissioning of utilities, external and internal fittings, and aesthetic appeal that are packaged in the comfort of a secure and well-built home.

Our continuous efforts in value engineering materials used in property development prove to accentuate our expertise in creating value for our homebuyers through the building of affordable yet quality housing which also adheres to the delivery schedule.



Our mall operations division operates the Imago Mall in Kota Kinabalu, Sabah, where the mall is the first non-strata lease-only shopping mall in Kota Kinabalu. Our mall has achieved 92% occupancy rate. The rental rates of the shop lots are priced competitively to attract and retain quality tenants to ensure that targeted positioning of the mall remains and continues to improve. Additionally, our mall operations have recently been certified to meet the standards of ISO9001: Quality Management System. This demonstrate the ability and intention of the team to consistently provide professional quality service that meets international standards. In adhering to the stringent

requirements of the standards that are audited on a regular basis by external ISO auditors, we are able to continually monitor and manage quality across our operations to achieve consistent performance and service.

Proper trade and tenant mix is vital to attract quality tenants as well as shoppers to the mall. At Imago mall, our good mixture of tenants from luxury and bridge brands to national and local brands ensure a good spread that will cater to a wider audience. We actively engage shoppers with well-thought and executed events and activities on-site and online to continuously generate new experience that will, hopefully, result in the three main performance metrics crucial to that of a retail mall, i.e. footfall, conversion and basket size, to ensure long-term economic success of the mall.

Periodic surveys are also performed with shoppers and tenants to better understand their ever-changing requirements and expectations to allow more long-term strategic planning of the mall to bridge gaps.

We have three (3) car park sites located in Kota Kinabalu, Sabah, that is open to the general public from retail shoppers to office workers, tenants and occupants to customers of a neighbouring hospital. The car park rates are regularly being monitored in order to be competitive while generating good revenue and profitability. As quality management is essential to building long-term sustainability, car park operations have also move towards gaining ISO9001: Quality Management System certification.

(B) Environmental

Conscious of the need to conserve the environment as it goes about its operations at the workplace, we practise energy saving habits through many ways to conserve resources, such as switching off electricity when not in use (including reminder stickers placed next to switches), avoiding printing whenever possible to reduce paper usage and printing on both sides of the paper (e.g. double-sided printing or printing on recycled paper).

SUSTAINABILITY

STATEMENT

(CONT'D)

MATERIAL SUSTAINABILITY MATTERS AND HOW THEY ARE MANAGED (CONT'D.)

(B) Environmental (cont'd.)

At the construction site, we take measures to reduce and manage wastes in a responsible manner by ensuring the appointed licensed contractors to do the same. Besides installing silt traps to minimise site pollution, all wastes generated from project sites are either recycled for reuse or transported to designated disposal sites timely and efficiently to minimise disruption to the daily lives of the community.

Additionally, we are diligent in the selection of building materials, placing emphasis on environmental friendly building materials, aligned with our objective in building sustainable green buildings. For our two (2) latest projects, one (1) is GBI certified (Gold rating), whilst the other is still on-going, where we are targeting to achieve GBI Gold rating as well.

There were no complaints received from those residing in the vicinity of development sites relating to environmental matters (e.g. environmental or sound pollution).

Our mall operations actively seek ways to reduce the consumption of resources, such as electricity, water and gas. Active steps have been taken such as changing water taps in washroom to automatic sensor taps to reduce water usage, fine-tuning chillers to optimise comfort against electrical consumption, installing hand dryers to reduce use of paper towels, installing door stoppers to minimise loss of air-conditioning and converting escalators to include motion-sensors to reduce use of electricity and mechanical wear-and-tear. The mall also actively supports environmental causes indirectly such as sponsoring venue spaces for the local branch of World Wildlife Funds (WWF), observing Earth Hour, an initiative by WWF (last Saturday of every March) on a permanent yearly basis to switch off essential lights for a minimum of one hour and encourage our tenants to participate.



At the car park sites, we have also looked into environmental considerations such as replacing fluorescent lights with LED lights to reduce electrical consumption where technically it should imply a savings in electrical consumption of about 36% for lighting as we are aware that local electricity is still mainly on carbon-based fuel such as gas and diesel. Beyond that, we have also timed lights in the car park to be at half-load or less during non-peak hours, particularly from 10pm to 8am the following day, to reduce energy consumption potentially by a further 21%.

Both mall and car park operations are going for ISO14001: Environmental Management Standards certification in order to better guide operations to help manage our environmental responsibilities. This is a show of commitment on our belief in creating environmentally-sustainable operations. As part of this commitment, both operations team continuously source for local materials, suppliers and contractors where possible to reduce potential transportation that will add to the carbon footprint of the operations as well as generating local economic value.

Our mall operations has also established an Energy Audit Committee and has developed a close collaboration with the local electricity board. The committee has also established a clear and objective policy that intends to drive further energy-saving initiatives not only in the mall, but equally in the office environment as part of a joint-effort by everyone to bear their own environmental responsibilities.

SUSTAINABILITY

STATEMENT

(CONT'D)

MATERIAL SUSTAINABILITY MATTERS AND HOW THEY ARE MANAGED (CONT'D.)

(C) Social

In the social realm, we strive to not just engage with its employees, customers, and business partners, but also to foster high quality working relationship with local authorities, joint venture partners, suppliers, contractors, as well as agencies to create and deliver sustainable value to all its stakeholders.

We are mindful of the need to constantly upskill its workforce and treat our employees fairly by providing equal opportunities to all for personal and career enhancement within the Group. In the financial year under review, we invested in developing employees' functional development, leadership, soft skills, as well as occupational safety trainings. We also encourage professional development of employees by offering to sponsor the cost of selected professional qualifications.

We recognise the value of dedicated and long serving employees, acknowledging that their dedication, loyalty and contribution throughout the years have made us what we are today. We have a policy to provide financial incentives to award long serving employees for completing 10 years of service within the Group and subsequently every five (5) years thereafter. For the financial year ended 31 March 2018, we presented two (2) employees who have been with us for 10 years or more with its Long Service Award.

We emphasise the importance to achieve a positive work-life balance by providing its employees with adequate rest days (i.e. paid leave) as well as an overseas and a local vacation trip annually.

Additionally, our employees are passionate about making a difference in the community and they are encouraged to be involved in causes that resonate with them. For the financial year ended 31 March 2018, our employees raised donations for charitable organisations such as Beautiful Gated Foundation For The Disabled and Hospis Malaysia, where some of our employees are invited to attend a palliative caregiver workshop on "Care In The Final Hours".

We recognise the impact it may cause to the surrounding community of the property project sites and buyers of the property. As such, we have undertaken various efforts to minimise the impact, including constant reminders to truck drivers to reduce and limit the speed of their vehicles and the use of Volatile Organic Compound (VOC) free paint in the property projects.

Additionally, we are committed to the safety of occupants, shown by replacement of expended polystyrene cladding previously approved for the use on the façade of a property project with precast at the Group's cost.

Our mall operations have been actively working on its responsibility towards local communities. The most basic and a permanent activity of Imago is the introduction of a kids' train ride, called "Hope Express", where train ride fares of any amount paid voluntarily by the public is donated in full to a charity every six (6) months while Imago handles the cost of running this event. The donation has been made to charities such as Taman Didikan Kanak-Kanak Kurang Upaya (TDKKU) Sembulan and Seri Mengasih Centre, where the next will be Cheshire Homes.

Both mall and car park operations employ more than 96% of locals as our main workforce, therefore creating an opportunity for the transfer of not only knowledge and experience both ways, but culture and tradition as well. It also has more than 30% female representation in the workforce, as we look towards a 33% representation or more to minimise the gender gap. Imago itself has also created more than 2,000 jobs for the local community. With non-stratified retail management being a relatively new concept in Sabah brought in by Imago, the operation workforce is generally young with an average age of 31, but we have a good spread from fresh graduates to experienced seniors. Not only that, the last financial year have seen our mall and car park team completing more than 2,000 training hours as part of our initiative to ensure continuous professional development.

SUSTAINABILITY

STATEMENT

(CONT'D)

MATERIAL SUSTAINABILITY MATTERS AND HOW THEY ARE MANAGED (CONT'D.)

(C) Social (cont'd.)

Being international does not mean forgetting about the local, therefore Imago also incorporated local celebrations and festivities permanently into its events calendar such as Pesta Kaamatan (Harvest Festival). At our own cost, we have also introduced a permanent local cultural dance performed by locals that runs daily to introduce local cultures to shoppers in the mall where it also consists of international tourists from places such as China and South Korea, therefore also introducing the culture of local indigenous people to the world. Such initiatives have earned Imago recognition from even the local government where it was awarded the Best Shopping Mall by Sabah Tourism Board.



Imago have also created a free modern nursery room for free use complete with potable hot water, diaper changing facilities, private nursing rooms and waiting lounge for fathers. This is in support of breastfeeding mothers and to provide them with a clean, safe and secure environment. Imago also created a family toilet to create a facility where it is suitable for parents to bring their kids. Not forgetting the disabled, Imago has upgraded all disabled toilets to be more modern and in line with international best practices.



Mall operations have also recently added a Workers' Rest Area for tenant's staff. This is an initiative taken in the interest of our stakeholders where tenants' staff now have a place to rest during their breaks and have their meals as the place is equipped with microwaves, water dispensers and wash basins. We are also cognisant of the fact that amongst the workers there will be different religious beliefs where we have provided halal and non-halal microwaves. Beyond that, we have also collaborated with tenants' staff to allow them to show off their skills such as dancing, singing and other performances in our recent 3rd Anniversary celebrations at Imago.



Over the last financial year, we have also collaborated closely with authorities such as sponsoring venues for blood donation campaigns by Queen Elizabeth Hospital and The Royal Malaysian Police Force ("PDRM") to replenish the local blood bank, encouraging registration of electorates by The Election Commission (SPR) amongst others to remind citizens of their responsibilities as well as other social events that promotes women entrepreneurship and other awareness campaigns.

Imago also encourages the development of businesses by locals, therefore ensuring that spending by shoppers have a chance to go back to the local business community thus generating local wealth, which then has a greater chance of being circulated back to the local community. The financial year closed with around 73% (in terms of retail space) of Malaysian brands, where around 12% are local Sabah brands. It is with this intention that Imago created a "heritage" food area where local food hawkers have a chance to be part of a modern retail environment.

SUSTAINABILITY

STATEMENT

(CONT'D)

MATERIAL SUSTAINABILITY MATTERS AND HOW THEY ARE MANAGED (CONT'D.)

(C) Social (cont'd.)



As we view safety and security also as an important aspect of our social responsibility, we have collaborated with the PDRM to open a Beat Police Office within the mall premise. This not only serves as a local contact point for the local community with the police force, it also creates an additional window for tourists in the mall to make inquiries. There were no major security incidents recorded on safety or crime at Imago or the car parks for the financial year ended 31 March 2018.

Furthermore, regular fire drills in collaboration with the local Fire Department (Bomba) are conducted along with emergency-response drills that encourages the participation of tenants and their workers to ensure that they are knowledgeable with basic safety and emergency responses. The financial year also saw our internal security personnel undergoing a first-aid and cardiopulmonary resuscitation (CPR) basic training organised in collaboration with Queen Elizabeth Hospital.

BUILDING A SUSTAINABLE FUTURE

The Board is of the view that the existing sustainability practices adopted are adequate and pertinent to steer our sustainable growth. Nonetheless, it will consider the need to implement other sustainability practices, as appropriate, to augment existing ones as the Board monitors the sustainability performance of the Group's operations on an ongoing basis.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas
Chairman/Independent Non-Executive Director

Dato' Mustapha Bin Buang
Managing Director

Dato' Mohamed Salleh Bin Bajuri
Independent Non-Executive Director
(Resigned on 21 September 2017)

Ms Tan Siew Poh
Non-Independent Non-Executive Director

Dr Yu Tat Loong
Executive Director

Ms Soon Dee Hwee
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Tan Sri Dato' Seri Hj Megat Najmuddin
Bin Datuk Seri Dr Hj Megat Khas (Chairman)
Dato' Mohamed Salleh Bin Bajuri
(Resigned on 21 September 2017)
Ms Tan Siew Poh
Ms Soon Dee Hwee

REMUNERATION COMMITTEE

Tan Sri Dato' Seri Hj Megat Najmuddin
Bin Datuk Seri Dr Hj Megat Khas (Chairman)
Dato' Mustapha Bin Buang
(Resigned on 28 August 2017)
Dato' Mohamed Salleh Bin Bajuri
(Resigned on 21 September 2017)
Ms Soon Dee Hwee
Ms Tan Siew Poh
(Appointed on 21 September 2017)

AUDITORS

Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No: 03-2783 9299
Fax No: 03-2783 9222

NOMINATION COMMITTEE

Tan Sri Dato' Seri Hj Megat Najmuddin
Bin Datuk Seri Dr Hj Megat Khas (Chairman)
Dato' Mohamed Salleh Bin Bajuri
(Resigned on 21 September 2017)
Ms Tan Siew Poh
Ms Soon Dee Hwee
(Appointed on 21 September 2017)

SECRETARIES

Ms Chan Yoon Mun, ACIS (MAICSA 0927219)
Ms Ooi Mei Ying, ACIS (MAICSA 7051036)

REGISTERED OFFICE

12th Floor, Menara SMI
No. 6, Lorong P. Ramlee
50250 Kuala Lumpur
Tel No: 03-2786 3388
Fax No: 03-2786 3386
Website: www.asianpac.com.my

PRINCIPAL BANKERS

Affin Islamic Bank Berhad
Alliance Bank Malaysia Berhad
Kuwait Finance House (Malaysia) Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: ASIAPAC
Stock Code: 4057

DIRECTORS' PROFILE

Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas

Chairman/Independent Non-Executive Director

Malaysian, Male, Aged 74

Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas was appointed as a Non-Executive Director and Chairman of the Company on 19 October 1994. He is an Independent Director and serves as the Chairman of the Audit and Risk Management, Nomination and Remuneration Committees of the Company.

He holds an Honours Degree in Law from the University of Singapore. He was a lawyer by profession and practiced for 14 years until 1986 when he went into full time politics. He was formerly the State Assemblyman of Kelana Jaya, Selangor for two terms (1986 – 1990 and 1990 – 1995).

He was appointed Executive Committee Member of the Federation of Public Listed Companies Berhad (FPLC) in August 1994 and elected President in October 1997. He represents this organization to the High Finance Committee of the Ministry of Finance. Further, he was also one of the first members of the Management Committee of the Malaysian Institute of Corporate Governance (MICG), and was elected President in April 1998 till 2015 and currently its Honorary Patron. In addition, he was appointed as a member of the National Economic Consultative Council 2 (NECC 2) by the then Prime Minister, where he was involved in the Human Resource Development Committee. In September 1999, he was appointed

to the Capital Market Strategic Committee by the then Finance Minister and in August 2001, he was appointed as a member of the Corporate Debt Restructuring Committee (CDRC) of Bank Negara. He was on the Listing Committee of the then KLSE for nearly ten (10) years. He was member of the Advisory Board of the Malaysian Anti-Corruption Commission ("MACC").

He sits as trustee for three (3) charitable foundations, namely, Mykasih (Charity) Foundation, Tan Sri Muhyiddin Charity Golf and the Vijayaratnam Foundation. He also sits as trustee for Quest International University Perak.

Tan Sri Dato' Seri Hj Megat Najmuddin also holds directorships in SEG International Bhd. He is the chairman of the said listed entity.

Tan Sri Dato' Seri Hj Megat Najmuddin attended all five (5) board meetings which were held in the financial year ended 31 March 2018.

He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest. He does not have any convictions for offences within the past five (5) years.

Dato' Mustapha Bin Buang

Managing Director

Malaysian, Male, Aged 70

Dato' Mustapha Bin Buang is the Managing Director of the Company. He first joined the Board as a Non-Executive Director on 14 October 1994. He is a member of the Remuneration Committee.

He holds a degree in Economics from University Malaya. After graduation in 1972, he joined the Johore State Government as an Economic Planner. He then joined the finance industry from the year 1974 holding senior management position and gathered 16 years experiences in the finance sector. Besides he holds directorships in several private limited companies, he was Deputy President of Tan Sri Muhyiddin Charity Golf since 2006 until 2013. Presently, he sits as Committee Member of Board of

Trustee of Tan Sri Muhyiddin Charity Golf Foundation since 2010 and also sits as Trustee/Board of Yayasan Nurul Yaqeen since January 2005.

Dato' Mustapha attended all the five (5) board meetings which were held in the financial year ended 31 March 2018.

Dato' Mustapha does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest. He does not have any convictions for offences within the past five (5) years.

DIRECTORS'

PROFILE

(CONT'D)

Ms Tan Siew Poh

Non-Independent Non-Executive Director
Malaysian, Female, Aged 55

Ms Tan Siew Poh was appointed to the Board of the Company as Non-Independent and Non-Executive Director on 18 March 2008. She is also a member of the Audit and Risk Management Committee, Nomination and Remuneration Committees of the Company.

Ms Tan graduated from the University of Melbourne, Australia with a Bachelor of Commerce majoring in Accounting and Economics and is a Certified Practising Accountant. She is a member of the CPA Australia and Malaysia Institute of Accountants. Ms Tan commenced her career with Prudential Assurance Berhad for about three years in the Investment Division before moving on to join the Corporate Finance Division in Asian International Merchant

Bankers Berhad in 1990. Ms Tan then joined Rashid Hussein Securities Sdn Bhd in 1993 and last held the position of Assistant General Manager of Corporate Finance, before moving on to oversee the Corporate Planning Division of the group in 1996. Presently, she is also a director of South Malaysia Industries Berhad.

Ms Tan attended all the five (5) board meetings which were held in the financial year ended 31 March 2018.

Ms Tan does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement with the Company in which she has a personal interest. She does not have any conviction for offences within the past five (5) years.

Dr Yu Tat Loong

Executive Director
Malaysian, Male, Aged 42

Dr Yu Tat Loong was appointed to the Board of the Company as Executive Director on 28 May 2013.

Dr Yu first graduated with a Bachelor in Engineering (BEng) in Civil Engineering from the University of Bath, England, before proceeding directly to obtain his Doctorate of Philosophy (PhD) from University of Cardiff, Wales, with his postgraduate research on optimisation of aerospace structures using heuristic algorithms. He is a member of The Royal Institution of Chartered Surveyors (MRICS) as well as a member of The Institute of Enterprise Risk Practitioners (INSTERP) and is a certified Enterprise Risk Manager (ERM) specialising in the practice of risk management in organisations.

He has over 10 years of professional experience in real estate development and management projects in China and Malaysia, and possesses vast experience in design, planning and construction of real estate.

He also has overall operational management experience in leasing, marketing, and facility management of retail, commercial, hospitality and car parks. He currently manages assets in current value worth more than USD1.0 billion combined. He has also successfully achieved ISO 9001 Quality Management Standard certifications for operations, winning several International Property Award (IPA) for real estate developments, amongst other various accolades.

Dr Yu attended five (5) board meetings which were held in the financial year ended 31 March 2018.

Dr Yu does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement with the Company in which he has a personal interest. He does not have any conviction for offences within the past five (5) years.

DIRECTORS'

PROFILE

(CONT'D)

Ms Soon Dee Hwee

Independent Non-Executive Director
Malaysian, Female, Aged 57

Ms Soon Dee Hwee was appointed to the Board of the Company as Independent Non-Executive Director on 23 January 2017. She is also a member of Audit and Risk Management Committee, Nomination and Remuneration Committees of the Company.

She has more than 20 years of extensive experience in corporate finance where she had been attached to Bumiputra Merchant Bankers Berhad, Alliance Investment Bank Berhad and Hwang DBS Investment Bank Berhad. Prior to that, she was in the auditing field attached to Messrs. Hanafiah Raslan & Mohd and subsequently Messrs. KPMG. She is currently the Senior Vice President of Hwang Capital (Malaysia) Berhad Group.

Presently, she is also a director of Prudential Assurance Malaysia Berhad and Mynews Holdings Berhad (formerly known as Bison Consolidated Berhad). Mynews Holdings Berhad is a public company listed on Bursa Malaysia Securities Berhad.

Ms Soon attended five (5) board meetings which were held in the financial year ended 31 March 2018.

Ms Soon does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement with the Company in which she has a personal interest. She does not have any conviction for offences within the past five (5) years.

PROFILE OF KEY MANAGEMENT

Mr Wong Yee Kean (Ken)

Financial Controller
Malaysian, Male, Aged 45

Mr Ken Wong is the Financial Controller, heading the Finance Division of the Group. He joined the Group in August 2010 as an Assistant General Manager in the Corporate Planning Division. He was later transferred to the current post in March 2014. He has over 10 years of professional experiences in corporate finance and advisory as well as financial accounting, which include debts restructuring, group reorganisation, mergers & acquisitions, equity and bond issues, distressed assets management, project evaluations and investigative audit for losses.

He is a member of the Malaysian Institute of Accountants, fellow member of the Association of Chartered Certified Accountants and a charterholder of Chartered Financial Analyst.

Mr Hilary Wong Choon Kim

Senior Manager, Projects
Malaysian, Male, Aged 54

Mr Hilary Wong is heading the development projects in Sabah and has 30 years of experience in the construction and development industry. He joined the Company in January 2018 as a Senior Manager and started off with his career as a Civil & Structural Design Engineer and later on specialized in the design and construction of Industrial Building System, post and pre-tensioned structures. He briefly worked in Ireland and United Arab Emirates before returning in 2011. His working experience ranges from the construction of high rise, landed and industrial buildings to township development, feasibility studies and negotiation with land owners on joint venture lands.

He graduated as a Civil & Structural Engineer from Queen Mary College – University of London and is a graduate member of the Institute of Engineers Malaysia. He is also a registered Engineer with the Board of Engineers Malaysia

Mr Chong Ka Loong (Carriek)

Senior Manager, Property Management
Malaysian, Male, Aged 42

Mr Carriek joined the Group in August 2013 as a Senior Manager in property management division. He managed the Group's entire IMAGO Mall at Kota Kinabalu, Sabah. He has 14 years of experience in mall management, having managed more than 3.4 mil sq. ft. of property facilities space.

He is a member of the Malaysian Shopping Mall Association and a Certified Mall Operations Manager. Besides, Mr Carriek also a qualified Property Manager, certified by Malaysia or Board of Valuers, Appraisers, Estate Agents.

Mr Seow Yeaw Teng (Eric)

Senior Manager, Sales & Marketing
Malaysian, Male, Aged 44

Mr Eric Seow is the Senior Manager of Sales & Marketing Department and currently is heading the overall sales & marketing operation for the Group. He joined the Group in June 2016. Prior to his joining, he was the General Manager of Sales & Marketing for a China-based public-listed property developer in Medini Iskandar. He has over 20 years of working experience with some of the well-known local public-listed property developers like Sunway Bhd and Tropicana Corporation Bhd, specialized in the area of branding, marketing, sales, sales administration and customer service.

He holds a diploma in business management & administration and the certification from Chartered Institute of Marketing.

Note:-

Save as disclosed above, none of the Key Management have:

- i) Family relationship with any Director and/or substantial shareholder of the Company;
- ii) Conflict of interest with the Company; and
- iii) Conviction for offences (other than traffic offences) within the past 5 years

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

We would like to take opportunity to provide you some insights into the Board of Directors (**“the Board”**) of Asian Pac Holdings Berhad (**“the Company”** or **“Asian Pac”**) view of corporate governance, its key focus areas and future priorities in relation to the corporate governance practices.

