6.1 Rationale for the Proposed Acquisition

We have taken note of the following as extracted from Section 4.1, Part A of the Circular:

Our observations are as follows:

We note that the Proposed Acquisition will enable the Group to strengthen its earnings base and enhance its cash flow arising from the sales of the serviced apartments held by IHP. Upon completion of the Proposed Acquisition, IHP will become a 56.50%-owned subsidiary of the Group. Any revenue, profits and cash flows generated from the sales of these serviced apartment units will be consolidated to the Group's earnings and can be used to fund its other property development projects.

We also note that the Proposed Acquisition will allow the Group to consolidate the assets of IHP in the Group's statement of financial position and expand its landbanks for future property development projects, namely Plots A, B and C of the KWRC Land.

The Proposed Acquisition also represents a strategic opportunity for the Group to increase its participation share in the future development of the KWRC Land in view of the potential development of Plots A, B and C of the KWRC Land in view of its strategic location which is located within the future Kuantan Waterfront Resort City project, near the Kuantan city centre and with a beach frontage. However, we further note that Plots A, B and C are presently vacant. Majlis Perbandaran Kuantan had granted conditional approval for the building plans for the development of a commercial area in 18 January 2018. This approval has since lapsed as IHP had subsequently decided that the development of serviced apartments with a retail podium would enable IHP to generate a higher potential return from this parcel of land. As of the date of Valuation Report 1, being 14 October 2020, no new planning submission has been made to the authority for the development of Plots A, B and C.

We note that the settlement for the Purchase Consideration will mainly be via issuance of Consideration Shares and a minor portion to be paid via cash. This will allow the Group to conserve its cash as well as put the Group on a stronger financial footing to facilitate its existing property development and construction projects and day-to-day working capital. Further to that, this will also prevent the Group from becoming highly geared as it will not be taking up additional debt to finance the Proposed Acquisition.

In evaluating the rationale for the Proposed Acquisition, we have taken into consideration that the Proposed Acquisition is in line with Bina Puri Group's business direction i.e. with the focus on construction and property development *(Source: Bina Puri's Annual Report for the FYE 30 June 2020)* and will enable the Group to expand its core business in property development. The KWRC Land is also expected to complement with the hospitality division of Bina Puri as it is promoted as the new integrated resort of leisure and entertainment destination with seafront/waterfront living concept. The concept of the KWRC Land development will be focusing on tourism attractions and facilities, hotel and resort, business and commercial, medical and wellness centre and cruise terminal, all of which concentrates on providing facilities and services for tourists, visitors and public.

We note that the construction sector is expected to rebound by 13.9% in 2021 on account of the acceleration and revival of major infrastructure projects, coupled with affordable housing projects. The residential subsector is anticipated to improve, supported by various measures taken by the Government to address the property overhang situation. Among the measures include the extension of Home Ownership Campaign (HOC), exemption of real property gains tax (RPGT), the introduction of rent-to-own (RTO) scheme as well as reduction of foreign ownership threshold. The performance of the non-residential subsector is expected to recover marginally, supported by on-going commercial projects, including Bukit Bintang City Centre, Cyberjaya City Centre, Forest City and Malaysia Vision Valley 2.0. *(Source: Macroeconomic Outlook, Economic Outlook 2021, Ministry of Finance Malaysia)*. In view of the positive outlook of construction sector as well as the residential and non-residential subsectors, we are of the opinion that the Proposed Acquisition will provide value creation to Bina Puri Group moving forward.

In addition, based on our observation, since the completion of Imperium Residence (Block A) and Swiss-Bel Hotel (Block B) on 19 February 2020 and 16 October 2019 respectively up to the LPD, of the total of 714 units, 613 units or 85.85% of the serviced apartments that are available for sale were sold. This indicates that despite the ongoing COVID-19 pandemic, the demand for serviced apartments were not materially affected. In view of the foregoing, the Proposed Acquisition is expected to improve the Group's revenue and cash flows from the sale of the remaining Serviced Apartment units.