This statement set out the principles and features of Asian Pac Group’s corporate governance framework and main governance practices. We remain committed to maintaining the principles of new corporate governance as set out in the Malaysian Code on Corporate Governance (**“MCCG”** or **“CG Code”**); in ensuring that good corporate governance practices are observed throughout the Group as a fundamental part of discharging its fiduciary duties to protect and enhance the stakeholders’ values whilst ensuring the continuous and sustainable growth of the Group.

This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report which is accessible online at the Company’s website, www.asianpac.com.my.

The Board is pleased to present this statement and explain how Asian Pac Group has applied the three (3) principles which set out in the MCCG:

- (a) Board leadership and effectiveness;
- (b) Effective audit and risk management; and
- (c) Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Part I – Board Responsibilities

Clear functions of the Board and Management

The Board takes cognizance of its roles and responsibilities in discharging its fiduciary duties and leadership functions. The Board together with Management, through the Standard Operating Procedures, has established the division of roles and functions in managing the Group. The Board is responsible for oversight and overall management of the Group, whilst the Management carries out the delegated duties to achieve the Group’s corporate objective with long term strategic plans of the business.

There is a clear segregation of responsibility between the Board Members in the Group where;

- The Chairman is an Independent Non-Executive Director of the Company. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. He also acts as a facilitator of board meetings.
- The Managing Director (**“MD”**) is primarily responsible for the stewardship of the Group’s direction, business performance and manages the Group in accordance with the strategies and policies to ensure that the highest standard of conduct and integrity is maintained. He drives, change/innovate and grow with the Company together with the Executive Director.
- The Executive Director (**“ED”**) is involved in leadership roles overseeing the day-to-day operations and management within his assigned responsibilities. He liaises frequently with the Managing Director and with each other to lead the Management to drive the Company and the Group forward.
- The Non-Executive Directors provide the necessary balance of power and authority to the Board with a mix of industry-specific knowledge and broad business and commercial experience. They ensure that all proposals by the Management are fully deliberated and examined, after taking into account the interest of shareholders and stakeholders.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

(CONT'D)

Board Roles and Responsibilities

The Board recognizes the key role it plays in charting the strategic direction of the Company in discharging its fiduciary and leadership functions as set out in the Board Charter. The key responsibilities of the Board include:

(a) Reviewing and adopting a strategic plan for the Group

The Board plays an active role in the development of the Group's business strategy. It has in place an annual budget, whereby Management presents to the Board its recommended and proposed business plans for the following years and periodically reviews the performances. The Board will review and deliberate upon both Management's and its own perspectives, as well as challenges the Management's views and assumptions, to deliver the best outcomes. The Board approves the annual budget for the coming years including major capital commitments and capital expenditure.

The Board also conducted a quarterly review of the annual budget against the actual performance for the year to date.

(b) Overseeing the conduct of the Group's businesses

The MD and ED are responsible for the day-to-day management of the business and operations of the Group; with the assistance of the Task Force Committee. The Board is kept informed of key strategic initiatives, significant operational issues and the Group's performance based on the annual budget. The relevant members of the Management were in attendance at Board Meetings where necessary to support the MD and ED in presenting the updates on the progress of key initiatives, business targets and achievements to date, to provide clarification on the challenges and issues raised by the Board.

However, in regard to the following formal schedule of matters, the MD and ED will seek approval from the Board:

- Conflict of interest issues relating to a substantial shareholder or a Director;
- Material acquisitions and disposals of undertakings and properties not in the ordinary course of business;
- Material investment in capital projects;
- Annual budget (including major capital commitments); and
- Material corporate or financial exercise/restructuring.

(c) Identifying principal risks and ensuring the implementation of appropriate systems to manage the risks

Through Risk Management Working Committee ("RMWC"), the Board oversees the risk management framework of the Group. The RMWC advises the Audit and Risk Management Committee ("ARMC") and the Board on areas of high risk and the adequacy of compliance and control procedures throughout the organization.

(d) Succession planning

The Board plans for MD/ED succession and oversees the identification and development of executive talent. The Board works together with the MD/ED and Human Resources Department, oversees executive officer development and corporate succession plans for the MD/ED and other executive officers to provide for continuity in senior management. The Board may review development and succession planning when the needs arise.

Training and development programs have been planned and are being implemented towards developing potential successors for the identified Senior Management positions.

CORPORATE GOVERNANCE

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(e) Developing and implementing a shareholder communication policy for the Group

The Company has established an email address namely query@asianpac.com.my and responsibility for the implementation of Investor Relation. The MD/ED, Chief Operating Officer and Financial Controller are responsible to communicate with audience and respond to questions in relation to the corporate strategies, developments, future prospects, financial results and plans, operation matters, etc. The Company makes use of a broad range of communication channels to disseminate information regarding the Company. These would include:

- Electronic facilities provided by Bursa Malaysia Securities Berhad (“**Bursa Securities**”);
- Press releases;
- Corporate website;
- Emails;
- Road shows or events; and
- Annual General Meetings (“**AGM**”)/Extraordinary General Meetings.

(f) Reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems

The Board is ultimately responsible for the adequacy and integrity of the Group’s internal control system with the assistance of in-house Internal Auditor, which reports directly to ARMC.

The roles of the Internal Auditor which amongst other are:

- to review the adequacy, integrity and effectiveness of the Group’s system of risk management and internal control;
- to assess the risks of the Group including financial, operational and compliance risks;
- to perform regular and systematic review of internal controls;
- to assess on the effectiveness of the systems of internal controls;
- to highlight significant risks impacting the Group with recommendation for improvement; and
- to verify compliance with established internal policies and procedures, and applicable laws, regulations and contracts.

The ARMC regularly reviews and scrutinizes the audit report by the Internal Auditor and conducts annual assessment on the adequacy of the internal auditor’s scope of work and resources. They discuss on the summary of the internal auditor’s findings together with the Management’s responses to ensure that Management undertakes the agreed remedial actions recommended by the Internal Auditor within the agreed timelines.

The Board meets quarterly to ensure that it maintains full and effective supervision over appropriate controls. The MD/ED provides explanation to the Board on pertinent issues. In addition, the Board is kept updated on the Group’s activities and its operations on a regular basis.

Code of Ethics and implementation

The Group has in place a code of ethics for Directors and employees to govern their standard of ethics and good conduct. The code of ethics for Directors described the standards of business conduct and ethical behavior for Directors in discharging and exercising their duties and responsibilities as Directors of the Company.

For employees, the code of ethics was established in the Employees Handbook which disseminates the Company’s ethical corporate culture and acceptable behavior throughout the Group.

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In addition, the Board had also established a Whistleblowing Policy. The Policy is designed to provide employees/stakeholders a proper channel and guidance to raise genuine concerns, disclose any wrongdoing or misconduct, unethical behavior, malpractices, any violation of Code of Ethics, unlawful, illegal acts or failure to comply with regulatory requirements. The Board and the Management assure that the whistleblowers are kept confidential and are protected from any possible reprisals or retaliations if the disclosure is genuine.

The Code of Ethics for Directors and Whistleblowing Policy are available on the Company's website, www.asianpac.com.my.

Access to information and advice

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and for an effective discharge of the Board's responsibilities.

Notices of ordinary meetings are sent to the Directors electronically 7 days in advance and the Board papers are made available at least 5 days before the meeting is held, except in the case of an emergency, where reasonable time would suffice. This enabling the Directors to have sufficient time to solicit further explanations and/or information, where necessary, so that deliberations at the meeting are focused and constructive.

The Board papers include meeting minutes which accurately reflects deliberation and decision of the Board, updates on financial, operational and corporate developments of the Group. Board papers are also presented with details on other issues that may require the Board's deliberation include the approval of corporate plans, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group.

The Chairman of the Board Committees namely the ARMC, Remuneration Committee and Nomination Committee, brief the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees.

The Board has unrestricted access to all information within the Group. All Directors with the Chairman's prior consent are entitled to seek independent professional advice on issues whether as a full Board or in their individual capacity where they are of the opinion that professional advice is needed after having discussions with Senior Management, External Auditors and Internal Auditor, in furtherance of their duties at the Company's expense.

Qualified and competent Company Secretaries

The Company Secretaries are suitably qualified and competent, as they are members of the professional bodies prescribed by the Minister and are qualified under Section 235(2) of the Companies Act 2016. The key roles of the Company Secretaries are to provide unhindered advice and services to the Directors, as and when the need arises to enhance the effective functioning of the Board and to ensure regulatory compliance. The Company Secretaries update the Board on any changes or amendments to the Companies Act, Bursa Securities Listing Requirements, Capital Market & Services Act and other relevant regulatory requirements. The Company Secretaries also monitoring the corporate governance development and assist the Board in applying the corporate governance practice.

On a quarterly basis, the Company Secretaries serve notice to the Directors and Principal Officers to notify them of closed periods for trading in the securities of the Company in accordance with Chapter 14 of the Bursa Securities Listing Requirements.

The Company Secretaries attend all Board, Committees and General Meetings and ensure that the meetings are properly convened and that accurate and adequate records of the proceedings of the meetings and decisions made were minuted and properly kept.

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The Company Secretaries constantly keep themselves abreast of the evolving capital market, regulatory changes and the development in corporate governance through attending relevant seminars, training and professional development programmes.

Board Charter

The Board Charter which outline the Board's roles and responsibilities was adopted by the Board on 25 May 2016. On 26 February 2018, the Board reviewed and approved the amendments to the Board Charter to be in line with the practices in the MCCG and Companies Act 2016. The Board Charter is available on the Company's website, www.asianpac.com.my.

The Board will periodically review and update the Board Charter in accordance with the needs of the Company and new regulations that may have an impact on the discharge of the Board's responsibilities in ensuring its effectiveness and consistency with the Board's objectives.

Part II - Board Composition

Composition of the Board

The Board presently consists of five (5) members; comprising a MD, an ED, two (2) Independent Non-Executive Directors and a Non-Independent Non-Executive Director. The Board notes Practice 4.1 of the CG Code that at least half of the Board comprises independent directors. The Board takes cognizance that the current composition is not align with the desired practice of at least half to comprise independent directors following the resignation of Dato' Mohamed Salleh Bin Bajuri on 21 September 2017 as Independent Non-Executive Director.

The Board is helmed by effective and experienced directors comprising individuals with caliber and credibility from diverse professional backgrounds with a wealth of experience, skills and expertise specializing in areas such as finance, corporate affairs, legal, leasing and marketing and property management. A brief profile of each Directors is presented in the Profile of Directors' section of this Annual Report.

Tenure of Independent Director and Shareholders' Approval for Retention of Independent Director

Practice 4.2 of the CG Code states that the tenure of an independent director shall not exceed a cumulative term limit of nine (9) years. The Company does not have tenure limits for Independent Directors and the Board is of the view that the ability of an Independent Non-Executive Director to exercise his/her independence and objective judgement in Board deliberations shall not be determined solely or arbitrary by their tenure of service.

The Board is confident that the current Board is able to exercise objective judgement on business and corporate affairs in the presence of the Independent Non-Executive Directors. Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas had served the Board for more than nine (9) years. The Board, after considering the recommendation of the Nomination Committee and without the participation of Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas, resolved to retain him as he brings wealth of knowledge and experience to the Group. In addition, he provides check and balances in Board proceedings and has retained independence of character and judgement and is able to express his view without any constraints in Board deliberations and Board Committee meetings.

In accordance to the CG Code, a resolution will be tabled in the forthcoming AGM to retain Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas as an Independent Director. Given that the 2-tier voting has yet to be implemented by the Company, the Board recommends that a single-tier shareholders' approval be sought at the upcoming AGM. A brief profile of Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas is presented in the Profile of Directors' section of this Annual Report.

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Nomination Committee

The Nomination Committee (“**NC**”) was established on 29 May 2002, which is charged with the responsibility of, amongst others, recommending the appointment of new directors to the Board. The members comprise Non-Executive Directors by the Board through clearly defined terms of reference to ensure that there are appropriate procedures in place for the nomination, selection and evaluation of Directors.

During the financial year under review, the NC held a meeting and attended by all its members. On 28 May 2018, the NC reviewed and assessed amongst others :

- (i) the effectiveness of the Board as a whole, the Board Committees notably the ARMC, NC and Remuneration Committee;
- (ii) the required mix of skills, experiences, other requisite qualities including core competencies and gender diversity of the Board;
- (iii) the contribution and performance of each Director;
- (iv) the independence of Independent Directors as well as its tenure; and
- (v) recommended the retiring director for re-election at the forthcoming AGM.

All assessments and evaluations carried out by the NC in discharging their duties are documented in the minutes of meetings.

Gender Diversity

The Board recognizes the importance of diversity in its composition to ensure its effectiveness and good corporate governance. Currently, the Board has 40% of women participation.

The NC, upon its recent assessment carried out, is satisfied that the current boardroom diversity is adequate for its purpose and has the appropriate blend of gender and age.

Time Commitment

To ensure the directors’ commitments in devoting sufficient time to the Company and they are able to focus and discharge their duties effectively, the Board has established a policy on the maximum number of directorships in public listed companies which shall not hold more than five (5) directorships. The Directors are required to update on their other directorships and shareholdings in public listed companies to the Company Secretaries. This is to monitor the number of directorship held by the Directors. Currently, all the Directors of the Company do not hold more than five (5) directorships in public listed companies including the Company.

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the financial year ended (“**FYE**”) 31 March 2018, the Board met on five (5) occasions as follows:

- (i) 29 May 2017 (Monday);
- (ii) 3 July 2017 (Monday);
- (iii) 28 August 2017 (Monday);
- (iv) 24 November 2017 (Friday); and
- (v) 26 February 2018 (Monday).

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The details of meeting attendance for each Director for the FYE 31 March 2018 are contained in the table below:

Name of Directors	No. Board Meetings Attended/ Held	No. ARMC Meetings Attended/ Held
Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas	5/5	5/5
Dato' Mustapha Bin Buang	5/5	-
Dato' Mohamed Salleh Bin Bajuri (Resigned on 21 September 2017)	3/5	3/5
Ms Tan Siew Poh	5/5	5/5
Dr Yu Tat Loong	5/5	-
Ms Soon Dee Hwee	5/5	5/5

In the intervals between Board Meetings, for exceptional matters requiring urgent Board decisions, the Boards' sanction are obtained via circular resolutions to which sufficient information is attached to facilitate the Board in making informed decisions.

Directors' Training

The NC oversees the training needs of its Directors and acknowledges the importance of continuous education and training in order to broaden one's perspective and to keep abreast with the current and future developments in the industry and global markets, regulatory updates as well as management strategies to enhance the Board's skills and knowledge in discharging their duties.

All members had attended the Mandatory Accreditation Program prescribed by Bursa Securities. The members have also, during the financial year attended other relevant training programmes and seminars organized internally and externally. Among the programmes attended were as follows:

Name of Director	Title	Organizer	Date
Tan Sri Dato' Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas	Assessment of Directors	Malaysian Institutes of Corporate Governance ("MICG")	11 April 2017
	Fraud Risk Management Workshop	Bursa Malaysia Berhad	13 July 2017
	Board Excellence : How to engage and enthuse beyond compliance with sustainability	Bursa Malaysia Berhad	17 July 2017
	Stepping up Corporate Governance, Compliance and Anti-Corruption Practices	Malaysian Institute of Management in collaboration with Basel Institute on Governance, Switzerland	20 July 2017
	The Asian Captive Conference 2017	Labuan IBFC Incorporation	16 August 2017 – 17 August 2017
	Khazanah Megatrends Forum 2017	Khazanah Nasional Berhad	2 October 2017 – 3 October 2017
	Integrating an innovation mindset with effective governance	Bursa Securities	7 October 2017

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Name of Director	Title	Organizer	Date
Dato' Mustapha Bin Buang	Training on the New Malaysian Code on Corporate Governance & Key changes in the Companies Act 2016	In House Training – Asian Pac Holdings Berhad	11 July 2017
Ms Tan Siew Poh	Seminar on The New Malaysian Code On Corporate Governance – “How To Walk The Talk?”	MICG	1 May 2017
	Training on the New Malaysian Code on Corporate Governance & Key changes in the Companies Act 2016	In House Training – Asian Pac Holdings Berhad	11 July 2017
	Seminar on Implementing a Risk Management & Internal Control Framework based on The Malaysian Code on Corporate Governance 2017	Alam Global Sdn Bhd	26 July 2017
	Seminar on “Governance or The Lack of It”	MICG	28 November 2017
Dr Yu Tat Loong	Training on the New Malaysian Code on Corporate Governance & Key changes in the Companies Act 2016	In House Training – Asian Pac Holdings Berhad	11 July 2017
	MCCG Reporting & CG Guide	Bursa Malaysia Berhad	28 February 2018
Ms Soon Dee Hwee	Training on the New Malaysian Code on Corporate Governance & Key changes in the Companies Act 2016	In House Training – Asian Pac Holdings Berhad	11 July 2017
	Leading in volatile, uncertain, complex, unambiguous world	Bursa Malaysia Berhad	13 October 2017
	MCCG Reporting & CG Guide	Bursa Malaysia Berhad	1 March 2018

Part III – Remuneration

Remuneration Committee (“RC”)

In accordance with MCCG, the RC shall only consist of Non-Executive Directors and a majority of whom must be Independent Directors. Hence, Dato' Mustapha bin Buang resigned as member of the RC on 28 August 2017. On 21 September 2017, Ms Tan Siew Poh was appointed as member in replace of Dato' Salleh Bin Bajuri who had tendered his resignation as Asian Pac Board. Currently, the RC consists entirely of three (3) Non-Executive Directors, majority of whom are Independent Directors.

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The main objective of the remuneration policy is to attract, retain and motivate Directors required to lead and control the Group effectively. The Board, as a whole, determines the remuneration of the Directors and the individual director is required to abstain from participating in the discussion of their own remuneration. The Board had also empowered the Managing Director to review the performance and remuneration packages of senior management.

The remuneration package of the each individual Executive Director is structured to reflect his experience, performance and scope of responsibilities. Only the MD has a contract of service which is reviewed every three (3) years. The remuneration of Non-Executive Directors consist of fixed fees and meeting allowance which are subject to the approval of the shareholders at the AGM. The Chairman of the Board receives higher fees taking into account the nature of his responsibilities.

During the financial under review, two (2) meetings were held, in May and August 2017. The meetings were attended by all its members. Besides, the RC vide circular resolutions, reviewed and recommended the bonus for the MD and ED as well as increment for ED for the approval of the Board.

Directors' Remuneration

The details of aggregate Directors' Remuneration paid or payable of the Company and the Group for the FYE 31 March 2018 is categorized into the following components:

Company

	Fees RM'000	Salaries & other emoluments RM'000	Bonus RM'000	Meeting Allowance RM'000	Total RM'000
Executive Directors					
Dato' Mustapha Bin Buang	-	1,565	201	-	1,766
Dr. Yu Tat Loong	-	-	-	-	-
Non-Executive Directors					
Tan Sri Dato' Seri Hj. Megat Najmuddin Bin Datuk Seri Dr Hj. Megat Khas	-	-	-	-	-
Dato' Mohamed Salleh Bin Bajuri*	27	-	-	3	30
Tan Siew Poh	58	-	-	5	63
Soon Dee Hwee	58	-	-	5	63
Total					1,922

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Group

	Fees RM'000	Salaries & other emoluments RM'000	Bonus RM'000	Meeting Allowance RM'000	Total RM'000
Executive Directors					
Dato' Mustapha Bin Buang	-	1,565	201	-	1,766
Dr. Yu Tat Loong	-	785	141	-	926
Non-Executive Directors					
Tan Sri Dato' Seri Hj. Megat Najmuddin Bin Datuk Seri Dr Hj. Megat Khas	140	-	-	5	145
Dato' Mohamed Salleh Bin Bajuri*	27	-	-	3	30
Tan Siew Poh	58	-	-	5	63
Soon Dee Hwee	58	-	-	5	63
Total					2,993

* Dato' Mohamed Salleh Bin Bajuri resigned as Independent Non-Executive Director on 21 September 2017.

The number of Directors' Remuneration falls into the following band:

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	1
RM50,001 - RM100,000	-	2
RM100,001 - RM150,000	-	1
RM150,001 - RM200,000	1	-
RM200,001 - RM2,000,000	1	-

Top 5 Key Management's Remuneration

The remuneration of the top 5 Key Management (including salary, bonus and allowances) in each successive bands of RM50,000 during the FYE 2018, are as follows:

Range of Remuneration	Salary & other emoluments	Bonus
≤RM50,000 – RM100,000	-	5
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	2	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	1	-
RM300,001 – RM350,000	1	-
RM350,001 – RM400,000	1	-
RM400,001 – RM450,000	1	-
RM450,001 – RM500,000	1	-
RM500,001 – RM550,000	1	-

For the purposes of security and to avoid poaching by other organizations, the Board has chosen to disclose the remuneration of the top 5 Key Management in bands instead of named basis as the Board is of the opinion that such information will not add value and understanding towards the evaluation of the Company's standard of Corporate Governance.

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PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I - Audit Committee

Composition of ARMC

With the resignation of Dato' Mohamed Salleh Bin Bajuri on 21 September 2017, the ARMC comprises three (3) members, all of whom are Non-Executive Directors, two (2) are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. One of the committee members, Ms Soon Dee Hwee is a member of Malaysian Institute of Accountants, complies with paragraph 15.09(c) of the Main Market Listing Requirements.

The composition, authority as well as duties and responsibilities are set out in the terms of reference of ARMC and are published in the company website, www.asianpac.com.my. The activities of the ARMC during the year have been described at length on pages 52 to 54 of the ARMC Report.

On 28 May 2018, the terms of reference of ARMC was amended to incorporate a policy which requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the ARMC.

Assessment of Suitability and Independence of External Auditors

The Board maintains a transparent and professional relationship with its External Auditors. The Company requires that the engagement partner involved in the external audit should not remain in a key audit role beyond five (5) years and cannot be re-engaged to play a significant role in the audit of the Company for at least another two (2) successive years. This is in consistent with the current By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

The ARMC meets with the External Auditors at least twice a year to review the scope and discuss their audit plan, audit findings and the Company's financial statements. Other Board members also attend meetings upon the invitation of the ARMC. The External Auditors will meet the ARMC without the presence of other directors and senior management at least once a year to allow the ARMC and the External Auditors to exchange independent views or matters which require the ARMC's attention. In addition, the External Auditors are invited to attend the Company's AGM and are available to answer any questions from the shareholders.

The ARMC considered the non-audit services provided by the External Auditors during the FYE 31 March 2018 and concluded that the provision of these services did not compromise External Auditors' independence and objectivity. The amount of fees paid for these services was not significant when compared to the total fees paid to the External Auditors.

Details of audit and non-audit fees incurred for services rendered by the External Auditors during the financial year are as follows:

	Group RM	Company RM
Audit Fees	339,500	60,000
Non-Audit Fees	7,000	7,000

The ARMC procures a written confirmation from the External Auditors, they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

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During the financial period under review, the ARMC had assessed the independence of Messrs. Ernst & Young as External Auditors of the Company. The ARMC was satisfied with their performance, technical competency and fulfilment of criteria of independence and recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the forthcoming 100th AGM of the Company.

Part II -Risk Management and Internal Control Framework

Sound Risk Management Framework

The Group has adopted the Risk Management Framework which sets out its risk management strategy, risk structure, risk assessment processes, risk communication and risk monitoring and review.

Recognizing the importance of having risk management processes and practices, the Board has delegated its role in risk management to RMWC to take charge of the operational risk of the Group. The ARMC comprises Head of respective Departments of the Group and led by the Financial Controller. The RMWC oversees, identifies, evaluates, controls, monitors and reports on the critical risks faced by the Group on an on going basis, including remedial measures to be taken to address the risks vis-à-vis the risk parameters of the Group to ARMC. The Chairman of the RMWC reports to the ARMC and brief the Board on its activities and findings.

During the financial year under review, there were five (5) RMWC meetings held. A summary of material risks that could affect the Group (including any material exposure to economic, environmental and social sustainability risks) are monitored for changes and are reported to the ARMC and the Board during the course of the year, along with related controls and action plans.

Internal Audit Function

In line with the MCGG and Bursa Securities Listing Requirements, the internal audit function was established. The Group's internal audit function is carried out by the Internal Audit Department, which the Head of Internal Audit reports directly to the ARMC on its activities based on the approved internal audit plan. The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively.

All internal audits carried out are guided by the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors, a globally recognized professional body for internal auditors.

The Board is of the views that the system of internal control and risk management in place during the year, is sound and sufficient to safeguard the Group's assets, as well as shareholders' investments and the interests of customers, regulators, employees and other stakeholders. The details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control on pages 55 to 57 of this Annual Report.

CORPORATE GOVERNANCE

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(CONT'D)

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

Part I - Communication with Stakeholders

Investor Relations and Shareholders Communication

The Company strives to maintain an open and transparent channel of communication with its stakeholders. The Company believes that a constructive and effective investor relationship is an essential factor in enhancing value for its shareholders.

The Company's website is the key communication channel for the Company to reach its shareholders and general public. Through the Company's website www.asianpac.com.my, the Investor Relations section enhances the investor relation function by including all the announcements made by the Company, financial results, annual reports, corporate calendar as well as shares information.

The shareholders and general public may direct any queries on the Company via email (www.query@asianpac.com.my) or write to the Senior Independent Non-Executive Director, Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas at 12th Floor, Menara SMI, No. 6, Lorong P. Ramlee, 50250 Kuala Lumpur who was designated by the Company to receive and deal with.

Part II - Conduct of General Meetings

AGM

The AGM is the principal forum for dialogue with shareholders which provides opportunity for the shareholders to enquire and seek clarification on the operational and financial performance as well as the latest development of the Company.

The Annual Report containing Audited Financial Statements including Notice of AGM accompanying proxy form are sent to the shareholders at least 28 days before the AGM, which is in line with the good CG practice. The Notice is also advertised in the press and released via Bursa Link.

All the directors together with the senior management as well as the external auditors were present at the last AGM, which provide an opportunity for the shareholders to question directors in person. It has always been the practice for the Chairman to provide ample time for the Q&A sessions in the AGMs and for suggestions and comments by the shareholders to be noted by the management for consideration.

The Company has been implementing poll voting for all the resolutions set out in the Notice of AGM via electronic means since 2016 AGM to expedite verification and counting of votes. The Company will also appoint poll administrator and independent scrutineer to conduct the polling and verify the results of the poll respectively for the upcoming 100th AGM of the Company.

The poll results were also be announced to Bursa Securities via Bursa LINK on the same day for benefit of all the shareholders. The key matters discussed at the AGM was also published at the Company's website at www.asianpac.com.my as soon as practicable after the conclusion of the AGM

This statement is reviewed and approved by the Board of Directors' Meeting held on 2 July 2018.

ADDITIONAL COMPLIANCE INFORMATION

A. Utilization of Proceeds from Corporate Proposal

The Company had raised RM99,256,461 cash (“**Proceeds**”) via its Renounceable Rights Issue of up to RM99,256,461 nominal value of 5-year 3% Irredeemable Convertible Unsecured Loan Stocks (“**ICULS**”) at 100% of its nominal value of RM1.00 each in Asian Pac on the basis of 1 ICULS for every 10 existing ordinary shares in Asian Pac, together with up to 198,512,922 free new detachable warrants (“**Warrant**”) on the basis of 2 Warrants for each ICULS subscribed (“**Rights Issue**”). The Rights Issue exercise was completed on 31 May 2017 (“**completed date**”).

The utilisation of Proceeds during the financial year:

Purpose	Allocation RM'000	Utilization RM'000	Re-allocation RM'000	Balance Unutilized RM'000	Intended timeframe for utilization from completed date
Acquisition of new land	62,550	-	-	62,550	Within 24 months
Working capital	10,006	(5,375)	361	4,992	Within 9 months (Extended another 15 months)
Repayment of bank borrowings	25,000	(25,000)	-	-	Within 3 months
Payment of expenses in connection with corporate exercise	1,700	(1,339)	(361)	-	Within 3 months
TOTAL	99,256	(31,714)	-	67,542	

B. Arising from the Rights Issue, exemption was granted to Mr. Mah Sau Cheong and person acting in concert with him namely, Chin Lai Kuen (“**PAC**”) from the obligation to undertake a mandatory take-over offer for all the ordinary Asian Pac shares, convertible securities and new Asian Pac shares to be issued pursuant to the conversion of ICULS and/or the exercise of the Warrants not held by Mr. Mah Sau Cheong or his PAC (“**Exemption**”)

Pursuant to the Malaysian Code on Take-Overs and Mergers 2016 and the Rules on Take-Overs, Mergers and Compulsory Acquisitions, the Company would like to disclose the following:

1. The details of the Exemption granted, including the duration for which the Exemption has been granted.

On 26 January 2017, Mr. Mah Sau Cheong and his spouse, Ms. Chin Lai Kuen had submitted an application to the Securities Commission (“**SC**”) for the Exemption from the obligation to undertake a mandatory take-over offer for all the ordinary shares of RM0.20 each in Asian Pac, convertible securities and new Asian Pac Shares to be issued pursuant to the conversion of ICULS and/or the exercise of the Warrants not held by Mr. Mah Sau Cheong and his spouse, Ms. Chin Lai Kuen, pursuant to Section 219 of the Capital Market and Services Act 2007 (“**CMSA**”) and Paragraph 4.08 (1)(C) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions issued on 15 August 2016.

On 14 February 2017, the SC had granted the approval on the Exemption and the duration for the Exemption granted is from 26 May 2017 to 25 May 2022.

ADDITIONAL COMPLIANCE INFORMATION

(CONT'D)

2. The number and percentage of voting shares or voting rights and the conversion or subscription rights or options in Asian Pac held by Mr. Mah Sau Cheong and Ms. Chin Lai Kuen as at latest practicable date prior to the disclosure are as below:

	No. of Asian Pac Shares	As at 2 July 2018		
		%	No. of ICULS	No. of Warrants
Mah Sau Cheong	182,068,669	17.60	58,800,411	117,600,822
Chin Lai Kuen	5,260,000	0.51	-	-
Total	187,328,669	18.11	58,800,411	117,600,822

3. The maximum potential voting shares or voting rights of Mr. Mah Sau Cheong and Ms. Chin Lai Kuen in Asian Pac, if only Mr. Mah Sau Cheong and Ms. Chin Lai Kuen (but not other holders) exercise the conversion or subscription rights or options in full are as below:

	Maximum Potential	
	No. of Asian Pac Shares	%
Mah Sau Cheong	593,671,546	36.96
Chin Lai Kuen	5,260,000	0.33
Total	598,931,546	37.29

C. Material Contracts Involving Directors', Chief Executive or Major Shareholders' Interest

The Company and its subsidiaries did not enter into any material contracts which involved the interests of the Directors, Chief Executive who is not a Director or major shareholders during the financial year.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION

The Audit and Risk Management Committee (“**ARMC**”) comprises three (3) members, all of whom are Non-Executive Directors, two (2) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director. The members for the financial year under review are as follow:

Chairman

Tan Sri Dato’ Seri Hj Megat Najmuddin Bin
Datuk Seri Dr Hj Megat Khas

Independent Non-Executive Director

Members

Ms Soon Dee Hwee
Ms Tan Siew Poh

Independent Non-Executive Director
Non-Independent Non-Executive Director

Ms Soon is a member of Malaysian Institute of Accountants (“**MIA**”) and Ms Tan Siew Poh is also a member of MIA and CPA Australia. Accordingly, the Company complies with paragraph 15.09(c) of the Main Market Listing Requirement (“**MMLR**”).

The term of office and performance of the ARMC are reviewed by the Nomination Committee annually to determine whether the ARMC and its members have carried out their duties in accordance with their terms of reference.

ATTENDANCE

During the financial year, the ARMC convened five (5) meetings which were attended by all members. These meetings were also attended by the Internal Auditor, Group Accountant and the Financial Controller. The details of the members’ attendance records are shown in the Corporate Governance Overview Statement.

MEETINGS AND MINUTES

In assisting the Board to effectively discharge its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls, ARMC meetings are held not less than four (4) times a year and are also attended by Managing Director and Executive Director, representatives from Finance Department and Head of Internal Audit. The External Auditors, Ernst & Young (“**EY**”) were invited to attend two (2) meetings where their audit plan including areas of concern and matters related to audit were presented to the ARMC for review and recommendation for the Board’s approval and adoption.

The Chairman of the ARMC would engage on a continuous basis with the senior managements such as the Managing Director, Executive Director, Chief Operating Officer and the Financial Controller in order to be kept informed of matters affecting the Group.

Minutes of each ARMC meetings were recorded and tabled for confirmation at the next ARMC meeting. The Chairman of ARMC will report key issues deliberated at each Board Meeting.

AUDIT AND RISK MANAGEMENT

COMMITTEE REPORT

(CONT'D)

SUMMARY OF ACTIVITIES

Pursuant to the terms of reference of the ARMC, the following activities were carried out by the Committee during the financial year ended 31 March 2018 (“**FYE 2018**”) in the discharge of its duties and responsibilities:-

i) Financial Reporting

The ARMC had reviewed the Group’s unaudited quarterly financial results for the first, second, third and fourth quarter of the FYE 31 March 2018 on 28 August 2017, 24 November 2017, 26 February 2018 and 28 May 2018 respectively. On 2 July 2018, the ARMC reviewed the annual audited financial statements for FYE 2018.

The abovementioned unaudited quarterly financial results were prepared in accordance with the Malaysian Financial Reporting Standards (“**MFRS**”) 134 Interim Financial Reporting and Paragraph 9.22 of the MMLR. The ARMC confirmed that:

- (a) appropriate accounting policies had been adopted and applied consistently;
- (b) the going concern basis applied in the Audited Financial Statements and Condensed Consolidated Financial Statements was appropriate;
- (c) prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs;
- (d) adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRSs and MMLR;
- (e) no significant issues arising from the audit that need significant judgement by the Management as well as unusual events or transactions to be addressed; and
- (f) the Audited Financial Statements and Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and the respective companies within the Group for FYE 2018.

The ARMC recommended the above mentioned unaudited quarterly financial results and annual audited financial statements at each subsequent Board Meetings for approval and to be released to Bursa Securities.

ii) External Auditors

On 26 February 2018, the ARMC reviewed the 2018 Audit Plan, presented by EY which amongst others; the detailed terms of the EY’s responsibilities and the affirmation of their independence and objectivity as the External Auditors, the engagement team, risk assessment, areas of audit emphasis for the financial year including disclosures on Key Audit Matters (“**KAMs**”).

On 2 July 2018, EY had presented the audit report pertaining to the matters arising from the audit for the FYE 31 March 2018 to ARMC as follows:

- a) EY had completed their audit in accordance with their Audit Plan 2018;
- b) During the course of 2018 audit, EY has not identified any matters relating to risks of material misstatements of the financial statements due to fraud to report to ARMC;

AUDIT AND RISK MANAGEMENT

COMMITTEE REPORT

(CONT'D)

- c) Discussed KAMs with the Management and the disclosure thereof in the Auditors' Report for the FYE 31 March 2018;
- d) the review of the Statement of Risk Management and Internal Control to be included in the Annual Report and its corresponding fees;
- e) reviewed EY's written affirmation of its independence to act as the Company's external auditors in accordance with the independent requirements set out in the Bye-Laws (On Professional Ethics, Conduct and Practice) for the Professional Accountants of Malaysian Institute of Accountants; and
- f) EY would issue an unqualified opinion on the financial statements of the Group.

After having deliberated on the finalized Audited Financial Statements for the FYE 31 March 2018, the ARMC recommended the same to the Board for approval.

The ARMC had on the same day held a private meeting with EY without the presence of the Management. ARMC was informed that EY had received full cooperation from the Management and staff.

The ARMC also recommended the re-appointment of EY to the Board after reviewing their performance, technical competency and fulfilment of criteria of independence.

The non-audit fees for service rendered to the Group in relation to the review of the Statement of Risk Management and Internal Control for the FYE 31 March 2018 amounted to RM7,000.

iii) Internal Audit

The ARMC had on 28 May 2018 reviewed and approved the Internal Audit Plan for the financial year ending 31 March 2019 to ensure adequacy of scope, coverage and resources required to perform audits for the identified auditable areas.

The Internal Auditor had on 29 May 2017, 28 August 2017, 24 November 2017 and 26 February 2018 presented the Internal Audit Reports and Internal Audit Progress Reports on the following departments:

- a) Project;
- b) Human Resource and Administration;
- c) Sales & Marketing;
- d) Sales Administration;
- e) Leasing & Marcom;
- f) Car Park Management;
- g) Information Technology;
- h) Housekeeping; and
- i) Special audit on Sales & Marketing and Human Resource.

The ARMC reviewed the Internal Audit Reports prepared by the Internal Audit Department which highlighted the audit issues and recommendations as well as the Management's responses thereto. ARMC also discussed with the Management on actions to be taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports. The ARMC also monitored and reviewed the progress of the agreed corrective actions on audit findings to ensure all audit issues are resolved within the agreed stipulated period.

AUDIT AND RISK MANAGEMENT

COMMITTEE REPORT

(CONT'D)

iv) Related Party Transactions

Related party transactions entered into by the Company and its subsidiaries on a quarterly basis, covering the nature and amount of the transactions were reviewed. This is to ensure that related party transactions are undertaken on an arm's length basis, on normal commercial terms and on terms that are not more favourable to the related parties than those generally available to the non-related parties.

v) Risk Management

The Group had approved the Revamped Risk Management Framework on 25 May 2016. The Risk Management Framework encompasses risk assessment, communication and consulting, risk monitoring and risk review.

The ARMC had reviewed the risk registers for all the divisions of the Group through the meetings held quarterly where the ARMC provided guidance on the action plans to address the identified risks and reported to the Board thereon.

Further details of the risk management are provided in the Statement of Risk Management and Internal Control.

vi) Others

The Statement on Risk Management and Internal Control for publication in the Company's Annual Report was also reviewed.

INTERNAL AUDIT FUNCTION/ACTIVITIES

The Group's internal audit function is performed in-house. The Internal Audit Department ("IAD") of the Group was established to assist the Board of Directors and the ARMC in discharging their duties and responsibilities. The IAD undertakes its functions based on the annual internal audit plan that is reviewed and approved by the ARMC, and it is the responsibilities of the IAD to provide the ARMC with independent and objective reports on the state of internal controls of various business operating units within the Group and the extent of its compliance with the Group's policies and procedures as well as relevant statutory requirements.

During the financial year, IAD carried out the following activities:

- Prepared the annual internal audit plan for FY2018 for the ARMC's approval
- Completed nineteen (19) audit assignments, comprising twelve (12) fresh audits, four (4) follow-up audits and three (3) special audit assignments
- Recommended forty-five (45) improvement opportunities arising from the completed audits
- Reviewed related party transactions entered into by the Company and its subsidiaries on a quarterly basis
- Reviewed the Statement on Risk Management and Internal Control for publication in the Company's Annual Report

The total cost incurred from the internal audit function in respect of the FYE 31 March 2018 was RM311,132.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets. Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad, the Board is pleased to present the following statement with respect to the state of risk management and internal control of the Group for the current financial period ended 31 March 2018.

BOARD RESPONSIBILITY

The Board is responsible for overseeing the Group's risk management and system of internal controls to safeguard shareholders' investment and the Group's assets, as well as reviewing their integrity, adequacy and effectiveness.

In line with the Board's responsibilities, the Board has:

- Determined the Group's level of risk tolerance
- Actively identified, assessed and monitored key business risks
- Committed to articulating, implementing and reviewing the Group's system of internal control
- Periodically evaluated the efficiency and effectiveness of internal control procedures and processes

Due to limitations inherent in any system of risk management and internal control, these systems are designed to manage rather than eliminate, the respective inherent risks that exist in achieving the Group's business objectives. Therefore, such systems of risk management and internal control can only provide reasonable, and not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT

The Board recognises the importance of identifying and managing principal risks of the Group's daily operations and that the identification and management of such risks will affect the achievement of the Group's corporate objectives.

As part of the integral process of risk management, the Group's risk management framework is structured in which the existence of significant risks of the Group have been identified, assessed and managed on an ongoing basis.

INTERNAL AUDIT FUNCTION

The ARMC evaluates the internal audit function to assess its effectiveness in the discharge of its responsibilities. Observations from these audits, especially on areas where material internal control deficiencies or lapses have been noted, are presented together with Management's proposed action plans and implementation timelines, to the ARMC for its review. The internal audit function also follows up and reports to the ARMC on the status of implementation of the action plans by Management.

Further details of the activities of the internal audit function are provided in the Audit and Risk Management Committee Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

INTERNAL CONTROL

The key elements of the Group's system of internal controls are described below:

- a) The Group has in place an organisation structure with proper segregation of duties and reporting procedures and authorisation limits and all heads of departments are accountable for ensuring the effective implementation of established policies and procedures.
- b) The Board meets regularly to monitor and review the overall performance of the Group, to consider the findings and recommendations of committees and senior management and to consider and approve measures to be taken and changes in policies and procedures necessary to address risks and to enhance the system of internal control.
- c) The Group has established three lines of defense in managing risks routinely on a daily basis in the following manner:
 - First line of defense by Management and employees
 - Second line of defense by the oversight functions
 - Third line of defense by the internal auditors
- d) An independent internal audit department reports directly to the ARMC on the adequacy of the Group's system of internal controls and to provide reasonable assurance on the effectiveness of the Group's system of internal controls including compliance with policies and procedures. The internal auditors also carried out follow-up reviews on the previous audit reports to ensure that appropriate actions have been implemented to address control weaknesses highlighted.
- e) The Group has in place a management reporting mechanism whereby financial information is generated and reviewed by management and the Board on a regular basis. Performance and results are monitored on a monthly basis against the results of corresponding period of prior year, with major variances explained.
- f) The Group Managing Director meets with the senior management regularly to review and resolve key operational, financial, personnel and other key management issues, including issues of risks and internal controls. Significant issues are tabled at Board meetings.
- g) The Group Managing Director meets with the senior management regularly to conduct credit reviews, monitor receivables, progress of legal cases and formulates credit procedures and policies.
- h) Employee training and development programs are conducted to enhance and improve employee competencies and proficiencies. This is implemented through a combination of on-the-job training, in-house training programs and external training courses.
- i) Formal job descriptions with key performance indicators have been established for all employees.
- j) The Group has in place Employee Handbook and Code of Ethics for directors to set the ethical standards for all employees and directors in their dealings with among others fellow employees, customers, shareholders, suppliers, authorities and the community.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

This statement is reviewed and approved by the Board of Directors in the meeting dated 2 July 2018. As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this statement. The external auditors have reviewed this statement pursuant to the scope set out in the Audit and Assurance Practice Guide 3 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants.

Based on procedures performed and evidence obtained, the external auditors have reported to the Board that nothing had come to their attention that caused them to believe that this statement intended to be included in the Annual Report of the Group in all material respects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

CONCLUSION

Based on the processes set out above, the Board is of the view that the Group's system of risk management and internal control are adequate and effective to safeguard the shareholders' investment and the Group's assets and has received assurance from the Managing Director, Executive Director and Financial Controller in this respect. In the financial year under review and up to the date of approval of this statement, it has not resulted in any material losses, contingencies or uncertainties that would require a disclosure in this Annual Report.

The Board and Management are committed towards operating a sound system of internal control and will continue to take pertinent measures to sustain and, where required, to improve the Group's systems of risk management and internal control in meeting the Group's strategic objectives or updated in line with changes in the operating environment.

FINANCIAL STATEMENTS

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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 March 2018.

PRINCIPAL ACTIVITIES

The Company is principally involved in the holding of securities for investment purposes, provision of management services and trading of building materials.

The principal activities of the subsidiaries and associate are disclosed in Notes 7 and 8 to the financial statements respectively.

RESULTS

	Group RM'000	Company RM'000
Profit/(loss) for the year	44,515	(4,691)
Profit/(loss) attributable to:		
Owners of the parent	44,395	(4,691)
Non-controlling interests	120	-
	44,515	(4,691)

There was no material transfer to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

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

DIVIDENDS

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

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

DIRECTORS'

REPORT

(CONT'D)

DIRECTORS

The directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas*
Dato' Mustapha bin Buang*
Tan Siew Poh
Dr. Yu Tat Loong *
Soon Dee Hwee
Dato' Mohamed Salleh bin Bajuri* (Resigned on 21 September 2017)

* These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Mah Sau Cheong
Mah Siew Hoon
Lokman Bin Zakaria
Darwishah bin Osman
Abdul Molok bin Abu Bakar
Abdul Aziz bin Maarof

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and warrants issued by Asian Pac Holdings Berhad ("APHB") as disclosed in Note 15 to the financial statements.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company and related corporations as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS (CONT'D.)

The details of the remuneration received/receivable by directors of the Company during the year are as follows:

	Salary and other emoluments RM'000	Fees RM'000	Bonus RM'000	Total RM'000
Executive				
Dato' Mustapha bin Buang	1,565	-	201	1,766
Dr. Yu Tat Loong *	785	-	141	926
	2,350	-	342	2,692
Non-executive				
Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas *	5	140	-	145
Dato' Mohamed Salleh bin Bajuri	3	27	-	30
Tan Siew Poh	5	58	-	63
Soon Dee Hwee	5	58	-	63
	18	283	-	301
	2,368	283	342	2,993

* The above directors' remunerations were paid by subsidiary companies.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors of the Company in office at the end of the financial year in shares, ICULS and warrants of the Company and its related corporations were as follows:

	Number of APHB ordinary shares		
	1 April 2017	Acquired	Sold
Direct interest:			
Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas	194,800	-	-
Dato' Mustapha bin Buang	32,850,985	-	-
Tan Siew Poh	2,188	-	-
Indirect interest:			
Dato' Mustapha bin Buang*	800,000	-	-

* Deemed interested through the shares held by his spouse.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D.)

According to the register of directors' shareholdings, the interests of directors of the Company in office at the end of the financial year in shares, ICULS and warrants of the Company and its related corporations were as follows: (cont'd.)

	----- Number of APHB ICULS -----			
	1 April 2017	Subscribed	Converted/ Sold	31 March 2018
Direct interest:				
Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas	-	20,000	-	20,000
Dato' Mustapha bin Buang	-	313,650	-	313,650
Tan Siew Poh	-	1,000	-	1,000
Indirect interest:				
Dato' Mustapha bin Buang*	-	1,000	-	1,000

* Deemed interested through the shares held by his spouse.

	----- Number of APHB warrants -----			
	1 April 2017	Allotted	Exercised/ Sold	31 March 2018
Direct interest:				
Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas	-	40,000	-	40,000
Dato' Mustapha bin Buang	-	627,300	-	627,300
Tan Siew Poh	-	2,000	-	2,000
Indirect interest:				
Dato' Mustapha bin Buang*	-	2,000	-	2,000

* Deemed interested through the shares held by his spouse.

None of the other directors of the Company in office at the end of the financial year had any interest in shares, ICULS and warrants of the Company and its related corporations during the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director or officer of the Group and of the Company.