Premised on the above, we are of the opinion that the rationale for the Proposed Acquisition is reasonable and not detrimental to the non-interested shareholders of Bina Puri. Nevertheless, shareholders of Bina Puri should note that the potential benefits arising from the Proposed Acquisition is subject to certain risk factors as disclosed in Section 6.7 of this IAL.

6.2 Evaluation of the Purchase Consideration

As stated in Section 2.3, Part A of the Circular, we note that the Purchase Consideration was arrived between the parties on a willing-buyer willing-seller basis and after taking into consideration, among others, the adjusted NA of IHP Group as at 31 December 2019. Details are as follows:

	(RM'000)
Audited consolidated NA of IHP Group as at 31 December 2019	12,168
Add: Revaluation surplus[1]	63,642
Less: Deferred taxation arising from the revaluation[2]	(15,274)
Adjusted consolidated NA of IHP Group	**60,536**
Adjusted consolidated NA of IHP Group – 44.50%	**26,938**

Notes:

(1) *In conjunction with the Proposed Acquisition, the Company had appointed the Valuers to undertake a valuation exercise on the IHP Properties. The revaluation surplus was derived from a valuation exercise conducted by the Valuers for the purposes of the Proposed Acquisition and will not be incorporated into the audited financial statements of IHP.*

The revaluation surplus of the IHP Properties is calculated as follows:

IHP Properties	*Market value (RM'000)*	*Audited NBV (RM'000)*	*Valuation surplus (RM'000)*
Properties held by IHP			
- *Commercial Lots*	*15,000*	*5,957*	*9,043*
- *Casa Mila Club House*	*4,500*	*1,096*	*3,404*
- *Casa Venicia Club House*	*5,000*	*1,909*	*3,091*
- *2 adjoining units of 2 ½ storey shop offices*	*1,900*	*355*	*1,545*
- *A residential unit within shop offices*	*110*	*64*	*46*
			17,129
Properties held by IHD			
- *Serviced Apartments*	*65,300*	*34,260*	*31,040*
- *Undeveloped portions of the KWRC Land*	*37,700*	*2,293*	*35,407*
			66,447
Less: 30% interest held by minority interests			*(19,934)*
			46,513
Total			***63,642***

(2) *Based on the corporate income tax rate of 24%.*

We are of the view that the method of adjustments used in the aforementioned calculation is a common industry practice in deriving the adjusted consolidated NA.

We note that as at the LPD, there remains 101 units of serviced apartments available for sale. However, this is not expected to impact the Purchase Consideration as the adjusted consolidated NA of IHP assumes the serviced apartments are able to be sold at their fair market values and the proceeds from any such sale will be recognised in the NA of IHP. We also note that the Purchase Consideration is based on, among others, 120 units of serviced apartments. From the date of valuation up to the LPD, IHP had entered into agreements with third-party buyers for the sale of 32 units of serviced apartments, of which 13 were subsequently terminated or cancelled. We are of the view that the Purchase Consideration remains fair and reasonable in view that Bina Puri will still be able to consolidate the revenue and earning derived from the sale of services apartment by IHP in the Group's audited financial statements upon completion of the Proposed Acquisition.

In evaluating the fairness of the Purchase Consideration for the Proposed Acquisition, we have taken into consideration the following:

(i) Valuation of KWRC Land, which consist of the following:

- 120 units of serviced apartments together with 6 units of terraces, 82 units of air-conditioner ledges and 221 car park bays as accessory parcels/Imperium Residence (Block A), Swiss-Bel Hotel (Block B)/Kuantan Waterfront Resort City, Jalan Tanjung Lumpur 1, 26060 Kuantan, Pahang Darul Makmur (**"Serviced Apartments"**);

- 5 units of commercial lots together with 9 units of terraces/foyers and 36 car park bays as accessory parcels located within Podium Block/Imperium Residence (Block A), Swiss-Bel Hotel (Block B)/Kuantan Waterfront Resort City, Jalan Tanjung Lumpur 1, 26060 Kuantan, Pahang Darul Makmur (**"Commercial Lots"**); and