DIRECTORS'

REPORT

(CONT'D)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM202,064,130 comprising 992,564,610 ordinary shares to RM209,943,230 comprising 1,031,960,110 ordinary shares as a result of the conversion of 7,879,100 RM1.00 nominal value 5-year 3% ICULS into 39,395,500 new ordinary shares on the basis of one RM1.00 nominal value of ICULS for five new ordinary shares of the Company.

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

There was no issuance of debentures during the financial year.

RIGHT ISSUE OF ICULS WITH WARRANTS

On 26 May 2017, a total of 99,256,461 RM1.00 nominal value 5-year 3% ICULS have been issued and allotted to the shareholders on the basis of one ICULS for every ten ordinary shares of the Company, together with 198,512,922 free new detachable warrants to be issued on the basis of two warrants for each ICULS subscribed.

The warrants were constituted by a Deed Poll dated 10 April 2017. The warrants were listed on the Main Market of the Bursa Malaysia Securities Berhad on 31 May 2017 and confer the right to holders at any time, not later than maturity date of 25 May 2022, to subscribe for one new ordinary share of the Company for every warrant at an exercise price of RM0.25 per share or as adjusted in certain circumstances as set out in the Deed constituting the warrants. Any warrants not exercised by the date of maturity will thereafter lapse and cease to be valid for any purpose.

The movements of ICULS and warrants during the financial year were as follows:

	I----- Number of APHB ICULS -----I			
	1 April 2017	Issued	Converted	31 March 2018
ICULS	-	99,256,461	(7,879,100)	91,377,361

	I----- Number of APHB warrants -----I			
	1 April 2017	Issued	Exercised	31 March 2018
Warrants	-	198,512,922	-	198,512,922

DIRECTORS'

REPORT

(CONT'D)

OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position, statements of profit or loss and statements of other comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

(CONT'D)

SIGNIFICANT AND SUBSEQUENT EVENTS

Significant and subsequent events are disclosed in Note 31 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young	340	60

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 6 July 2018.

**Tan Sri Dato' Seri Hj. Megat Najmuddin
bin Datuk Seri Dr Hj. Megat Khas**
Chairman

Dato' Mustapha bin Buang
Managing Director

STATEMENT BY DIRECTORS

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

We, Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas and Dato' Mustapha bin Buang, being two of the directors of Asian Pac Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 73 to 162 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 6 July 2018.

**Tan Sri Dato' Seri Hj. Megat Najmuddin
bin Datuk Seri Dr Hj. Megat Khas**
Chairman

Dato' Mustapha bin Buang
Managing Director

STATUTORY DECLARATION

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

I, Wong Yee Kean, being the officer primarily responsible for the financial management of Asian Pac Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 73 to 162 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Wong Yee Kean at
Kuala Lumpur in the Federal Territory
on 6 July 2018

Wong Yee Kean
MIA 18594

Before me,
No. W538
Woon Mee Chin
Commission for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASIAN PAC HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Asian Pac Holdings Berhad and its subsidiaries, which comprise the statements of financial position as at 31 March 2018 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 162.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018, and of their financial performance and their cash flows for the year then ended in accordance with 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 audit opinion.

Independence and other ethical responsibilities

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

(a) Valuation of investment properties

(Refer to Note 2.4(g), Note 2.5(b)(i) and Note 5 to the financial statements)

As at 31 March 2018, the carrying value of the Group's investment properties carried at fair value amounted to approximately RM1.273 billion which represents 77% of the Group's total assets.

The Group adopts fair value model for its investment properties. When estimating the fair value of investment properties, the objective is to estimate the price that would be received from the sale of the investment property in an orderly transaction between market participants at the reporting date under current market conditions.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASIAN PAC HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

(CONT'D)

Key audit matters (cont'd.)

(a) Valuation of investment properties (cont'd.)

The valuation of the investment properties is significant to our audit due to their magnitude, complex valuation method and high dependency on a range of estimates (amongst others, rental income data, yield rate and discount rate) which are based on current and future market or economic conditions. The Group had engaged independent valuers to determine the fair value of the investment properties at the reporting date.

Our audit procedures focused on the valuations performed by firms of independent valuers, which included amongst others the following procedures:

- We considered the objectivity, independence and expertise of the independent valuers;
- We obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;
- As part of our evaluations of the fair values of investment properties, we had discussed the valuation with the independent valuers to obtain an understanding of the property related data used as input to the valuation models which include, amongst others, rental data and yield rate; and
- We also assessed whether the discount rate used to determine the present value of the cash flows reflects the estimated market rate of return for comparable assets with similar profile.

(b) Revenue and cost of sales from property development activities recognised on percentage of completion method

(Refer to Note 2.4(h)(ii), Note 2.5(b)(ii), Note 19 and Note 20 to the financial statements)

A significant proportion of the Group's revenues and profits are derived from property development contracts which span more than one accounting period. For the financial year ended 31 March 2018, sales of development properties of approximately RM115 million and cost of sales of approximately RM66 million accounted for 60% and 72% of the Group's revenue and cost of sales respectively. The Group uses the percentage-of-completion method in accounting for these property development contracts.

The amount of revenue and profit recognised from property development activities are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive the percentage-of-completion; the actual number of units sold and the estimated total revenue for each of the respective projects.

Revenue and cost of sales from property development activities are significant to our audit as significant management's judgement and estimates are involved in estimating the total property development costs which is used to determine gross profit margin of property development activities undertaken by the Group.

Our audit procedures focused on the assessment of the appropriateness of the extent of costs incurred, total estimated costs of construction and total estimated revenue collectively, which included amongst others, the following procedures:

- We obtained an understanding of the internal controls over the accuracy and timing of revenue recognised in the financial statements, including controls performed by management in estimating the total property development cost, profit margin and percentage-of-completion of the property development activities;

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASIAN PAC HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA)

(CONT'D)

Key audit matters (cont'd.)

(b) Revenue and cost of sales from property development activities recognised on percentage of completion method (cont'd.)

- For significant property development phase, we read the sale and purchase agreements entered into with the customers to obtain an understanding of the specific terms and conditions;
- We evaluated the assumptions applied in estimating the total property development cost for the property development projects by examining documentary evidence such as letters of award issued to contractors to support the total budgeted costs. We also considered the historical accuracy of management's forecasts for the similar property development projects in evaluating the estimated total property development costs;
- We evaluated the determination of percentage-of-completion by examining supporting evidence such as contractors' progress claims and suppliers' invoices; and
- We observed the progress of the property development phases by performing site visit and examining physical progress reports. We also discussed the status of on-going property development phases with management, finance personnel and project officials.

(c) Investment in subsidiaries

(Refer to Note 2.4(b), Note 2.5(b)(iii) and Note 7 to the financial statements)

As at 31 March 2018, the carrying amount of the Company's investment in subsidiaries stood at approximately RM428 million which represents 77% of the Company's total assets.

A history of continued losses and depleting shareholders' fund reported by certain subsidiaries indicate that the carrying amount of the Company's cost of investment in subsidiaries may be impaired. Accordingly, the Company estimated the recoverable amounts of investments in subsidiaries by using the value in use ("VIU") method. Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the cash generating unit ("CGU"), and discounting them at an appropriate rate.

The impairment review is significant to our audit because the assessment process is highly subjective and complex, which involves significant management judgement and is based on assumptions that are highly judgmental.

In addressing this area of audit focus, amongst others:

- We obtained an understanding of the relevant internal process in estimating the recoverable amount of the CGU;
- We considered the historical accuracy of management's estimates of profits (and the resulting cash flows) in previous years;
- We evaluated the key assumptions used in estimating cash flows, amongst others, by comparing the timing of sales of inventories to the historical actual trends analysis of previous project; and
- We assessed whether the rates used in discounting the future cash flows to its present value were appropriate.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASIAN PAC HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

(CONT'D)

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 Group's 2018 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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 skepticism 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASIAN PAC HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA)

(CONT'D)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASIAN PAC HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA)

(CONT'D)

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.

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
6 July 2018

Sundralingam A/L Navaratnam
No. 02984/05/2020 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Assets					
Non-current assets					
Property, plant and equipment	3	10,280	9,557	138	262
Land held for property development	4(a)	55,019	54,613	-	-
Investment properties	5	1,272,764	1,269,902	-	-
Intangible asset	6	503	695	-	-
Investments in subsidiaries	7	-	-	427,844	433,222
Investment in an associate	8	-	-	-	-
Available-for-sale investments	9	4,735	4,878	1,553	1,614
Prepayment		5,633	6,637	-	-
Deferred tax assets	10	97	56	1	-
		1,349,031	1,346,338	429,536	435,098
Current assets					
Property development costs	4(b)	74,998	78,256	-	-
Inventories	11	30,380	31,077	-	-
Trade and other receivables	12	49,577	25,265	67,648	40,579
Accrued billings in respect of property development costs		33,378	33,059	-	-
Accrued income		2,273	4,497	8	6
Prepayment		980	1,942	69	67
Tax recoverable		2,829	2,614	-	343
Short term investments	13	44,841	-	42,272	-
Short term deposits	14	2,509	12,800	-	-
Cash and cash equivalents	14	53,774	60,114	13,926	7,544
		295,539	249,624	123,923	48,539
Total assets		1,644,570	1,595,962	553,459	483,637

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2018

(CONT'D)

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	15	209,943	202,064	209,943	202,064
Other reserves	16	79,797	1,226	157,062	78,411
Retained earnings		701,550	657,347	147,010	151,893
		991,290	860,637	514,015	432,368
Non-controlling interests		-	(120)	-	-
Total equity		991,290	860,517	514,015	432,368
Non-current liabilities					
Deferred tax liabilities	10	205,604	196,355	-	5
Trade and other payables	18	19,686	27,445	-	-
Loans and borrowings	17	260,233	272,452	11,466	154
		485,523	496,252	11,466	159
Current liabilities					
Loans and borrowings	17	81,706	109,687	25,115	50,112
Trade and other payables	18	81,854	124,745	2,863	998
Prepayment from tenants		751	699	-	-
Progress billings in respect of property development costs		-	1,980	-	-
Tax payable		3,446	2,082	-	-
		167,757	239,193	27,978	51,110
Total liabilities		653,280	735,445	39,444	51,269
Total equity and liabilities		1,644,570	1,595,962	553,459	483,637

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

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	19	192,071	268,328	8,626	57,879
Cost of sales	20	(92,032)	(199,497)	-	(2,957)
Gross profit		100,039	68,831	8,626	54,922
Other income	21	41,926	12,561	1,671	-
Employee benefits expense	22	(17,272)	(16,793)	(2,716)	(2,587)
Depreciation		(2,325)	(2,353)	(129)	(130)
Other expenses		(33,568)	(16,365)	(6,990)	(34,245)
Operating profit		88,800	45,881	462	17,960
Finance costs	24	(25,155)	(31,188)	(5,034)	(3,903)
Profit/(loss) before tax	25	63,645	14,693	(4,572)	14,057
Income tax (expense)/benefit	26	(19,130)	(5,908)	(119)	234
Profit/(loss) for the year		44,515	8,785	(4,691)	14,291
Profit/(loss) attributable to:					
Owners of the parent		44,395	8,817	(4,691)	14,291
Non-controlling interests		120	(32)	-	-
		44,515	8,785	(4,691)	14,291

Earnings per share attributable to owners of the parent (sen per share):

Basic earnings per share

Before mandatory conversion of Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

27(a) 4.4 0.9

After mandatory conversion of ICULS

27(a) 3.0 0.9

Diluted earnings per share

27(b) 3.0 0.9

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

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(loss) for the year	44,515	8,785	(4,691)	14,291
Other comprehensive (loss)/income:				
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods (net of tax):</i>				
Fair value (loss)/gain on available-for-sale investments	(133)	1,183	(53)	402
Total comprehensive income/(loss) for the year	44,382	9,968	(4,744)	14,693
Total comprehensive income/(loss) attributable to:				
Owners of the parent	44,262	10,000	(4,744)	14,693
Non-controlling interests	120	(32)	-	-
	44,382	9,968	(4,744)	14,693

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

Group	Attributable to owners of the parent -----					
	Non-distributable -----			Distributable -----		
	Share capital RM'000 (Note 15)	Share premium RM'000 (Note 15)	Other reserves RM'000 (Note 16)	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000 (Note 7)
						Total equity RM'000
At 31 March 2018						
At 1 April 2017	202,064	-	1,226	657,347	860,637	(120)
Total comprehensive (loss)/income for the year	-	-	(133)	44,395	44,262	120
Equity component of ICULS	-	-	84,428	-	84,428	-
Warrant reserve	-	-	978	-	978	-
Conversion of ICULS	7,879	-	(6,702)	(192)	985	-
At 31 March 2018	209,943	-	79,797	701,550	991,290	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

(CONT'D)

Group	Attributable to owners of the parent					Non-controlling interests RM'000 (Note 7)	Total equity RM'000
	Share capital RM'000 (Note 15)	Share premium RM'000 (Note 15)	Other reserves RM'000 (Note 16)	Retained earnings RM'000	Total RM'000		
At 31 March 2017							
At 1 April 2016	198,513	3,551	3,334	656,918	862,316	233	862,549
Total comprehensive income/(loss) for the year	-	-	1,183	8,817	10,000	(32)	9,968
Expiry of ESOS	-	-	(3,291)	3,291	-	-	-
Acquisition of non-controlling interest in a subsidiary (Note 7(a))	-	-	-	(11,679)	(11,679)	(321)	(12,000)
Effect of transition to no-par value regime (Note 15)	3,551	(3,551)	-	-	-	-	-
At 31 March 2017	202,064	-	1,226	657,347	860,637	(120)	860,517

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

Company	----- Non-distributable -----			Distributable	
	Share capital RM'000 (Note 15)	Share premium RM'000 (Note 15)	Other reserves RM'000 (Note 16)	Retained earnings RM'000	Total equity RM'000
At 31 March 2018					
At 1 April 2017	202,064	-	78,411	151,893	432,368
Total comprehensive loss for the year	-	-	(53)	(4,691)	(4,744)
Equity component of ICULS	-	-	84,428	-	84,428
Warrant reserve	-	-	978	-	978
Conversion of ICULS	7,879	-	(6,702)	(192)	985
At 31 March 2018	209,943	-	157,062	147,010	514,015
At 31 March 2017					
At 1 April 2016	198,513	3,551	81,300	134,311	417,675
Total comprehensive income for the year	-	-	402	14,291	14,693
Expiry of ESOS	-	-	(3,291)	3,291	-
Effect of transition to no-par value regime (Note 15)	3,551	(3,551)	-	-	-
At 31 March 2017	202,064	-	78,411	151,893	432,368

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from operating activities					
Profit/(loss) before tax		63,645	14,693	(4,572)	14,057
Adjustments for:					
Depreciation of property, plant and equipment	3, 25	2,325	2,353	129	130
Property, plant and equipment written off	25	-	2	-	-
Net gain on changes in fair value of investment properties	5, 21	(35,302)	(9,400)	-	-
Gain on fair value adjustments of financial assets at fair value through profit or loss	21	(1,660)	-	(1,491)	-
Gain on disposal of plant and equipments	21	(90)	-	-	-
Gain on disposal of quoted investments	21	(17)	(167)	(17)	-
Impairment on:					
- intangible asset	6, 25	192	133	-	-
- investment in subsidiaries	7, 25	-	-	5,541	33,636
- other receivables	12(b), 25	-	80	-	-
Reversal of impairment loss on investment in subsidiaries	7, 21	-	-	(163)	-
Unwinding of discount	21	(1,141)	-	-	-
Provision for liquidated ascertained damages	25	9,023	-	-	-
Bad debts recovered	12(b), 21	-	(6)	-	-
Write back allowance for doubtful debts	12(b), 21	(120)	-	-	-
Interest expense	24	25,155	31,188	5,034	3,903
Interest income	19, 21	(1,980)	(1,443)	(247)	(131)
Dividend income	19	-	(9)	(6,300)	(52,000)
Operating profit/(loss) before working capital changes		60,030	37,424	(2,086)	(405)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

[CONT'D]

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
(cont'd.)				
Changes in working capital:				
Decrease in property development costs	5,044	12,497	-	-
(Increase)/decrease in trade and other receivables	(21,302)	22,643	(18,332)	13,287
Decrease in inventories	697	16,595	-	-
(Decrease)/increase in trade and other payables	(31,077)	(28,160)	231	(1,921)
Changes in subsidiaries balances	-	-	(8,741)	(44,693)
Cash generated from/(used in) operations	13,392	60,999	(28,928)	(33,732)
Interest received	244	130	244	130
Dividend received	-	-	6,300	52,000
Taxes paid	(9,068)	(5,625)	(77)	-
Net cash generated from/(used in) operating activities	4,568	55,504	(22,461)	18,398
Cash flows from investing activities				
Interest received	1,684	1,330	-	-
Net withdrawal of short term deposit	10,291	882	-	-
Net placement of short term investments	(43,181)	-	(40,781)	-
Purchase of property, plant and equipment	(2,764)	(777)	(5)	(5)
Additions to investment properties	(20)	-	-	-
Acquisition of non-controlling interest	-	(12,000)	-	(12,000)
Proceeds from disposal of property, plant and equipment	91	-	-	-
Proceeds from disposal of quoted investments	26	339	26	-
Net cash used in investing activities	(33,873)	(10,226)	(40,760)	(12,005)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

(CONT'D)

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from financing activities					
Net repayment of hire purchase payables		(416)	(423)	(112)	(109)
Net proceeds from issuance of ICULS		97,938	-	97,938	-
Drawdown of loans		22,081	250,000	-	-
Repayment of term loans		(74,031)	(263,240)	(25,000)	-
Interest paid		(22,607)	(22,704)	(3,223)	(3,901)
Net cash generated from/ (used in) financing activities		22,965	(36,367)	69,603	(4,010)
Net (decrease)/ increase in cash and cash equivalents		(6,340)	8,911	6,382	2,383
Cash and cash equivalents at beginning of year		60,114	51,203	7,544	5,161
Cash and cash equivalents at end of year	14	53,774	60,114	13,926	7,544

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

1. CORPORATE INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 12th Floor, Menara SMI, No. 6, Lorong P. Ramlee, 50250 Kuala Lumpur and the principal place of business of the Company is located at Ground Floor, Menara SMI, No.6, Lorong P. Ramlee, 50250 Kuala Lumpur.

The Company is principally involved in the holding of securities for investment purposes, provision of management services and trading of building materials. The principal activities of the subsidiaries and associate are disclosed in Notes 7 and 8, respectively.

There has been no significant change in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 6 July 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These set of financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 2016 in Malaysia.

At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 April 2017 as described fully in Note 2.2.

These set of financial statements have been prepared under the historical cost basis except when otherwise disclosed. Furthermore, these set of financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2017, the Group and the Company adopted the following amended FRS mandatory for annual financial periods beginning on or after 1 January 2017:

	Effective for the financial period beginning on or after
Amendments to FRS 107 : Disclosure Initiative	1 January 2017
Amendments to FRS 112 : Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 12 : Disclosure of Interests in Other Entities (Annual improvements to FRSs 2014-2016 Cycle)	1 January 2017

NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

The nature and impact of the new and amended FRSs are described below:

FRS 107 Disclosure Initiative (Amendments to FRS 107)

The amendments to FRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of these amendments, entities are not required to provide comparative information for preceding periods. Apart from the additional disclosures in Note 17(g), the application of these amendments has had no impact on the Group and on the Company.

FRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 112)

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The application of these amendments has had no impact on the Group and on the Company as the Group and the Company already assess the sufficiency of future taxable profits in a way that is consistent with these amendments.

Annual Improvements to FRS Standards 2014–2016 Cycle

Amendments to FRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in FRS 12

The amendments clarify that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The application of these amendments has had no effect on the Group as none of the Group's interest in these entities are classified, or included in a disposal group that is classified, as held for sale.

2.3 Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new approved accounting framework, the MFRS framework.

MFRS is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for Construction of Real Estate, including the entities' parent, significant investor and venturer (referred to as "Transitioning Entities" collectively). Transitioning Entities are allowed to defer adoption of MFRS framework, and continue to use the existing FRS framework until the MFRS framework is effective. The Group falls within the definition of Transitioning Entities and had then opted to defer adoption of MFRS framework.

The effective date for the adoption of MFRS Framework by the Transitioning Entities was subsequently deferred to annual periods beginning on or after 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (cont'd.)

Accordingly, the Group had elected to continue to apply the FRS framework up to its financial year ended 31 March 2018. The Group will adopt the MFRS framework and prepare its first set of MFRS framework financial statements for the coming financial year ending 31 March 2019. In presenting its first MFRS financial statements, the Group is required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group has established a project team to plan and manage the adoption of the MFRS Framework which includes the identification of the key differences between FRSs and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of the MFRS Framework, evaluating of training requirements and preparation of a conversion plan. This is to be followed by the execution of the implementation and review phase which includes the formulation of new and/or revised accounting policies and procedures that are in compliance with the MFRS Framework and identifying of the potential financial effects including disclosure requirements of the adoption of the MFRS Framework as at the date of transition had also been identified.

The Group and the Company are in the midst of completing its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 March 2018 could be different if prepared under the MFRS Framework. In applying the MFRS 1 – First-time Adoption of Malaysian Financial Reporting Standards (“MFRS”) in adopting the MFRS Framework.

Apart from the above, the Group is also in the midst of finalising the assessment of the financial impact of the two newly effective standards which were adopted pursuant to its adoption of the MFRS Framework, namely MFRS 9: Financial Instruments (“MFRS 9”), and MFRS 15: Revenue from Contracts with Customers (“MFRS 15”). The key changes that are expected of these two standards are as follows:

MFRS 9: Financial Instruments

The key effect of the adoption of this standard on the Group and the Company would principally be in respect of the assessment of impairment losses of outstanding external and internal debts based on an “expected credit loss model” instead of the “incurred loss” model. This may have the effect of accelerating the recognition of impairment losses in respect of these debts if any.

MFRS 15: Revenue from Contracts with Customers

The key effects as a result of adopting this standard on the property development activities of the Group are as follows:

- (i) in respect of sales of properties that do not come under the purview of Financial Reporting Standards Implementation Committee (“FRSIC”) Consensus 23 Application of MFRS 15 on Sale of Residential Properties issued by the Malaysian Institute of Accountants, the Group has to assess if the property has an alternative use to the Group and whether the sales and purchase arrangement provides the Group with an enforceable right to payment for work completed to date, in determining whether or not the sale of property units should be recognised at a point in time (completion method) or over time (percentage of completion method);

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (cont'd.)

MFRS 15: Revenue from Contracts with Customers (cont'd.)

The key effects as a result of adopting this standard on the property development activities of the Group are as follows: (cont'd.)

- (ii) it requires the identification of separate performance obligations arising from the sale of property units from the various property development projects of the Group, such as the sale of property with complimentary giveaways, and may result in the acceleration or deferment of revenue recognition relating to these separate performance obligations depending on whether the related goods and/or services are delivered or satisfied. This would affect the timing of revenue recognition for the property development activities;
- (iii) it requires that expenses attributable to securing contracts with customers such as commission expense be capitalised and expensed by reference to the progress towards complete satisfaction of the performance obligation; and
- (iv) it views liquidated ascertained damages ("LAD") payable when the developer fails to deliver vacant possession within the stipulated period as consideration payable to customers and is presented as a reduction of the transaction price which would then be accounted for in the profit or loss over the tenure of the property development project instead of being accounted for as a direct charge to the profit or loss when the obligation arises.

The Directors do not expect that the adoption of MFRS 15 and MFRS 9, which would be adopted in conjunction with the adoption of the new MFRS Framework to have a significant financial impact on the financial results and financial position of the Group and the Company when they are first adopted.

The Group considers that it is achieving its scheduled milestones in terms of the adoption of the MFRS Framework and would be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2019.

2.4 Summary of significant accounting policies

(a) Basis of consolidation

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. Consistent accounting policies are applied to like 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 (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

Changes in the Group's ownership interests 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 interests 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.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss 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 the cost on initial recognition of the investment.

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 administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

Business combinations (cont'd.)

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, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income.

If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

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.

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 2.4(d).

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The acquisition of equity interest in the previous years have been accounted for as a business combination involving entities under common control. Accordingly, the assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid, the share capital of the "acquired" entity and the pre-acquisition reserves as at date of common control is reflected within equity as merger reserve.

(b) Subsidiaries

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

- (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) exposure, or rights, to variable returns from its investment with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(b) Subsidiaries (cont'd.)

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

(c) Transactions with non-controlling interests

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

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(d) Intangible asset

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Goodwill is not amortised but instead, is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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 the 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.

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 of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(e) Investment in an associate

An associate is an entity, not being a subsidiary nor a joint venture, in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

The financial statements of the associate are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(e) Investment in an associate (cont'd.)

In the Company's separate financial statements, investment in an associate is accounted for at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

(f) Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent 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 the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost or valuation of each asset to its residual value over the estimated useful life, at the following annual rates:

Long term leasehold land	1%
Long term leasehold buildings	1% - 2%
Motor vehicles	20%
Office furniture and equipment	20%
Plant and machinery	20%
Renovation	20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(g) Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at using the comparison method considering recent market transactions for similar properties in the same location as well as the investment method that makes reference to estimated market rental values and equivalent yields. Valuations are performed by accredited independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Subsequent expenditure is included in the investment property's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are recognised in profit or loss during the financial period in which they are incurred.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment as set out in Note 2.4(f) up to the date of change in use.

(h) Land held for property development and property development costs

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified to property development costs (classified within current assets) when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(h) Land held for property development and property development costs (cont'd.)

(i) Land held for property development (cont'd.)

Land held for property development comprises costs associated with the acquisition of land and all costs incurred subsequent to the acquisition but prior to the transfer to property development costs on activities necessary to prepare the land for its intended use.

Costs associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201.

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Costs consist of land and development expenditure. Development expenditures include borrowing costs relating to the financing of the land and development.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that it is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within current assets and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(i) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset 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 flow (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 assets. 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 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. That 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 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.

(j) Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables, available-for-sale financial assets and financial assets at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(j) Financial assets (cont'd.)

(i) Loans and receivables

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

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

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(ii) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other expenses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(iii) Available-for-sale financial assets

Available-for-sale ("AFS") financial assets are financial assets that are designated as available for sale or are not classified in any of the other categories.

After initial recognition, AFS financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an AFS equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(j) Financial assets (cont'd.)

(iii) Available-for-sale financial assets (cont'd.)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

AFS financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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

Derecognition

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 other comprehensive income is recognised in profit or loss.

(k) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables (excluding GST input recoverable) and other financial assets carried at amortised costs

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Impairment of financial assets

(i) Trade and other receivables (excluding GST input recoverable) and other financial assets carried at amortised costs (cont'd.)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency of significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Assets classified as AFS

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligator and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as AFS financial assets are impaired.

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(l) Inventories

(i) Inventories of completed properties

Inventories of completed properties are stated at lower of cost (determined on the specific identification basis) and net realisable value ("NRV"). Cost includes costs associated with the acquisition of land, direct costs and appropriate proportions of common costs.

NRV is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(ii) Inventories of consumables and general supplies

Inventories represent general supplies used in the daily operations of mall and car parks. The inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured based on first-in-first-out basis, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, demand deposits, and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(n) Financial liabilities

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

Financial liabilities, within the scope of FRS 139, 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 held for trading include 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 have not designated any financial liabilities as at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(n) Financial liabilities (cont'd.)

(ii) Other financial liabilities

The Group and the Company classify their financial liabilities as other financial liabilities which include trade payables, other payables and loans and borrowings.

Trade and other payables (excluding GST output payable) are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

(o) Provisions

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(p) Leases

(i) As a lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Total operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As a lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset 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 bases as rental income. The accounting policy for rental income is set out in Note 2.4(w)(v).

(q) 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 expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use. Capitalisation of borrowing costs shall cease when substantially all the activities to prepare the asset for its intended use or sale are completed.

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(r) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2.4(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(r) Income taxes

(ii) Deferred tax

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, 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.

(s) Employee benefits

(i) 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. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the country in which it has operations. The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to the defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(t) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, or on the translation of monetary items, are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of transactions. The exchange differences arising on the translation are taken directly to other comprehensive income.

On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income are accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(u) Current versus non-current classification

The Group and the Company present their assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- (ii) Held primarily for the purpose of trading
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in normal operating cycle
- (ii) It is held primarily for the purpose of trading
- (iii) It is due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

(v) 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:

- (i) In the principal market for the asset or liability, or
- (ii) 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 to by the Group and the Company.

The fair value of an asset or a 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(v) Fair value measurement (cont'd.)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit 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 value.

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

The Group measures investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group had engaged independent professional valuers to determine the fair values as at the reporting date.

(w) Revenue and other income

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Group and they can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivable.

(i) Sale of properties

Revenue from sale of properties are accounted for by the stage of completion method as described in Note 2.4(h)(ii).

(ii) Sale of building materials

Revenue from the sale of building materials are recognised net of discounts upon the transfer of significant risks and rewards to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of goods.

(iii) Car park operations

Revenue from car park operations are recognised as and when the services are rendered.

(iv) Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate ("EIR") method.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in revenue and other income in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(w) Revenue and other income (cont'd.)

(v) Rental income

Rental income is recognised on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(vi) Dividend income

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

(vii) Management fees

Management fees are recognised when these services are rendered.

(viii) Sale of inventories of completed properties

Revenue from the sale of inventories of completed properties is measured at the fair value of the consideration receivable and is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

(x) Tenant deposits

Tenant deposits liabilities are initially recognised at fair value and subsequently measured at amortised cost where material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

(y) Segment reporting

For management reporting purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

(z) Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(z) Share capital and share issuance expenses (cont'd.)

(aa) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component. Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

(ab) 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.

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

2.5 Significant accounting judgements and estimates

(a) Judgements made in applying accounting policies

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

(i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements and estimates

(a) Judgements made in applying accounting policies

(i) Classification between investment properties and property, plant and equipment (cont'd.)

If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ii) Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(b) 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:

(i) Fair values of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. Significant judgement is required in determining fair value which may be derived based on different valuation methods. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The Group engaged independent valuation specialists to determine fair value as at 31 March 2018.

(ii) Property development

The Group recognises property development revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date to the estimated total property development costs.

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 specialists. Details of property development costs are disclosed in Note 4(b).

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements and estimates (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(iii) Investments in subsidiaries

Management determines whether the carrying amount of the Company's investments in subsidiaries are impaired as at reporting date. This involves measuring the recoverable amounts of investments in subsidiaries by using the VIU method. Estimating VIU involves estimating the future cash inflows and outflows that will be derived from the CGU and discounting them at an appropriate rate.

Management has performed impairment assessment by comparing the carrying amounts of investments in subsidiaries against their recoverable amounts based on the VIU method. The key assumptions involved in the assessment of the VIU are revenue growth rate, discount rate, amongst others.

The carrying amount of the Company's investments in subsidiaries at the reporting date is disclosed in Note 7.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018
(CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT

Group	At cost				Total RM'000
	Long term leasehold buildings RM'000	Long term leasehold land RM'000	Motor vehicles, office furniture, equipment, plant, tools, machinery and renovation RM'000		
At 31 March 2018					
At cost					
At 1 April 2017	4,559	698	15,423		20,680
Additions	-	-	3,049		3,049
Disposal	-	-	(459)		(459)
At 31 March 2018	4,559	698	18,013		23,270
Accumulated depreciation					
At 1 April 2017	729	146	10,248		11,123
Depreciation charge for the year (Note 25)	55	7	2,263		2,325
Disposal	-	-	(458)		(458)
At 31 March 2018	784	153	12,053		12,990
Net carrying amount					
At 31 March 2018	3,775	545	5,960		10,280

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018
(CONT'D)

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

Group	At cost -----				Total RM'000
	Long term leasehold buildings RM'000	Long term leasehold land RM'000	Motor vehicles, office furniture, equipment, plant, tools, machinery and renovation RM'000		
At 31 March 2017					
At cost					
At 1 April 2016	4,559	698	14,660		19,917
Additions	-	-	777		777
Write off	-	-	(14)		(14)
At 31 March 2017	4,559	698	15,423		20,680
Accumulated depreciation					
At 1 April 2016	674	139	7,969		8,782
Depreciation charge for the year (Note 25)	55	7	2,291		2,353
Write off	-	-	(12)		(12)
At 31 March 2017	729	146	10,248		11,123
Net carrying amount					
At 31 March 2017	3,830	552	5,175		9,557

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

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

Company	Motor vehicles RM'000	Office furniture and equipment RM'000	Total RM'000
At 31 March 2018			
Cost			
At 1 April 2017	1,086	152	1,238
Additions	-	5	5
At 31 March 2018	1,086	157	1,243
Accumulated depreciation			
At 1 April 2017	842	134	976
Depreciation charge for the year (Note 25)	122	7	129
At 31 March 2018	964	141	1,105
Net carrying amount			
At 31 March 2018	122	16	138
At 31 March 2017			
Cost			
At 1 April 2016	1,086	147	1,233
Additions	-	5	5
At 31 March 2017	1,086	152	1,238
Accumulated depreciation			
At 1 April 2016	720	126	846
Depreciation charge for the year (Note 25)	122	8	130
At 31 March 2017	842	134	976
Net carrying amount			
At 31 March 2017	244	18	262

(a) Long term leasehold land and building of the Group, stated at cost

Certain long term leasehold land and building of the Group with a carrying value of RM3,784,000 (2017: RM3,829,000) has been charged to a financial institution as securities for the revolving credit facilities granted to the Group as disclosed in Note 17(d).

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

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

(b) Fully depreciated assets

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Motor vehicles	2,663	3,116	476	476
Office furniture and equipment	1,039	935	126	120
Renovation	1,036	911	-	-
	<u>4,738</u>	<u>4,962</u>	<u>602</u>	<u>596</u>

(c) Assets held under hire purchase arrangements

During the financial year, the Group acquired property, plant and equipment at aggregate costs of RM3,049,000 of which RM285,000 was acquired by means of hire purchase arrangements.

Leased assets are pledged as security for the related lease liabilities (Note 17(e)). Net carrying amounts of property, plant and equipment held under hire purchase arrangements are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Motor vehicles	<u>687</u>	<u>831</u>	<u>122</u>	<u>244</u>

4. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

	Group	
	2018 RM'000	2017 RM'000

Long term leasehold land

Cost and carrying amount

At beginning of year	54,613	54,373
Incidental cost to the land	<u>406</u>	<u>240</u>
At end of year	<u>55,019</u>	<u>54,613</u>

During the financial year, long term leasehold land of the Group with a carrying value of RM55,019,000 (2017: RM54,613,000) has been charged to a financial institution as securities for revolving credit granted to the Group as disclosed in Note 17(d).

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

(CONT'D)

4. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D.)

(b) Property development costs

	Group	
	2018	2017
	RM'000	RM'000
Cumulative property development costs		
At 1 April 2017/2016:		
Freehold land	61,237	61,237
Long term leasehold land	55,255	51,844
Development costs	289,503	142,495
	<u>405,995</u>	<u>255,576</u>
Costs incurred during the year:		
Long term leasehold land	2,215	3,411
Development costs	69,489	147,008
	<u>71,704</u>	<u>150,419</u>
Transfers:		
To inventories of completed properties (Note 11)	<u>(8,618)</u>	-
Reversal of completed projects:		
Freehold land	(3,452)	-
Long term leasehold land	(3,903)	-
Development costs	(298,374)	-
	<u>(305,729)</u>	<u>-</u>
At 31 March 2018/2017	<u>163,352</u>	<u>405,995</u>
Cumulative costs recognised in profit or loss		
At 1 April 2017/2016	(327,739)	(164,583)
Recognised during the year (Note 20)	(66,344)	(163,156)
Reversal of completed projects	305,729	-
At 31 March 2018/2017	<u>(88,354)</u>	<u>(327,739)</u>
Property development costs at 31 March 2018/2017	<u>74,998</u>	<u>78,256</u>

Included in property development costs incurred during the financial year are interest costs capitalised amounting to RM2,191,000 (2017: RM3,402,000) (Note 24).

Included in property development costs of the Group are leasehold land and development costs amounting to RM70,098,000 (2017: RM67,946,000) which have been charged to financial institutions as securities for the term loan, Islamic financing and overdraft facilities as disclosed in Note 17(a),(b) and (c).

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5. INVESTMENT PROPERTIES

At fair value	Freehold land RM'000	Leasehold land RM'000	Leasehold land and building RM'000	Total RM'000
At 31 March 2018				
At 1 April 2017	87,000	71,299	1,111,603	1,269,902
Additions from subsequent expenditure	-	-	20	20
Adjustment to cost of investment property	-	-	(32,460)	(32,460)
Gain from fair value adjustments recognised in profit or loss (Note 21)	-	1,600	33,702	35,302
At 31 March 2018	87,000	72,899	1,112,865	1,272,764
At 31 March 2017				
At 1 April 2016	79,600	69,299	1,111,603	1,260,502
Gain from fair value adjustments recognised in profit or loss (Note 21)	7,400	2,000	-	9,400
At 31 March 2017	87,000	71,299	1,111,603	1,269,902

NOTES TO THE FINANCIAL STATEMENTS

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5. INVESTMENT PROPERTIES (CONT'D.)

Investment properties are stated at fair value, which has been determined based on valuations at the reporting date. Fair values were determined using the comparison method considering recent market transactions for similar properties in the same location as well as the investment method that makes reference to estimated market rental values and equivalent yields. Valuations are performed by accredited independent valuers with recent experience in the location and category of properties being valued.

Fair values using the comparison method were based on level 2 of the fair value hierarchy: other techniques for which the lowest level inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly. On the other hand, fair values using the investment method were based on level 3 of the fair value hierarchy: other techniques for which the lowest level inputs that have a significant effect on the recorded fair value are unobservable.

Reconciliation of fair value:

	Investment properties Land and office properties RM'000	Land and retail properties RM'000
As at 1 April 2016	150,489	1,110,013
Remeasurement recognised in profit or loss	9,400	-
As at 31 March 2017 / 1 April 2017	159,889	1,110,013
Additions from subsequent expenditure	-	20
Adjustment to cost of investment property	-	(32,460)
Remeasurement recognised in profit or loss	1,600	33,702
As at 31 March 2018	161,489	1,111,275

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

	2018 RM'000	2017 RM'000
Rental income (Note 19):		
- Land and office properties	1,324	1,291
- Land and retail properties	52,339	42,728
Property management operation costs (Note 20)	(12,787)	(14,861)
Others	(195)	(191)
Car park operations		
- Revenue (Note 19)	8,621	6,262
- Cost of sales (Note 20)	(2,288)	(1,737)
Profit arising from investment properties	47,014	33,492

Included in investment properties is certain long term leasehold land of the Group amounting to approximately RM48,600,000 (2017: RM47,000,000) which has been leased to a third party under an operating lease agreement, as disclosed in Note 29.

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5. INVESTMENT PROPERTIES (CONT'D.)

Certain freehold and long term leasehold land and buildings of the Group with carrying value of RM1,058,700,000 (2017: RM1,057,100,000) have been charged to financial institutions as securities for credit facilities granted to the Group, as disclosed in Note 17(a),(b) and (d).

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation model.

Property	Valuation technique	Significant unobservable inputs	Range	
			2018	2017
Land and retail properties	Investment method	Estimated rental value per square feet per month	RM0.38 to RM21.00	RM2.00 to RM18.00
		Long term vacancy rate	5.00% to 10.00%	2.50% to 10.00%
		Term yield rate	4.10% to 5.50%	4.25% to 4.50%
		Reversionary yield rate	4.50% to 7.00%	4.75%

Significant changes to the unobservable inputs would result in significant changes in fair value.

Investment method

Using the discounted cash flows method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases/(decreases) in estimated rental value in isolation would result in a significantly higher/(lower) fair value of the properties. Significant increases/(decreases) in the long term vacancy rate and yield rates in isolation would result in a significantly lower/(higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the yield rates, and an opposite change in the long term vacancy rate.

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5. INVESTMENT PROPERTIES (CONT'D.)

Comparison method

Fair value is arrived at by reference to market evidence of transaction prices for similar properties, adjustments are made to account for factors such as location and accessibility, market conditions, size, shape and terrain of land, tenurial interest and restrictions if any, occupancy status, built-up area building construction, finishes and services, age and condition of building and other relevant characteristics.

6. INTANGIBLE ASSET

	Group	
	2018 RM'000	2017 RM'000
Cost		
At beginning/end of year	10,666	10,666
Accumulated impairment		
At 1 April 2017/2016	(9,971)	(9,838)
Impairment loss recognised in profit or loss (Note 25)	(192)	(133)
At 31 March 2018/2017	(10,163)	(9,971)
Net carrying amount		
At 31 March 2018/2017	503	695

Goodwill arising from business combinations has been allocated to the Group's CGU identified from the property development segment.

The recoverable amount of the property development CGU has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering five-year periods. The property development's CGU used in the five-year cash flow projections is based on the expected sales and contracted costs throughout the duration of development project and using the stage of completion method as described in the property development cost Note 2.4(h)(ii).

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018 RM'000	2017 RM'000
Unquoted shares, at cost	587,700	587,700
Accumulated impairment losses ^(c)	(159,856)	(154,478)
	427,844	433,222

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7. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries, all of which are incorporated in Malaysia are as follows:

Name of Subsidiaries	Paid up share capital RM'000	Direct shareholdings/ effective equity interest		Principal activities
		2018 %	2017 %	
Held by the Company				
Climate Engineering (Malaya) Sdn. Bhd.	50,000	100	100	Investment holding (dormant)
AGB Properties Sdn. Bhd.	1,000	100	100	Investment holding and renting out of offices & retail properties
Pinus Park Sdn. Bhd.	680	100	100	Renting out of bungalow (dormant)
BH Builders Sdn. Bhd.	110,000	100	100	Investment holding, property investment and development and renting out retail properties
Primadana Utama Sdn. Bhd.	2,500	100	100	Investment holding, property investment and development
Prousaha (M) Sdn. Bhd. ^(a)	5,000	100	100	Property investment and development
Syarikat Kapasi Sdn. Bhd.	178,000	100	100	Property investment and development and renting out retail properties
Changkat Fajar Sdn. Bhd.	1,000	100	100	Property investment and development

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries, all of which are incorporated in Malaysia are as follows: (cont'd.)

Name of Subsidiaries	Paid up share capital RM'000	Direct shareholdings/ effective equity interest		Principal activities
		2018 %	2017 %	
Held by the Company (cont'd.)				
Quality Trend Sdn. Bhd.	244	100	100	Property investment and development (dormant)
Asian Pac Property Management Sdn. Bhd.	500	100	100	Property management
Asian Pac Parksafe Sdn. Bhd.	5,007	100	100	Car park operation
Held through subsidiaries:				
BH Realty Sdn. Bhd.	3,100	100	100	Property investment and development and car park operation
Wangsa Masyhur Sdn. Bhd.	30,000	100	100	Property investment and development (dormant)
Tekad Intisari Sdn. Bhd. ^(b)	*	75	75	In the process of strike off
Taman Bestari Sdn. Bhd.	750	100	100	Property development

* Represents paid-up share capital of RM100

All subsidiary companies are being audited by Ernst & Young, Malaysia.

(a) Acquisition of non-controlling interest

On 7 December 2015, the Company entered into a share sale agreement to acquire the remaining 500,000 ordinary shares of RM1.00 each representing 10% minority interest in Prousa (M) Sdn. Bhd. ("PMSB") for a total consideration of RM12,000,000 ("the Acquisition"). The Company will have 100% ownership in PMSB upon completion of the Acquisition which was subject to conditions precedent as stipulated in the share sale agreement. Subsequently, the Acquisition was completed on 30 March 2017 and PMSB became a wholly-owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(b) Derecognition of a subsidiary

In the current financial year, the Group had derecognised a 75% equity interest of a dormant subsidiary, namely Tekad Intisari Sdn. Bhd. ("Tekad"). The Group had made application to Registrar of Companies Commission of Malaysia ("CCM") to strike off Tekad in accordance with the Section 550 of Companies Act, 2016. The strike off process has yet to be completed at the date of this report.

The striking off of Tekad will not have any significant financial effect on the net assets and earnings of the Company for the financial year ended 31 March 2018.

(c) Impairment losses on investments in subsidiaries

During the financial year, the Company recognised a reversal of impairment losses of RM163,000 (2017: RM Nil) (Note 21) and additional impairment losses of RM5,541,000 (2017: RM33,636,000) (Note 25) on its investments in certain subsidiaries.

Management determined the recoverable amount of these investments based on the individual asset's value in use. The net present value of the future cash flows to be generated from these assets is the asset's value in use. An impairment loss is recognised immediately in profit or loss if the recoverable amount is less than the carrying amount.

8. INVESTMENT IN AN ASSOCIATE

	Company	
	2018	2017
	RM'000	RM'000
Unquoted shares outside Malaysia	375	375
Less: Accumulated impairment losses	(375)	(375)
	-	-

The Group has not recognised losses relating to the associate where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the reporting date was RM451,000 (2017: RM451,000). The Group has no obligation in respect of these losses.

Details of the associate, which is incorporated in Indonesia are as follows:

Name of associate	Paid-up share capital RM'000	Direct shareholdings/ effective equity interest		Principal activities
		2018 %	2017 %	
PT AP International	750	50	50	Property development and property management

NOTES TO THE FINANCIAL STATEMENTS

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8. INVESTMENT IN AN ASSOCIATE (CONT'D.)

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information represents the amounts in the financial statements of the associate and not the Group's share of those amounts.

	PT AP International	
	2018	2017
	RM'000	RM'000
(i) Summarised statement of financial position		
Current assets representing total assets	8	8
Current liabilities representing total liabilities	910	910
Net liabilities attributable to owners of associate	(902)	(902)
(ii) Summarised statement of profit or loss		
Loss for the year	-	-
(iii) Reconciliation of net liabilities to the carrying amount of Group's interest in the associate		
Group's share of net liabilities	(451)	(451)
Unrecognised losses	451	451
Carrying amount of Group's interest in associate	-	-
(iv) Group's share of results of associate	-	-

9. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<i>Available-for-sale financial assets</i>				
Non-current				
Quoted shares in Malaysia	4,735	4,856	1,553	1,592
Quoted shares outside Malaysia	-	22	-	22
	4,735	4,878	1,553	1,614

Unrealised loss on fair valuation on available-for-sale investments amounting to RM133,000 (2017: gain of RM1,183,000) and RM53,000 (2017: gain of RM402,000) of the Group and of the Company were taken to other comprehensive income.

Dividend income of the Group amounting to RM Nil (2017: RM9,000) (Note 19) was taken to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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10. DEFERRED TAX

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
At 1 April 2017/2016	(196,299)	(197,746)	(5)	(2)
Recognised in profit or loss (Note 26)	(9,208)	1,447	6	(3)
At 31 March 2018/2017	(205,507)	(196,299)	1	(5)
Presented after appropriate offsetting as follows:				
- Deferred tax assets	97	56	1	-
- Deferred tax liabilities	(205,604)	(196,355)	-	(5)
	(205,507)	(196,299)	1	(5)

The components and movements of deferred tax assets and liabilities of the Group during the financial year prior to appropriate offsetting are as follows:

	Revaluation of land held for property development and investment properties and capital allowances	Provisions and unused tax losses	Total
Group	RM'000	RM'000	RM'000

Deferred tax assets:

At 1 April 2017	-	90	90
Recognised in profit or loss	-	1,290	1,290
At 31 March 2018	-	1,380	1,380
At 1 April 2016	-	1,258	1,258
Recognised in profit or loss	-	(1,168)	(1,168)
At 31 March 2017	-	90	90

Deferred tax liabilities:

At 1 April 2017	(196,389)	-	(196,389)
Recognised in profit or loss	(10,498)	-	(10,498)
At 31 March 2018	(206,887)	-	(206,887)
At 1 April 2016	(199,004)	-	(199,004)
Recognised in profit or loss	2,615	-	2,615
At 31 March 2017	(196,389)	-	(196,389)

NOTES TO THE FINANCIAL STATEMENTS

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10. DEFERRED TAX (CONT'D.)

The components and movements of deferred tax assets and liabilities of the Company during the financial year prior to appropriate offsetting are as follows: (cont'd.)

Company	Provisions	
	2018 RM'000	2017 RM'000
Deferred tax assets:		
As at 1 April 2017/2016	5	5
Recognised in profit or loss	1	-
As at 31 March 2018/2017	6	5

Company	Capital allowance	
	2018 RM'000	2017 RM'000
Deferred tax liabilities:		
As at 1 April 2017/2016	(10)	(7)
Recognised in profit or loss	5	(3)
As at 31 March 2018/2017	(5)	(10)

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unused tax losses	11,119	9,828	8,786	7,230
Unabsorbed capital allowances	106	94	93	81
	11,225	9,922	8,879	7,311
Deferred tax at Malaysian statutory tax rate, if recognised	2,694	2,381	2,131	1,755

The unused tax losses of the Group and the Company are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the Malaysian taxation authority.

Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and such items have arisen in subsidiaries that have a history of losses.

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11. INVENTORIES

	Group	
	2018	2017
	RM'000	RM'000
At cost		
Completed properties	29,282	31,077
Consumables and general supplies	1,098	-
	<u>30,380</u>	<u>31,077</u>

Group

At 31 March 2018

	Completed supplies RM'000	Consumables and general properties RM'000
As at 1 April 2017	31,077	-
Additions	-	1,098
Transfer from property development costs (Note 4(b))	8,618	-
Recognised as cost of sales (Note 20)	(10,413)	-
As at 31 March 2018	<u>29,282</u>	<u>1,098</u>

At 31 March 2017

	Completed properties RM'000
As at 1 April 2016	47,672
Recognised as cost of sales (Note 20)	<u>(16,595)</u>
As at 31 March 2017	<u>31,077</u>

Certain completed properties with carrying value of RM1,395,000 (2017: RM3,218,000) have been charged to financial institution as security for credit facility granted to the Group, as disclosed in Note 17(d).

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12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current				
Trade receivables	5,544	14,974	-	820
Other receivables				
Due from previous stockbroking clients	6,208	6,329	-	-
Sundry receivables	1,815	4,689	391	1,274
Stakeholder sum	16,070	-	-	-
Earnest deposit (Note 31)	20,000	-	20,000	-
Other deposits	5,986	5,944	35	4
GST input recoverable	558	121	-	-
Due from associate	1,004	1,004	1,004	1,004
Due from subsidiaries	-	-	47,661	38,920
	51,641	18,087	69,091	41,202
Less: Allowance for impairment	(7,608)	(7,796)	(1,443)	(1,443)
	44,033	10,291	67,648	39,759
Total trade and other receivables	49,577	25,265	67,648	40,579
Add: Deposits with licensed banks and financial institutions with maturity of more than 3 months and restricted for use (Note 14)	2,509	12,800	-	-
Add: Cash and cash equivalents (Note 14)	53,774	60,114	13,926	7,544
Less: GST input recoverable	(558)	(121)	-	-
Total loans and receivables	105,302	98,058	81,574	48,123

(a) Trade receivables

The Group's and the Company's normal trade credit terms range from 7 to 60 days (2017: 7 to 60 days) and 60 days (2017: 60 days) respectively. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or a group of debtors.

NOTES TO THE FINANCIAL STATEMENTS

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12. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivables are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	2,323	6,632	-	32
1 to 30 days past due not impaired	373	988	-	249
31 to 60 days past due not impaired	424	1,539	-	539
61 to 90 days past due not impaired	144	1,002	-	-
More than 91 days past due not impaired	2,280	4,813	-	-
	3,221	8,342	-	788
	5,544	14,974	-	820

The total trade receivables are unsecured in nature.

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM3,221,000 (2017: RM8,342,000) and Nil (2017: RM820,000) respectively that are past due at the reporting date but not impaired and are unsecured in nature.

(b) Other receivables

Other receivables that are impaired

At the reporting date, the Group has provided an allowance of RM6,188,000 (2017: RM6,308,000) for impairment on the amount due from previous stockbroking clients and RM1,420,000 (2017: RM1,488,000) for impairment on sundry receivables and amount due from associate. The Company has provided an allowance of RM1,004,000 (2017: RM1,004,000) for impairment on amount due from associate and RM439,000 (2017: RM439,000) for impairment on the amount due from a subsidiary.

The amounts due from previous stockbroking clients represent amounts receivable from margin clients and non-margin clients prior to the disposal of the Group's stockbroking business in prior years and are partly collateralised by quoted shares.

Sundry receivables are unsecured, non-interest bearing and repayable on demand.

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12. TRADE AND OTHER RECEIVABLES (CONT'D.)

(b) Other receivables (cont'd.)

Movements in allowance accounts

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 April 2017/2016	(7,796)	(7,722)	(1,443)	(1,443)
Bad debts recovered (Note 21)	-	6	-	-
Impairment losses (Note 25)	-	(80)	-	-
Write back allowance for doubtful debts (Note 21)	120	-	-	-
Written off	68	-	-	-
At 31 March 2018/2017	(7,608)	(7,796)	(1,443)	(1,443)

(c) Due from subsidiaries and an associate

The amounts due from subsidiaries and an associate are non-trade in nature. These amounts are unsecured, non-interest bearing and are repayable on demand.

The amount due from an associate is provided for in full as disclosed in Note 12(b).

13. SHORT TERM INVESTMENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000

Fair value through profit or loss

Investments in unit trust fund	44,841	-	42,272	-
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14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash at banks and on hand	20,420	41,043	360	596
Short term deposits with:				
Licensed banks	10,859	12,800	-	-
Financial institutions	25,004	19,071	13,566	6,948
Total cash and bank balances	56,283	72,914	13,926	7,544
Less: Deposits with licensed banks and financial institutions with maturity of more than 3 months	(2,509)	(12,800)	-	-
Cash and cash equivalents	53,774	60,114	13,926	7,544

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14. CASH AND CASH EQUIVALENT (CONT'D.)

Included in cash at banks of the Group are amounts of RM12,123,000 (2017: RM25,647,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

Included in cash at banks of the Group is an amount of RM3,362,000 (2017: RM2,706,000) pledged to financial institutions for credit facilities granted to a number of subsidiaries as disclosed in Note 17(b) and (d).

Short term deposits with licensed banks of the Group amounting to RM15,508,000 (2017: RM13,832,000) are pledged to licensed banks for credit facilities granted to the Company and subsidiary companies as disclosed in Note 17(a), (b) and (d) and as securities for performance guarantees given to third parties.

The weighted average effective interest rates of short term deposits at the reporting date are as follows:

	Group		Company	
	2018	2017	2018	2017
	%	%	%	%
Licensed banks	2.67	3.04	-	-
Financial institutions	3.32	3.13	3.33	3.21

The average maturities of short term deposits as at the end of the financial year are as follows:

	Group		Company	
	2018	2017	2018	2017
	Days	Days	Days	Days
Licensed banks	85	59	-	-
Financial institutions	22	16	19	22

15. SHARE CAPITAL

	Note	Number of ordinary shares		Amount	
		2018	2017	2018	2017
Group and Company:		'000	'000	RM'000	RM'000
Issued and fully paid:					
At 1 April 2017/2016		992,564	992,564	202,064	198,513
Effect of transition to no-par value regime	(a)	-	-	-	3,551
Conversion of ICULS	(b)	39,396	-	7,879	-
At 31 March 2018/2017		1,031,960	992,564	209,943	202,064

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company residual assets.

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15. SHARE CAPITAL (CONT'D.)

(a) Effect of transition to no-par value regime

The new Companies Act, 2016 ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM3,551,000 became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM3,551,000 for purposes as set out in Sections 618(3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(b) Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

On 26 May 2017, a total of 99,256,461 RM1.00 nominal value 5-year 3% ICULS have been issued and allotted to the shareholders on the basis of one ICULS for every ten ordinary shares of the Company, together with 198,512,922 free new detachable warrants to be issued on the basis of two warrants for each ICULS subscribed.

During the financial year, the Company increased its issued and paid-up share capital from RM202,064,130 comprising 992,564,610 ordinary shares to RM209,943,230 comprising 1,031,960,110 ordinary shares as a result of the conversion of 7,879,100 RM1.00 nominal value 5-year 3% ICULS into 39,395,500 new ordinary shares on the basis of one RM1.00 nominal value of ICULS for five new ordinary shares of the Company.

The salient features of the ICULS issued are as follows:

- (i) The coupon rate for the ICULS is 3% per annum, payable on an annual basis in arrears.
- (ii) The conversion price for the ICULS is fixed at RM1.00 where one ICULS will be converted into five new ordinary shares of the Company and the new ordinary shares to be issued rank pari passu with the then existing shares.
- (iii) Each registered holder of the ICULS shall have the right at any time from the issuance date to not later than the maturity date of 25 May 2022 to convert such nominal value of ICULS held into fully-paid up new ordinary shares of the Company.
- (iv) Any ICULS not converted by the maturity date will be mandatorily converted into new ordinary shares of the Company on the maturity date.

The residual value, after deducting the fair value of liability component of ICULS and warrants, is attributed to the equity component as follows:

	Equity component of ICULS RM'000 (Note 16)	Warrants reserve RM'000 (Note 16)	Liability component of ICULS RM'000 (Note 17)	Total RM'000
At the date of issuance of ICULS	85,669	993	12,594	99,256
Transaction cost	(1,241)	(15)	(182)	(1,438)
Conversion of ICULS	(6,702)	-	(985)	(7,687)
At 31 March 2018	77,726	978	11,427	90,131

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15. SHARE CAPITAL (CONT'D.)

(b) Irredeemable Convertible Unsecured Loan Stocks ("ICULS") (cont'd.)

Pursuant to the Malaysian Code on Take-Overs and Mergers 2016 and the Rules on Take-Overs, Mergers and Compulsory Acquisitions ("Rules"), the Company would like to disclose the following:

- (i) The details of the exemption granted, including the duration for which the exemption has been granted:

On 26 January 2017, Mr. Mah Sau Cheong and his spouse, Ms. Chin Lai Kuen had submitted an application to Securities Commission Malaysia ("SC") for the exemption from the obligation to undertake a mandatory take-over offer for all the ordinary shares of RM0.20 each in Asian Pac Holdings Berhad ("Asian Pac"), convertible securities and new Asian Pac Shares to be issued pursuant to the conversion of ICULS and/or the exercise of the warrants not held by Mr. Mah Sau Cheong and his spouse, Ms. Chin Lai Kuen, pursuant to Section 219 of the Capital Market and Services Act 2007 and Paragraph 4.08(1)(C) of the Rules issued on 15 August 2016.

On 14 February 2017, the SC had granted the approval on the exemption and the duration for the exemption granted is from 26 May 2017 to 25 May 2022.

- (ii) The number and percentage of voting shares or voting rights and the conversion or subscription rights or options in Asian Pac held by Mr. Mah Sau Cheong and Ms. Chin Lai Kuen as at latest practicable date prior to the disclosure are as below:

As at 29 June 2018

Name	Number of ordinary shares held '000	% issued capital %	Number of ICULS '000	Number of Warrants '000
Mah Sau Cheong	182,069	17.60%	58,800	117,601
Chin Lai Kuen	5,260	0.51%	-	-
Total	187,329	18.11%	58,800	117,601

- (iii) The maximum potential voting shares or voting rights of Mr. Mah Sau Cheong and Ms. Chin Lai Kuen in Asian Pac, if only Mr. Mah Sau Cheong and Ms. Chin Lai Kuen (but not other holders) exercise the conversion or subscription rights or options in full are as below:

Name	Number of ordinary % shares held '000	% of issued capital %
Mah Sau Cheong	593,672	36.96%
Chin Lai Kuen	5,260	0.33%
Total	598,932	37.29%

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16. OTHER RESERVES

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Merger reserve	(a)	-	-	78,000	78,000
Fair value adjustment reserve	(b)	1,093	1,226	358	411
Equity component of ICULS	15(b)	77,726	-	77,726	-
Warrants reserve	15(b); (c)	978	-	978	-
		<u>79,797</u>	<u>1,226</u>	<u>157,062</u>	<u>78,411</u>

Movements in reserves are shown in the respective statements of changes in equity.

The nature and purpose of each category of reserve are as follows:

(a) Merger reserve

The premium on shares issued in respect of the acquisition of BH Builders Sdn. Bhd. in the financial year ended 31 March 1996 had been credited to the merger reserve.

(b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale investments until they are disposed of or impaired.

(c) Warrants reserve

On 26 May 2017, the Company issued 198,512,922 free detachable warrants in conjunction with right issue of ICULS on the basis of two free detachable warrants for each ICULS subscribed as disclosed in Note 15(b).

The amount represents the fair value of the detachable warrants and net of the share of transaction cost arising from the right issue of ICULS.

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17. LOANS AND BORROWINGS

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current					
Secured:					
Floating rate term loans	(a)	744	7,494	-	-
Islamic financing	(b)	18,728	17,812	-	-
Overdraft	(c)	958	-	-	-
Revolving credit	(d)	60,860	84,000	25,000	50,000
Obligation under finance leases	(e)	416	381	115	112
		81,706	109,687	25,115	50,112
Non-current					
Secured:					
Floating rate bridging and term loans	(a)	23,050	27,742	-	-
Islamic financing	(b)	225,317	244,105	-	-
Obligation under finance leases	(e)	439	605	39	154
ICULS	(f)	11,427	-	11,427	-
		260,233	272,452	11,466	154
Total loans and borrowings		341,939	382,139	36,581	50,266

The remaining maturities of the loans and borrowings are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
On demand and within 1 year	81,706	109,687	25,115	50,112
More than 1 year and less than 2 years	33,572	20,606	39	115
More than 2 years and less than 5 years	96,850	100,479	11,427	39
More than 5 years	129,811	151,367	-	-
	341,939	382,139	36,581	50,266

NOTES TO THE FINANCIAL STATEMENTS

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17. LOANS AND BORROWINGS (CONT'D.)

(a) Floating rate bridging and term loans

The floating rate bridging and term loans are obtained for development projects of the Company's wholly-owned subsidiary company, BH Realty Sdn. Bhd. and for the financing of acquisition of investment properties by wholly-owned subsidiary, AGB Properties Sdn. Bhd. These bridging and term loans bear an average interest rate of 5.29% to 6.13% (2017: 5.28% to 6.21%) per annum. These are secured by charges over the Group's leasehold properties as well as development costs as disclosed in Note 4(b), certain leasehold properties as disclosed in Note 5, certain short term deposits as disclosed in Note 14 and corporate guarantee provided by the Company amounting to RM23,794,000 (2017: RM35,236,000).

(b) Islamic financing

Islamic financing is obtained for refinancing of the investment properties of wholly-owned subsidiary, Syarikat Kapasi Sdn. Bhd., working capital of a wholly-owned subsidiary, BH Realty Sdn. Bhd., for financing of acquisition of investment properties by wholly-owned subsidiary, BH Builders Sdn. Bhd. and for development project of Taman Bestari Sdn. Bhd. It bears an average interest rate of 5.72% to 6.97% (2017: 5.61% to 6.92%) per annum. It is secured by charges over the Group's leasehold property as well as the development costs as disclosed in Note 4(b), freehold and leasehold properties as disclosed in Note 5, certain short term deposits and bank balances as disclosed in Note 14, lease proceeds from an operating lease as disclosed in Note 29 and corporate guarantee provided by the Company amounting to RM250,971,000 (2017: RM269,296,000).

(c) Overdraft

Overdraft is obtained for development project of the Company's wholly-owned subsidiary, BH Realty Sdn. Bhd.. The overdraft bears an average interest rate of 7.63% per annum. It is secured by development cost as disclosed in Note 4(b) and corporate guarantee provided by the Company amounting to RM958,000 (2017: Nil).

(d) Revolving credit

Revolving credits are obtained for the working capital of the Company and the Company's wholly-owned subsidiary companies, BH Realty Sdn. Bhd. and Syarikat Kapasi Sdn. Bhd.. These revolving credits bear an average interest rate of 5.98% to 7.85% (2017: 5.85% to 7.75%) per annum. They are secured by charges over the Group's long term leasehold land and building as disclosed in Note 3(a), long term leasehold land as disclosed in Note 4(a), certain investment properties as disclosed in Note 5, certain inventories of completed properties as disclosed in Note 11, certain short term deposits and cash balances as disclosed in Note 14 and corporate guarantee provided by the Company amounting to RM35,860,000 (2017: RM34,000,000).

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17. LOANS AND BORROWINGS (CONT'D.)

(e) Obligation under finance leases

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000

Future minimum lease payments:

Within and up to 1 year	444	414	118	118
After 1 and up to 2 years	260	381	39	118
After 2 and up to 5 years	201	248	-	39
	905	1,043	157	275
Less: Future finance charges	(50)	(57)	(3)	(9)
Present value of future minimum lease payments	855	986	154	266

Present value of finance lease liabilities:

Within and up to 1 year	416	381	115	112
After 1 and up to 2 years	247	363	39	115
After 2 and up to 5 years	192	242	-	39
Present value of finance lease liabilities	855	986	154	266

Analysed as:

Due within 12 months	416	381	115	112
Due after 12 months	439	605	39	154
	855	986	154	266

The hire purchase payables bear interest between 1.51% to 2.58% (2017: 1.51% to 2.58%) per annum.

These obligations are secured by a charge over the leased assets (Note 3(c)).

(f) ICULS

The amount represents the liability portion of ICULS net of transaction cost as disclosed in Note 15(b).

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17. LOANS AND BORROWINGS (CONT'D.)

(g) Changes in liabilities and ICULS arising from financing activities

Group	1 April 2017 RM'000	Cash flows		Movements			31 March 2018 RM'000
		Principal movement RM'000	Interest paid RM'000	Interest paid RM'000	New lease RM'000	Non-cash changes Interest cost RM'000	
Non-current interest-bearing loans and borrowings	271,847	(3,951)	(1,855)	-	-	1,855	248,367
Non-current obligations under finance lease liabilities	605	-	-	285	-	(451)	439
Current interest-bearing loans and borrowings	109,306	(47,999)	(20,710)	-	-	21,660	81,290
Current obligations under finance lease liabilities	381	(416)	(42)	-	-	42	416
ICULS	-	97,938	-	-	-	2,328	90,131
	382,139	45,572	(22,607)	285	25,885	(10,631)	420,643

The 'Others' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings and obligations under finance lease liabilities to current due to the passage of time, the effect of accrued but not yet paid interest on interest bearing loans and borrowings, the effect of accrued but not yet paid transaction cost of ICULS and conversion of ICULS.

NOTES TO THE FINANCIAL STATEMENTS

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17. LOANS AND BORROWINGS (CONT'D.)

(g) Changes in liabilities and ICULS arising from financing activities (cont'd.)

	1 April 2017 RM'000	Movements				31 March 2018 RM'000
		Cash flows	Interest paid RM'000	Interest cost RM'000	Others RM'000	
Company		Principal movement RM'000				
Non-current obligations under finance lease liabilities	154	-	-	-	(115)	39
Current interest-bearing loans and borrowings	50,000	(25,000)	(3,217)	2,700	517	25,000
Current obligations under finance lease liabilities	112	(112)	(6)	6	115	115
ICULS	-	97,938	-	2,328	(10,135)	90,131
	50,266	72,826	(3,223)	5,034	(9,618)	115,285

The 'Others' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings and obligations under finance lease liabilities to current due to the passage of time, the effect of accrued but not yet paid interest on interest bearing loans and borrowings, the effect of accrued but not yet paid transaction cost of ICULS and conversion of ICULS.

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18. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payables				
Third parties	48,781	99,408	-	19
Other payables				
Deposits from property purchasers	1,121	6,340	-	-
Deposits from tenants	5,935	2,826	-	-
Other deposits	-	891	-	-
Interest payables	2,915	1,122	2,597	786
Accruals	5,216	4,684	223	94
GST output payable	251	345	26	11
Provisions	14,351	-	-	-
Others	3,284	9,129	17	88
	33,073	25,337	2,863	979
	81,854	124,745	2,863	998
Non-current				
Trade payables				
Retention sum payable	5,984	15,722	-	-
Other payables				
Deposits from tenants	11,148	11,723	-	-
Provisions	2,554	-	-	-
	13,702	11,723	-	-
	19,686	27,445	-	-
Total trade and other payables	101,540	152,190	2,863	998
Less: GST output payable	(251)	(345)	(26)	(11)
Less: Provisions	(16,905)	-	-	-
Add: Loans and borrowings (Note 17)	341,939	382,139	36,581	50,266
Total financial liabilities carried at amortised cost	426,323	533,984	39,418	51,253

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit term granted to the Group ranges from 30 to 60 days (2017: 30 to 60 days).

(b) Provisions

The provisions relate to provision for property development obligations of RM7,882,000 and provision for liquidated ascertained damages of RM9,023,000.

NOTES TO THE FINANCIAL STATEMENTS

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19. REVENUE

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Sale of development properties	115,391	194,949	-	-
Sale of building materials	-	3,585	-	3,585
Sale of inventories of completed properties	14,149	19,373	-	-
Car park operations	8,621	6,262	-	-
Interest income	247	131	247	131
Rental income from:				
- Land and office properties (Note 5)	1,324	1,291	-	-
- Land and retail property (Note 5)	52,339	42,728	-	-
Dividend income from:				
- Subsidiaries	-	-	6,300	52,000
- Equity investment, quoted in Malaysia (Note 9)	-	9	-	-
Management fees from subsidiaries	-	-	2,079	2,163
	192,071	268,328	8,626	57,879

20. COST OF SALES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Property development costs (Note 4(b))	66,344	163,156	-	-
Cost of building materials	-	2,957	-	2,957
Car park operations	2,288	1,737	-	-
Cost of inventories sold (Note 11)	10,413	16,595	-	-
Property management operation costs	12,787	14,861	-	-
Others	200	191	-	-
	92,032	199,497	-	2,957

NOTES TO THE FINANCIAL STATEMENTS

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21. OTHER INCOME

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Administration charges	149	57	-	-
Bad debts recovered (Note 12(b))	-	6	-	-
Gain on changes in fair value of investment properties (Note 5)	35,302	9,400	-	-
Gain on disposal of property, plant and equipment	90	-	-	-
Gain on disposal of quoted investments	17	167	17	-
Liquidated damages received	455	-	-	-
Other interest income	1,733	1,312	-	-
Overdue interest income	548	255	-	-
Purchasers' deposit forfeited	276	157	-	-
Gain on fair value adjustments of financial assets at fair value through profit or loss	1,660	-	1,491	-
Reversal of impairment loss on investment in subsidiaries (Note 7)	-	-	163	-
Unwinding of discount	1,141	-	-	-
Write back allowance for doubtful debts (Note 12(b))	120	-	-	-
Miscellaneous income	435	1,207	-	-
	<u>41,926</u>	<u>12,561</u>	<u>1,671</u>	<u>-</u>

22. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	14,206	14,058	2,208	2,085
Contributions to defined contribution plan	1,886	1,846	460	436
Social security contributions	97	88	4	4
Other employee benefits	1,083	801	44	62
	<u>17,272</u>	<u>16,793</u>	<u>2,716</u>	<u>2,587</u>

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,692,000 (2017: RM3,061,000) and RM1,766,000 (2017: RM1,667,000) respectively as further disclosed in Note 23.

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23. DIRECTORS' REMUNERATION

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000

Executive directors' remuneration:

Salaries and other emoluments	2,692	3,061	1,766	1,667
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Non-executive directors' remuneration (Note 25):

Fees and other emoluments	301	225	156	105
Total directors' remuneration	2,993	3,286	1,922	1,772

The details of the remuneration received/receivable by directors of the Group and the Company during the year are as follows:

	Salary and other emoluments	Fees	Bonus	Total
	RM'000	RM'000	RM'000	RM'000

At 31 March 2018

Executive

Dato' Mustapha bin Buang	1,565	-	201	1,766
Dr. Yu Tat Loong *	785	-	141	926
	2,350	-	342	2,692

Non-executive

Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas *	5	140	-	145
Dato' Mohamed Salleh bin Bajuri	3	27	-	30
Tan Siew Poh	5	58	-	63
Soon Dee Hwee	5	58	-	63
	18	283	-	301
	2,368	283	342	2,993

* The above director's remuneration was paid by subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS

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23. DIRECTORS' REMUNERATION (CONT'D.)

The details of the remuneration received/receivable by directors of the Group and the Company during the year are as follows: (cont'd.)

	Salary and other emoluments RM'000	Fees RM'000	Bonus RM'000	Total RM'000
At 31 March 2017				
Executive				
Dato' Mustapha bin Buang	1,481	-	186	1,667
Dr. Yu Tat Loong *	1,246	-	148	1,394
	<u>2,727</u>	<u>-</u>	<u>334</u>	<u>3,061</u>
Non-executive				
Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas *	-	120	-	120
Dato' Mohamed Salleh bin Bajuri	-	48	-	48
Tan Siew Poh	-	48	-	48
Soon Dee Hwee	-	9	-	9
	<u>-</u>	<u>225</u>	<u>-</u>	<u>225</u>
	<u>2,727</u>	<u>225</u>	<u>334</u>	<u>3,286</u>

* The above director's remuneration was paid by subsidiary companies.

The number of directors of the Group and the Company whose total remuneration during the financial year fall within the following bands are analysed below:

	2018	2017
Executive directors:		
RM 750,001 - RM 950,000	1	-
RM1,350,001 - RM1,550,000	-	1
RM1,550,001 - RM1,750,000	-	1
RM1,750,001 - RM1,950,000	1	-
Non-executive directors:		
Below RM50,000	1	3
RM50,001 - RM100,000	2	-
RM100,001 - RM150,000	<u>1</u>	<u>1</u>

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24. FINANCE COSTS

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Hire purchase	42	50	6	9
Bank borrowings	23,515	33,347	2,700	3,894
ICULS	2,328	-	2,328	-
Loan from shareholder	-	174	-	-
Unwinding of discount	1,461	1,019	-	-
	27,346	34,590	5,034	3,903
Less:				
Interest expense capitalised under:				
- Property development costs				
(Note 4(b))	(2,191)	(3,402)	-	-
	25,155	31,188	5,034	3,903

25. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Employee benefits expense (Note 22)	17,272	16,793	2,716	2,587
Non-executive directors' remuneration (Note 23)	301	225	156	105
Auditors' remuneration				
- statutory audit	340	333	60	55
- other services	7	7	7	7
- (over)/under provision in prior year	(1)	28	2	-
Depreciation of property, plant and equipment (Note 3)	2,325	2,353	129	130
Property, plant and equipment written off (Note 3)	-	2	-	-
Provision for liquidated ascertained damages	9,023	-	-	-
Impairment on:				
- investment in subsidiaries (Note 7)	-	-	5,541	33,636
- intangible asset (Note 6)	192	133	-	-
- other receivables (Note 12(b))	-	80	-	-
Rental of land and buildings	853	1,033	-	-

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26. INCOME TAX EXPENSE/(BENEFIT)

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Statement of profit or loss				
Income tax:				
Current year tax expense	10,317	7,266	-	-
(Over)/under provision in prior years	(395)	89	125	(237)
	9,922	7,355	125	(237)
Deferred tax (Note 10):				
Relating to origination and reversal of temporary differences	8,627	(1,068)	(3)	1
Under/(over) provision in prior years	581	(379)	(3)	2
	9,208	(1,447)	(6)	3
Total income tax expense/(benefit)	19,130	5,908	119	(234)

Income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.

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26. INCOME TAX EXPENSE/(BENEFIT) (CONT'D.)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 March 2018 and 2017 are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before tax	63,645	14,693	(4,572)	14,057
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	15,275	3,526	(1,097)	3,374
Income not subject to tax	(2,455)	(105)	(1,965)	(12,511)
Expenses not deductible for tax purposes	7,726	1,920	2,683	8,843
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(93)	(662)	-	-
Deferred tax (assets)/liabilities recognised	(96)	300	-	-
Deferred tax assets not recognised in respect of current year's unutilised tax losses and unabsorbed capital allowances	406	2,343	376	295
Deferred tax assets recognised in respect of current year's unutilised tax losses and unabsorbed capital allowances	(1,819)	(1,124)	-	-
(Over)/under provision of income tax expense in prior years	(395)	89	125	(237)
Under/(over) provision of deferred tax in prior years	581	(379)	(3)	2
Tax expense/(benefit) for the year	19,130	5,908	119	(234)

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27. EARNINGS PER SHARE

(a) Basic

Basic earnings per share ("EPS") amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, before and after mandatory conversion of ICULS, held by the Company.

	2018	Group 2017
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	44,395	8,817
Weighted average number of ordinary shares in issue ('000)	1,017,521	992,564
Assumed full conversion of ICULS ('000)	456,887	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,474,408	992,564
Basic EPS attributable to ordinary equity holders of the Company		
- Before mandatory conversion of ICULS (sen)	4.4	0.9
- After mandatory conversion of ICULS (sen)	3.0	0.9

(b) Diluted

For the purpose of calculating diluted EPS, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the current financial year have been adjusted for the dilutive effects of all potential ordinary shares.

	2018	Group 2017
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	44,395	8,817
Weighted average number of ordinary shares in issue ('000)	1,017,521	992,564
Effects of dilution:		
Assumed full conversion of ICULS ('000)	456,887	-
Assumed exercise of warrants *	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,474,408	992,564
Diluted EPS attributable to ordinary equity holders of the Company after mandatory conversion of ICULS (sen)	3.0	0.9

* The assumed exercise of warrants at average market price in the current financial year would be anti-dilutive in nature. Accordingly, it is disregarded in the computation of the diluted earnings per share.

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28. DIVIDENDS

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

29. OPERATING LEASE COMMITMENTS

(a) Group as lessor

On 15 December 2004, the Group entered into a Lease Agreement (“the Agreement”) with Magnificent Diagraph Sdn. Bhd. (“MDSB”), a company incorporated in Malaysia, for the lease of one long term leasehold land measuring approximately 6.265 acres as described in Note 5.

Amongst the salient terms of the Agreement are as follows:

- (a) the Group agrees to lease the long term leasehold land to MDSB for a period of 30 years commencing within one month from the date at which all conditions precedent in the Agreement have been fulfilled (“the Commencement Date”);
- (b) The lease is provided for the purpose of the erection and construction and subsequent use by MDSB thereon for a hypermarket facility;
- (c) MDSB shall pay to the Group an amount of RM474,846 as deposit;
- (d) The amount of rental payable by MDSB to the Group shall be calculated as follows:
 - (i) RM0.145 per square foot per month during the construction period;
 - (ii) RM0.29 per square foot per month commencing from the day immediately following the expiry of the construction period to the expiry of a period of three years commencing from the Commencement Date; and
 - (iii) Thereafter, at the end of every period of three years each, the first of which shall commence from the Commencement Date, the rental shall be increased at the rate of 7% of the rental of the preceding three years period.
- (e) Notwithstanding anything in the Agreement, MDSB shall be entitled to lawfully terminate the Agreement at any time prior to the expiry of three years each, the first such three years period to commence from the date of the Agreement, without compensation or liability to the Group and the Group shall refund MDSB the deposit as described in item (c) above.

On 8 November 2005, all conditions precedent in the Agreement were fulfilled.

The lease proceeds from operating lease have been charged to financial institution as securities for the facilities granted to the Group, as disclosed in Note 17(b).

In addition to the above, the Group has entered into commercial property leases on its investment properties and plant and equipment. These leases have remaining lease terms of between one to three years with renewal option included in the contracts.

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29. OPERATING LEASE COMMITMENTS (CONT'D.)

(a) Group as lessor (cont'd.)

Future minimum rentals receivable under non-cancellable operating leases that are between one to three years at the reporting date are as follows:

	Group	
	2018 RM'000	2017 RM'000
Not later than 1 year	42,438	40,878
Later than 1 year but not later than 3 years	64,856	13,201
	<u>107,294</u>	<u>54,079</u>

(b) Group as lessee

The Group has entered into commercial leases with third parties for the rental of office and residential premises. The leases have a tenure of one to three years with renewal option included in the contracts.

Minimum lease payments recognised in profit or loss for the financial year ended 31 March 2018 amounted to RM853,000 (2017: RM1,033,000) (Note 25).

Future minimum rentals payable at the reporting date are as follows:

	Group	
	2018 RM'000	2017 RM'000
Not later than 1 year	960	1,121
Later than 1 year but not later than 5 years	581	240
	<u>1,541</u>	<u>1,361</u>

30. CONTINGENT LIABILITIES

Upon adoption of FRS 139, the financial guarantees provided to financiers for related companies are no longer disclosed as contingent liabilities but would instead be recorded as financial liabilities if considered likely to crystallise. The Group has assessed the financial guarantee contracts and concluded that the crystallisation of these guarantees is remote.

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31. SIGNIFICANT AND SUBSEQUENT EVENTS

a) Proposed acquisition of five parcels of leasehold lands

BH Builders Sdn. Bhd. ("BHB"), a wholly-owned subsidiary of the Company had on 25 May 2018 entered into a conditional Sale and Purchase Agreement with Jiwa Murni Sdn. Bhd. ("Vendor") to acquire five parcels of leasehold lands in Mukim Petaling, Daerah Petaling, Selangor measuring approximately 74 acres in total for a total cash consideration of RM300,000,000. The proposed acquisition is subject to the following approvals to be obtained:

- (i) the approval of the shareholders of Asian Pac at an extraordinary general meeting to be convened;
- (ii) the relevant State Consent to transfer the Lands from the Vendor to BHB; and
- (iii) any other relevant authorities/parties, if required.

During the year, the Company deposited RM20,000,000 (Note 12) with a stakeholder lawyer as an earnest deposit for the above acquisition.

(b) Material litigation

On 22 March 2016, Bina Puri Construction Sdn. Bhd. ("BPC") vide its solicitors, Messrs Nobert Yapp & Associates served a Notice of Adjudication pursuant to Section 8 of the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") on Syarikat Kapasi Sdn. Bhd. ("SKSB") (a wholly owned subsidiary of Asian Pac) claiming for a total of RM29,818,685.04 being the value of works certified and its overdue interest, pursuant to the construction contract signed between SKSB and BPC dated 8 February 2012 ("the Contract").

SKSB and BPC had since litigated the matter up until the Court of Appeal.

Prior to the motion for leave to appeal to Federal Court being granted, BPC and SKSB had entered into a settlement arrangement, whereby, the parties had entered into a settlement agreement dated 20 July 2017 for a full and final settlement of all the disputes in respect of the Contract including the outstanding sum under the Contract followed by parties' execution of tripartite agreements with all the Nominated Sub-Contractors respectively to have the matter resolved and closed accordingly.

NOTES TO THE FINANCIAL STATEMENTS

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32. RELATED PARTY DISCLOSURES

(a) Related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group	
	2018 RM'000	2017 RM'000
Rental paid/payable to a company with common director	687	687
Interest on amount due to shareholder	-	174

	Company	
	2017 RM'000	2016 RM'000
Gross dividend income from subsidiaries	6,300	52,000
Management fees charged to subsidiaries	2,079	2,163

The above transactions with related companies were transacted at terms and conditions which were mutually agreed between the parties concerned.

Related companies refer to companies within the Asian Pac Holdings Group.

(b) Compensation by key management personnel

The Company defines key management personnel as its directors whose remunerations are detailed in Note 23.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	2018		2017	
Group	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000

Financial liabilities:

Loans and borrowings
(non-current)

- Islamic financing	225,317	217,621	244,105	236,945
- Obligation under finance leases	439	438	605	604

NOTES TO THE FINANCIAL STATEMENTS

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33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value:

	Note
Trade and other receivables	12
Loans and borrowings (current)	17
Trade and other payables	18

The carrying amounts of trade and other receivables, trade and other payables and floating rate term loans are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Finance lease obligations

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

The fair value of all unexpired financial guarantees issued by the Company were deemed nil and were not recognised as financial liabilities, as based on the current and past repayment trends of the guaranteed parties, the likelihood of the guaranteed party defaulting within the guaranteed period were assessed to be remote (Note 17).

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Fair value hierarchy

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:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets that are recognised in the financial statements on a recurring basis, the Group and the Company determine 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.

External valuers are involved for valuation of significant assets, such as investment properties.

Involvement of external valuers is decided upon annually by the senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Senior management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Senior management, in conjunction with the Group's external valuers, also compare each of the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS

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33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Fair value hierarchy (cont'd.)

As at 31 March 2018 and 31 March 2017, the Group and the Company held the following assets carried at fair value in the statements of financial position:

	2018 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
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Group

Assets measured at fair value

Available-for-sale financial assets:

Quoted shares in Malaysia	4,735	4,735	-	-
Investments in unit trust fund	44,841	44,841	-	-
Investment properties	1,272,764	-	202,990	1,069,774

Company

Assets measured at fair value

Available-for-sale financial assets:

Quoted shares in Malaysia	1,553	1,553	-	-
Investments in unit trust fund	42,272	42,272	-	-

	2017 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
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Group

Assets measured at fair value

Available-for-sale financial assets:

Quoted shares in Malaysia	4,856	4,856	-	-
Quoted shares outside Malaysia	22	22	-	-
Investment properties	1,269,902	-	249,990	1,019,912

Company

Assets measured at fair value

Available-for-sale financial assets:

Quoted shares in Malaysia	1,592	1,592	-	-
Quoted shares outside Malaysia	22	22	-	-

During the financial year ended 31 March 2018, an investment property with carrying value of RM48,600,000 was transferred from Level 2 to Level 3 fair value measurements.

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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, interest rate risk, market price risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is kept to the minimum.

Exposure to credit risk

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.
- Corporate guarantee provided by the Company to banks or financial institutions on subsidiaries' bank loans and borrowings.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 12.

Credit risk concentration profile

The Group and the Company determine concentration of credit risk by monitoring the business segment of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

Group	2018		2017	
	RM'000	% of total	RM'000	% of total
By business segments:				
Property development	997	18.0%	12,677	84.7%
Mall operations	4,547	82.0%	1,477	9.9%
Trading of building materials	-	0.0%	820	5.4%
	5,544	100.0%	14,974	100.0%

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposures to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objectives are to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the reporting date, approximately 24% (2017: 29%) of the Group's loans and borrowings as disclosed in Note 17 will mature in less than one year based on the carrying amount reflected in the financial statements.

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.

2018	On demand or within one year RM'000	More than one year less than five years RM'000	Over five years RM'000	Total RM'000
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Group

Financial liabilities:

Trade and other payables	81,854	19,686	-	101,540
Loans and borrowings	103,255	180,803	155,937	439,995
ICULS	-	11,427	-	11,427
Total undiscounted financial liabilities	185,109	211,916	155,937	552,962

Company

Financial liabilities:

Trade and other payables, excluding financial guarantees	2,863	-	-	2,863
Loans and borrowings	27,081	11,466	-	38,547
ICULS	-	11,427	-	11,427
Total undiscounted financial liabilities*	29,944	22,893	-	52,837

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

2017	On demand or within one year RM'000	More than one year less than five years RM'000	Over five years RM'000	Total RM'000
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Group

Financial liabilities:

Trade and other payables	124,745	27,445	-	152,190
Loans and borrowings	133,799	176,342	183,754	493,895
Total undiscounted financial liabilities	258,544	203,787	183,754	646,085

Company

Financial liabilities:

Trade and other payables, excluding financial guarantees	998	-	-	998
Loans and borrowings	54,018	157	-	54,175
Total undiscounted financial liabilities*	55,016	157	-	55,173

* At the reporting date, the counterparty to the financial guarantees do not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arise primarily from the short term deposits and loans and borrowings.

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Interest rate risk (cont'd.)

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax arising as a result of lower/higher interest income on short term deposits and interest expense on floating rate loans and borrowings would have the following effects:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	(206)	(237)	(9)	(33)

(d) Market price risk

Market price risk is the risk that the fair value of 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 are exposed to equity price risk arising from investment in quoted equity instruments in Malaysia and Singapore. These instruments are classified as available-for-sale financial assets. The Group and the Company do not have exposure to commodity price risk.

The Group's and the Company's exposure to market price risk are minimal as the Group's and the Company's investment in quoted equity instruments are small compared to its total assets.

(e) 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 Company has transactional currency exposure arising from amount due from an associate that is denominated in Indonesian Rupiah. The Company is also exposed to currency translation risk arising from its net investments in foreign operations.

The Company's exposure to foreign currency risk is minimal.

NOTES TO THE FINANCIAL STATEMENTS

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35. 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 to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. No changes were made in the objectives, policies or processes during the years ended 31 March 2018 and 31 March 2017.

The Group's policy is to maintain a sustainable gearing ratio to meet its existing requirements taking into consideration the facilities agreements entered into by the Group. The Group includes within the net debt, loans and borrowings, hire purchase liabilities, trade and other payables, less other investment, short term deposits, cash and cash equivalents. Capital refers to equity attributable to owners.

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Loans and borrowings	17	341,939	382,139	36,581	50,266
Trade and other payables	18	101,540	152,190	2,863	998
Less: Short term deposits	14	(2,509)	(12,800)	-	-
Cash and cash equivalents	14	(53,774)	(60,114)	(13,926)	(7,544)
Net debt		387,196	461,415	25,518	43,720
Equity attributable to the owners of the parent, representing total capital		991,290	860,637	514,015	432,368
Capital and net debt		1,378,486	1,322,052	539,533	476,088
Gearing ratio		28%	35%	5%	9%

NOTES TO THE FINANCIAL STATEMENTS

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36. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has 5 reportable operating segments as follows:

- (a) Investment holding - holding of quoted and unquoted shares for capital investment purposes;
- (b) Property development - development of residential and commercial properties;
- (c) Land and office properties - rental and capital appreciation;
- (d) Car park operations - operation of car park; and
- (e) Mall operations - mall leasing and operation.

Except as indicated above, no operating segments have been aggregated to form the above reportable segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

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36. SEGMENT INFORMATION (CONT'D.)

	----- Property investment -----													
	Investment holding and others		Property development		Land and office properties		Car park operations		Mall operations		Adjustments and eliminations		Note	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:														
External customers	247	3,725	129,540	214,322	1,324	1,291	8,621	6,262	52,339	42,728	-	-	192,071	268,328
Inter-segment	8,379	54,163	-	-	7	7	-	336	20,820	20,820	(29,206)	(75,326)	-	-
Total revenue	8,626	57,888	129,540	214,322	1,331	1,298	8,621	6,598	73,159	63,548	(29,206)	(75,326)	192,071	268,328
Results:														
Interest income	247	131	1,682	1,294	-	-	10	-	41	18	-	-	1,980	1,443
Dividend income	-	9	-	-	-	-	-	-	-	-	-	-	-	9
Depreciation	135	148	1,661	1,740	11	11	59	45	459	409	-	-	2,325	2,353
Other non-cash expenses	-	-	672	588	-	-	-	-	789	433	-	-	1,461	1,021
Impairment of assets	5,557	33,750	192	133	-	-	-	-	-	-	(5,557)	(33,670)	192	213
Segment profit/(loss)	3,110	26,958	11,242	20,449	36,153	8,756	6,039	4,592	15,148	(2,060)	(8,047)	(44,002)	63,645	14,693
Assets and liabilities:														
Additions to non-current assets	5	5	1,039	323	-	-	26	-	2,405	627	-	-	3,475	955
Segment assets	83,285	17,386	199,825	227,628	162,165	160,535	107,251	107,185	1,030,605	1,023,525	61,439	59,703	1,644,570	1,595,962
Segment liabilities	39,476	51,817	134,513	115,881	5,274	8,667	3,670	619	412,725	501,202	57,622	57,259	653,280	735,445

NOTES TO THE FINANCIAL STATEMENTS

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36. SEGMENT INFORMATION (CONT'D.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated upon consolidation.

B Other material non-cash expenses consist of the following items presented in the respective notes to the financial statements:

	Note	2018 RM'000	2017 RM'000
Property, plant and equipment written off	25	-	2
Unwinding of interest	24	1,461	1,019
		<u>1,461</u>	<u>1,021</u>

C Impairment of assets consists of:

	Note	2018 RM'000	2017 RM'000
Impairment on intangible asset	6	192	133
Impairment on other receivables	25	-	80
		<u>192</u>	<u>213</u>

D The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2018 RM'000	2017 RM'000
Land held for property development	53,644	53,644
Investment Properties	4	4
Intangible asset	503	695
Property development costs	5,284	4,890
Inventories for completed properties	2,004	1,177
Accrued income	-	(707)
	<u>61,439</u>	<u>59,703</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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36. SEGMENT INFORMATION (CONT'D.)

Notes **Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd.)**

E The following items are (deducted from)/added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2018 RM'000	2017 RM'000
Accrued cost	-	(708)
Deferred tax liabilities	57,622	57,967
	<u>57,622</u>	<u>57,259</u>

Geographical segments

No geographical segment is prepared as the Group operates only in Malaysia.

37. COMPARATIVES

Certain comparative figures have been reclassified to conform to current financial year's presentation.

LIST OF PROPERTIES HELD

AS AT 31 MARCH 2018

LOCATION	DESCRIPTION	EXISTING USE	TENURE	AGE OF BUILDING	AREA	NET BOOK VALUE RM'000	ACQUISITION/ COMPLETION/ VALUATION DATE
Title No. TL 17533505 Kota Kinabalu, Sabah	KKTS 2 - Mall	Retail Property	Leasehold expires : 31/12/2076	3	711,904 sq. ft.	1,075,104	31/03/2018
HSD 28646, Lot No. PT 4021, Mukim of Semenyih, District of Ulu Langat, Selangor	Land	Investment Property	Freehold	NA	94.06 acres	87,000	13/03/2018
H.S. (D) 157186, PT 23762, Mukim Labu, Daerah Seremban, Negeri Sembilan	Land	Vacant	Leasehold expires : 9/11/2102	N/A	399.84 acres	55,019	23/03/2006
PN 39178, Lot 63579 Mukim of Batu, Wilayah Persekutuan	Land	For Lease	Leasehold expires : 10/01/2087	N/A	6.23 acres	48,600	26/03/2018
PT 298, HS (D) 39196 Mukim Bandar Kundang, Gombak, Selangor	Land	Vacant	Leasehold expires : 24/1/2101	N/A	49.97 acres	24,300	16/03/2018
Title No. TL 17540500 Kota Kinabalu, Sabah	Ground and basement carpark	Carpark operations	Leasehold Expires : 31/12/2080	10	114,039 sq. ft.	24,470	31/03/2018
Country Lease No. 025314096 District of Papar, Sabah	Land	Property under development	Leasehold expires : 28/06/2924	N/A	16.57 acres	26,695	10/09/2015
H.S. (D) 153647, PT 43498 Mukim Sungai Buloh, Petaling, Selangor	Land	Land Held for Development	Leasehold Expires : 29/10/2100	N/A	6.47 acres	25,936	26/03/2013
PN 39177, Lot No. 63582 Mukim of Batu, Wilayah Persekutuan	Land	Property under development	Leasehold expires : 10/01/2087	N/A	3 acres	22,367	11/01/1988
Title No. TL 17528942, Kampung Karamunsing, Kota Kinabalu, Sabah	Ground & Rooftop carpark	Carpark operations	Leasehold expires : 21/01/2901	8	52,433 sq. ft.	11,700	15/03/2018

STATEMENT OF SECURITIES HOLDERS

ORDINARY SHARES AS AT 29 JUNE 2018

Issued and paid-up capital : RM210,395,930.00
 No. of Holders : 15,542
 Voting Rights : One vote per share

DISTRIBUTION OF SHAREHOLDERS/DEPOSITORS

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
1 – 99	219	1.409	4,376	0.000
100 – 1,000	3,313	21.316	3,162,740	0.305
1,001 – 10,000	7,862	50.585	37,465,530	3.622
10,001 – 100,000	3,365	21.651	128,021,542	12.378
100,001 – 51,711,179	782	5.031	809,569,422	78.277
51,711,180 and above	1	0.006	56,000,000	5.414
Total	15,542	100.000	1,034,223,610	100.000

LIST OF THIRTY LARGEST SHAREHOLDERS/DEPOSITORS

	Name	No. of Shares Held	% of Issued Capital
1	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mah Sau Cheong</i>	56,000,000	5.414
2	South Malaysia Industries Berhad	48,344,000	4.674
3	Mah Sau Cheong	47,204,869	4.564
4	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Southern Corporation (Nibong Tebal) Sdn Bhd for Mah Sau Cheong</i>	40,813,800	3.946
5	Dato' Mustapha Bin Buang	29,724,485	2.874
6	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mah Sau Cheong</i>	23,550,000	2.277
7	Bandar Sri Tujuh Sdn Bhd	21,445,000	2.073
8	Puncak Darul Naim Sdn Bhd	17,767,100	1.717
9	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Koh Boon Poh</i>	15,000,000	1.450
10	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mah Sau Cheong</i>	13,500,000	1.305
11	UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Exempt An For UOB Kay Hian Pte Ltd</i>	12,434,416	1.202
12	Seraya Kota Sdn Bhd	9,973,400	0.964
13	Chin Khee Kong & Sons Sendirian Berhad	9,186,800	0.888
14	Wee Jui Jong	9,150,000	0.884
15	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An for OCBC Securities Private Limited</i>	8,862,299	0.856
16	RHB Nominees (Tempatan) Sdn Bhd <i>OSK Trustees Berhad for The Divine Vision Trust</i>	7,526,500	0.727

STATEMENT OF SECURITIES HOLDERS

(CONT'D)

	Name	No. of Shares Held	% of Issued Capital
17	Affin Hwang Nominees (Asing) Sdn Bhd <i>DBS Vickers Secs (S) Pte Ltd for Rubicon Nominees Pty Ltd</i>	6,016,000	0.581
18	Amsec Nominees (Tempatan) Sdn Bhd <i>Ambank (M) Berhad for Sri Badas Sdn Bhd</i>	5,785,000	0.559
19	Taman Bunga Merlimau Sdn Bhd	5,782,000	0.559
20	ABB Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account for Puncak Darul Naim Sdn Bhd</i>	5,600,000	0.541
21	Puncak Darul Naim Sdn Bhd	5,412,575	0.523
22	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Phung Tze Thiam @ John Phung</i>	5,382,000	0.520
23	Chin Lai Kuen	5,260,000	0.508
24	Amsec Nominees (Tempatan) Sdn Bhd <i>Ambank (M) Berhad for Hon Chung Lip</i>	5,043,000	0.487
25	MP Factors Sdn Bhd	5,040,000	0.487
26	Mah Wee Hian @ Mah Siew Kung	5,013,300	0.484
27	Raja Aznin bin Raja Ahmad	5,001,500	0.483
28	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Rozanita binti Zainal Abidin</i>	5,000,000	0.483
29	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Koh Chin Liang</i>	5,000,000	0.483
30	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mah Wee Hian @ Mah Siew Kung</i>	4,975,100	0.481
		444,793,144	43.007

SUBSTANTIAL SHAREHOLDERS

AS PER REGISTER OF SUBSTANTIAL SHAREHOLDER

	Direct	No. of Shares Held %	Indirect	%
Mah Sau Cheong	182,068,669	17.60	*5,260,000	0.51

DIRECTORS' INTEREST IN SHARES

	Direct	No. of Shares Held %	Indirect	%
Tan Sri Dato' Seri Hj Megat Najmuddin bin Datuk Seri Dr Hj Megat Khas	194,800	0.02	-	-
Dato' Mustapha Bin Buang	32,850,985	3.18	*800,000	0.08
Tan Siew Poh	2,188	Negligible	-	-
Soon Dee Hwee	-	-	-	-
Dr Yu Tat Loong	-	-	-	-

Note:

* Deemed interest by virtue of his spouse.

STATEMENT OF SECURITIES HOLDERS

(CONT'D)

5-YEAR 3% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") AS AT 29 JUNE 2018

ICULS issued : RM99,256,461
 Issue Date : 26 May 2017
 Maturity Date : 25 May 2022
 Conversion Period : 26 May 2017 – 25 May 2022
 Conversion Price : RM1.00 (where 1 ICULS will be converted into 5 new Ordinary shares)
 No. of Holders : 830
 Conversion Rights : Each ICULS holder has the rights to convert ICULS held into new Ordinary Shares of the Company at the Conversion Price during the Conversion Period

DISTRIBUTION OF ICULS HOLDERS

Size of Holdings	No. of ICULS Holders	% of ICULS Holders	No. of ICULS Held	% of ICULS Held
1 – 99	2	0.240	100	0.000
100 – 1,000	317	38.192	165,340	0.181
1,001 – 10,000	308	37.108	1,340,758	1.474
10,001 – 100,000	149	17.951	5,069,860	5.575
100,001 – 4,546,232	50	6.024	20,713,792	22.781
4,546,233 and above	4	0.481	63,634,811	69.986
Total	830	100.000	90,924,661	100.000

LIST OF THIRTY LARGEST ICULS HOLDERS

Name	No. of ICULS Held	% of ICULS Held
1 Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Southern Corporation (Nibong Tebal) Sdn Bhd for Mau Sau Cheong</i>	25,912,394	28.498
2 Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mah Sau Cheong</i>	18,984,274	20.879
3 Mah Sau Cheong	13,903,743	15.291
4 South Malaysia Industries Berhad	4,834,400	5.316
5 Puncak Darul Naim Sdn Bhd	2,950,200	3.244
6 Seraya Kota Sdn Bhd	2,276,500	2.503
7 Bandar Sri Tujuh Sdn Bhd	2,144,500	2.358
8 Chin Khee Kong & Sons Sendirian Berhad	765,000	0.841
9 Teoh Chooi Guat	734,100	0.807
10 Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mah Wee Hian @ Mah Siew Kung</i>	700,500	0.770
11 Goh Thong Beng	680,000	0.747
12 Chin Kiam Hsung	634,500	0.697
13 Ong Ah Choon @ Ong Kai Choon	580,700	0.638
14 RHB Nominees (Tempatan) Sdn Bhd <i>OSK Trustees Berhad for the Divine Vision Trust</i>	481,170	0.529

STATEMENT OF SECURITIES HOLDERS

(CONT'D)

	Name	No. of ICULS Held	% of ICULS Held
15	Che Norsiah Binti Mohd Shariff	463,980	0.510
16	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yeong Sin Khong</i>	451,290	0.496
17	UOB Kay Hian Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teo Kwee Hock</i>	389,000	0.427
18	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chin Kiam Hsung</i>	377,570	0.415
19	Chin Sin Lin	374,000	0.411
20	Chin Kian Fong	345,500	0.379
21	Puncak Darul Naim Sdn Bhd	345,062	0.379
22	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chin Kiam Hsung</i>	339,990	0.373
23	Zubaidah Binti Bunyamin	330,390	0.363
24	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Dato' Mustapha Bin Buang</i>	312,650	0.343
25	Indar Kaur A/P Dan Singh	300,000	0.329
26	UOB Kay Hian Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ser Yu Beng</i>	295,000	0.324
27	Tan Yee Ming	260,000	0.285
28	Tan Ah Moi	258,000	0.283
29	Addeen Business Corporation Sdn Bhd	250,000	0.274
30	Lim Hock Chuan	243,950	0.268
		80,918,363	88.994

DIRECTORS' INTEREST IN ICULS

	Direct	No. of ICULS Held %	Indirect	%
Tan Sri Dato' Seri Hj Megat Najmuddin bin				
Datuk Seri Dr Hj Megat Khas	20,000	0.02	-	-
Dato' Mustapha Bin Buang	313,650	0.34	*1,000	negligible
Tan Siew Poh	1,000	Negligible	-	-
Soon Dee Hwee	-	-	-	-
Dr Yu Tat Loong	-	-	-	-

Note:

* Deemed interest by virtue of his spouse.

STATEMENT OF SECURITIES HOLDERS

(CONT'D)

WARRANTS AS AT 29 JUNE 2018

Warrants Issued	: 198,512,922
Issue Date	: 26 May 2017
Maturity Date	: 25 May 2022
Exercise Period	: 26 May 2017 – 25 May 2022
Exercise Price	: RM0.25
No. of Holders	: 842
Exercise Rights	: Each warrant holder entitles to subscribe for 1 new ordinary share in the Company at the Exercise Price during the Exercise Period

DISTRIBUTION OF WARRANTS HOLDERS

Size of Holdings	No. of Warrants Holders	% of Warrants Holders	No. of Warrants Held	% of Warrants Held
1 – 99	1	0.118	80	0.000
100 – 1,000	194	23.040	86,880	0.043
1,001 – 10,000	345	40.973	1,582,936	0.797
10,001 – 100,000	220	26.128	8,904,020	4.485
100,001 – 9,925,645	81	9.619	70,338,184	35.432
9,925,646 and above	1	0.118	117,600,822	59.240
Total	842	100.000	198,512,922	100.000

LIST OF THIRTY LARGEST WARRANTS HOLDERS

Name	No. of Warrants Held	% of Warrants Held
1 Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mah Sau Cheong</i>	117,600,822	59.240
2 South Malaysia Industries Berhad	9,668,800	4.870
3 Puncak Darul Naim Sdn Bhd	5,900,400	2.972
4 Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Koh Boon Poh</i>	5,839,400	2.941
5 Seraya Kota Sdn Bhd	4,553,000	2.293
6 Bandar Sri Tujuh Sdn Bhd	4,289,000	2.160
7 Wee Jui Jong	3,660,000	1.843
8 CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Teh Swee Heng</i>	3,248,200	1.636
9 Chin Khee Kong & Sons Sendirian Berhad	1,530,000	0.770
10 Teh Chooi Guat	1,468,200	0.739
11 Lee Sing Gee	1,400,000	0.705
12 Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mah Wee Hian @ Mah Siew Kung</i>	1,341,500	0.675
13 Goh Thong Beng	1,324,900	0.667

STATEMENT OF SECURITIES HOLDERS

(CONT'D)

	Name	No. of Warrants Held	% of Warrants Held
14	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chee Peng Wai</i>	1,160,000	0.584
15	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Julian Cheah Wai Meng</i>	1,080,000	0.544
16	UOB Kay Hian Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ser Yu Beng</i>	1,060,000	0.533
17	RHB Nominees (Tempatan) Sdn Bhd <i>OSK Trustees Berhad for The Divine Vision Trust</i>	962,340	0.484
18	Che Norsiah Binti Mohd Shariff	927,960	0.467
19	Lee Yen Lang	910,700	0.458
20	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yeong Sin Khong</i>	902,580	0.454
21	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chin Kiam Hsung</i>	755,140	0.380
22	Chin Sin Lin	748,000	0.376
23	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Yen Lang</i>	742,800	0.374
24	Chin Kian Fong	725,000	0.365
25	Puncak Darul Naim Sdn Bhd	690,124	0.347
26	Zubaidah Binti Bunyamin	660,780	0.332
27	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Dato' Mustapha Bin Buang</i>	625,300	0.314
28	Jenny Wong	540,000	0.272
29	HLIB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Boon Kim Yu</i>	536,700	0.270
30	Tan Yee Ming	520,000	0.261
		175,371,646	88.342

DIRECTORS' INTEREST IN WARRANTS

	No. of Warrants Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri Hj Megat Najmuddin bin Datuk Seri Dr Hj Megat Khas	40,000	0.02	-	-
Dato' Mustapha Bin Buang	627,300	0.32	*2,000	negligible
Tan Siew Poh	2,000	Negligible	-	-
Soon Dee Hwee	-	-	-	-
Dr Yu Tat Loong	-	-	-	-

Note:

* Deemed interest by virtue of his spouse.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the One-Hundredth Annual General Meeting of the Company will be held at Banyan Room, Level G, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Friday, 21 September 2018 at 10.00 a.m. to transact the following business:-

AGENDA

ORDINARY BUSINESS

- | | | |
|----|--|-----------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2018 and the Reports of the Directors and Auditors. | (Please refer Explanatory Note 3) |
| 2. | To re-elect Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas as Director of the Company who retire by rotation and being eligible offers himself for re-election in accordance with Article 115 of the Company's Articles of Association. | Resolution 1 |
| 3. | To re-elect Dato' Mustapha Bin Buang as Director of the Company who retire by rotation and being eligible offers himself for re-election in accordance with Article 115 of the Company's Articles of Association. | Resolution 2 |
| 4. | To re-appoint Messrs Ernst & Young as the Company's Auditors to hold office for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 3 |

SPECIAL BUSINESS

- | | | |
|-----|--|--------------|
| 5. | To consider and, if thought fit, pass the following ordinary resolutions with or without modifications as:- | |
| (a) | Authority to 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 approval of the relevant authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit PROVIDED that the aggregate number of shares to be issued for such person or persons whomever does not exceed 10% of the total issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company. | Resolution 4 |
| (b) | Directors' Fees in respect of financial year ending 31 March 2019
To approve the Directors' Fees up to RM309,000.00 payable to the Non-Executive Directors of the Company and subsidiary for the financial year ending 31 March 2019. | Resolution 5 |
| (c) | Directors' benefits to Non-Executive Directors
To approve the payment of Directors' benefits up to an amount of RM20,000.00 from 6 September 2018 until the next annual general meeting of the Company. | Resolution 6 |

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

(d) Retention as Independent Non-Executive Director

Resolution 7

THAT subject to the passing of Resolution 1, authority be and is hereby given to Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company.

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

By Order of the Board
Chan Yoon Mun (MAICSA 0927219)
Ooi Mei Ying (MAICSA 7051036)
Secretaries

Kuala Lumpur
31 July 2018

Notes:

1) Members Entitled To Attend

In respect of deposited securities, only members whose names appear in the Record of Depositors on 12 September 2018 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 100th Annual General Meeting ("AGM") or appoint proxy/proxies to attend and/or vote on his behalf.

2) Appointment of Proxy

- (a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies (but not more than two [2] proxies) to attend and vote in his stead. A proxy may but need not be a member of the Company
- (b) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (c) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (d) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- (e) An instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or by his/her attorney and in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorised.
- (f) An instrument appointing a proxy must be deposited at the Registered Office of the Company at 12th Floor, Menara SMI, No. 6, Lorong P. Ramlee, 50250 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

3) Explanatory Notes on Ordinary Business

Item 1 of the Agenda – To receive the Audited Financial Statements for the financial year ended 31 March 2018

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item will not put forward for voting.

4) Explanatory Notes on Special Business:-

(a) Resolution 4 - Authority to issue shares pursuant to Sections 75 & 76 of the Companies Act, 2016

The proposed Resolution 4, if passed, will empower the Directors of the Company, from the date of the above AGM, to issue a maximum not up to ten percent (10%) of the issued and paid-up capital of the Company for the time being for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

The proposed Resolution 4 is a renewal of general mandate that has been sought in the preceding year. There were no proceeds raised from the previous mandate given to the Directors at the last AGM held on 6 September 2017.

The general mandate 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.

(b) Resolutions 5 and 6 - Directors' Fees and benefits to Non-Executive Directors

Section 230(1) of the Companies Act 2016, provides amongst others, that the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board wishes to seek shareholders' approval for the following payments to Directors at the 100th AGM in two (2) separate resolutions as below:

Resolution 5 on payment of Directors' Fees of RM309,000.00 for the financial year ending 31 March 2019; and

Resolution 6 on payment of Directors' benefits of up to RM20,000.00 to Non-Executive Directors for the period from 6 September 2018 until the next AGM of the Company.

Payment of Directors' fees and benefits will be made by the Company on a monthly basis and as and when incurred if the proposed Resolutions 5 and 6 are passed at the 100th AGM. The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid the Directors' Fees and benefits on a monthly basis and as and when incurred, particularly after they have discharge their responsibilities and rendered their services to the Company.

The proposed Resolutions 5 and 6 are calculated based on the current Board size including 1 proposed Director and the number of scheduled Board and Committee meetings for financial year ending 31 March 2019 up to the next AGM. In the event the proposed amounts are insufficient (e.g. due to more meetings), approval will be sought at the next AGM for the shortfall.

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

(c) Resolution 7 – Proposed Retention of Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas as Independent Non-Executive Director

The Nomination Committee ("NC") of the Company had assessed the independence of Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas who had served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and with his consent, whilst believing that he can continue to bring independent and objective judgement to the Board/Committees' deliberations, had recommended Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas to continue to act as Independent Non-Executive Director of the Company based on the following jurisdictions:

- i) He fulfilled the criteria under the definition of independent director as stated in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- ii) He had devoted sufficient time and exercised due care during the tenure as Independent Director;
- iii) He had discharged his professional duties in good faith and also in the best interest of the Company and shareholders; and
- iv) He had vigilantly safeguarded the interest of the minority shareholders of the Company.

The Board endorsed the NC's recommendation and would like to seek approval from the shareholders to retain Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas as Independent Non-Executive Director of the Company.

STATEMENT ACCOMPANYING

NOTICE OF 100TH ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD)

The profiles of the Directors who are standing for re-election and re-appointment as per Agenda 2, 3, and 5(d) of the Notice of 100th AGM respectively are as follows:

	Resolutions 1 & 7	Resolution 2
Name:	Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas	Dato' Mustapha Bin Buang
Designation:	Independent Non-Executive Director	Managing Director
Nationality/Age:	Malaysian/74	Malaysian/70
Date of Appointment:	19 October 1994	14 October 1994
Academic Qualification:	University of Singapore – Honours Degree in Law	University Malaya - Degree in Economics
Present Directorships:	Listed Entities: SEG International Bhd Other public company: Federation of Public Listed Companies Berhad	Nil
Present Appointment(s):	- Honorary Patron, Malaysian Institute of Corporate Governance - Trustee, Tan Sri Muhyiddin Charity Golf Foundation - Trustee, Mykasih (Charity) Foundation - Trustee, Vijayaratnam Foundation - Trustee, Quest International University Perak	- Board of Trustee of Tan Sri Muhyiddin Charity Golf Foundation - Board of Trustee of Yayasan Nurul Yaqeen
Past Directorship and/or Appointment:	- Corporate Debt Restructuring Committee (CDRC) of Bank Negara - National Economic Consultative Council 2 (NECC 2) - Capital Market Strategic Committee of Securities Commission - Partner, Megat Najmuddin Leong & Co (1972 – 1986) - State Assemblyman of Kelana Jaya, Selangor (1986-1990 and 1990-1995) - Century Bond Berhad (2000-2006) - Seal Incorporated Berhad (2001-2003) - Dialog Group Berhad (2002-2010) - Salcon Berhad (2003-2010) - Chairman, Tradewinds Corporation Berhad (2002-2015) - Petroliaam Nasional Berhad (2010 -2017) - Chairman, Omesti Berhad (2002-2017) - Chairman, MajuPerak Holdings Berhad (2006-2018)	Deputy President, Tan Sri Muhyiddin Charity Golf Foundation (2006-2013)
Director's Interest	194,800 ordinary shares in Asian Pac Holdings Berhad	32,850,985 ordinary shares in Asian Pac Holdings Berhad

Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which both of them have personal interest. They do not have any convictions for offences within the past five (5) years

PROXY FORM

100TH ANNUAL GENERAL MEETING



ASIAN PAC HOLDINGS BERHAD (129-T)

(Incorporated in Malaysia)

Registered Office:

12th Floor, Menara SMI, No. 6, Lorong P. Ramlee,
50250 Kuala Lumpur.

Tel: 03-2786 3388 Fax: 03-2786 3386

Number of shares held	
CDS Account No.	

I/We (Full Name) _____ (NRIC No./ Co. No. _____)

Tel No/Mobile No. _____ of _____

_____ being a member/members of ASIAN PAC HOLDINGS BERHAD (Co. No. 129-T) do hereby appoint :-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of Shares:	%

and / or failing him/her

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of Shares:	%

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the One-Hundredth Annual General Meeting of the Company to be held at Banyan Room, Level G, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Friday, 21 September 2018 at 10.00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/their discretion.

NO.	RESOLUTIONS	FOR	AGAINST
1	To re-elect Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas as Director of the Company		
2	To re-elect Dato' Mustapha Bin Buang as Director		
3	To re-appoint Messrs. Ernst & Young as Auditors		
4	To authorise Directors to issue shares pursuant to S75 and 76 of the Companies Act 2016		
5	To approve the payment of Directors' Fees for financial year ending 31 March 2019		
6	To approve the payment of Directors' benefits		
7	To retain Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas as Independent Non-Executive Director		

Signed this _____ day of _____ 2018

Signature of Member

Notes:

1. Members Entitled To Attend

In respect of deposited securities, only members whose names appear in the Record of Depositors on 12 September 2018 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 100th AGM or appoint proxy/proxies to attend and/or vote on his behalf.

2. Appointment of Proxy

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies (but not more than two [2] proxies) to attend and vote in his stead. A proxy may or need not be a member of the Company.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) 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 is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- An instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or by his/her attorney and in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorised.
- An instrument appointing a proxy must be deposited at the Registered Office of the Company at 12th Floor, Menara SMI, No. 6, Lorong P. Ramlee, 50250 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

ASIAN PAC HOLDINGS BERHAD

(Company No. 129-T)

12th Floor, Menara SMI,
No. 6, Lorong P. Ramlee,
50250 Kuala Lumpur.

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