- Lot 159850 and Lot 159851/Kuantan Waterfront Resort City, Jalan Tanjung Lumpur 1, 26060 Kuantan, Pahang Darul Makmur (**"Lots 159850 and 159851"**); and

(ii) Valuation of Other Properties (as defined herein), which consist of the following:

- Lot No 52186 and Lot No. 52187/Unit No. 1 & 2, Jalan Bukit Idaman 8/1, Taman Bukit Idaman, 68100 Batu Caves, Selangor Darul Ehsan (**"2 adjoining units of 2 ½ storey shop offices"**);

- Lot No. 52185/Unit No. 3A, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Batu Caves, Selangor Darul Ehsan (**"A residential unit within shop offices"**);

- Lot No. 60291/Casa Mila Club House, Jalan Bukit Idaman 3/1, Taman Bukit Idaman, 68100 Batu Caves, Selangor Darul Ehsan (**"Casa Mila Club House"**); and

- Lot No. 60292/Casa Venicia Club House, Jalan Bukit Idaman 3/1, Taman Bukit Idaman, 68100 Batu Caves, Selangor Darul Ehsan (**"Casa Venicia Club House"**)

(collectively referred to as the **"Other Properties"**).

The details of the valuation of the KWRC Land and the Other Properties are as set out below:

	Section reference in this IAL
Overview of the valuation methods used by the Valuers	Section 6.2.1
Valuation of the KWRC Land	Section 6.2.2
Valuation of the Other Properties	Section 6.2.3

6.2.1 Overview of the valuation methods used by the Valuers

Bina Puri had appointed 2 independent valuers, namely Cheston and Irhamy, to appraise the market value of the KWRC Land and the Other Properties respectively for the purpose of the Proposed Acquisition. The Valuation Certificate 1 and Valuation Certificate 2 for the KWRC Land and Other Properties respectively are annexed as **Appendix IV** of the Circular.

A summary table of the methods adopted by the Cheston and Irhamy to arrive at the market value of the KWRC Land and the Other Properties respectively are set out below:

IHP Properties	Valuation Method	Cross check method	Appendix Reference in the Circular
KWRC Land			
(a) Buildings			
- Serviced Apartments	Market/Comparison approach	-	Appendix IV
- Commercial Lots	Market/Comparison approach	Income approach by investment method	Appendix IV
(b) Lots 159850 and 159851	Market/Comparison approach	-	Appendix IV
Other Properties			
(c) 2 adjoining units of 2 ½ storey shop offices	Comparison method	-	Appendix IV
(d) A residential unit within shop offices	Comparison method	-	Appendix IV
(e) Casa Mila Club House	Comparison method (Land) Depreciated Replacement Cost method (Building)	-	Appendix IV

IHP Properties	Valuation Method	Cross check method	Appendix Reference in the Circular
(f) Casa Venicia Club House	Comparison method (Land) Depreciated Replacement Cost method (Building)	-	Appendix IV

We have reviewed and are satisfied with the bases, assumptions and valuation methodology applied by Cheston and Irhamy for the appraisal of the market value of the KWRC Land and Other Properties, respectively. We are of the view that the adoption of abovementioned valuation methods are reasonable, appropriately applied and are consistent with the generally applied valuation methodologies for property in conformity with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents, and Property Managers Malaysia.

Kindly refer to the Valuation Certificate 1 and Valuation Certificate 2 prepared by Cheston and Irhamy respectively as set out in **Appendix IV** of the Circular for further details.

6.2.2 Valuation of the KWRC Land

The KWRC Land is a parcel of 13 acres of leasehold land which have subdivided as follows:

- Lot 159850 ("**Plot A**");
- Lot 159851 ("**Plots B & C**");
- Lot 159852 ("**Plot D**"); and
- sewerage treatment plant reserve.

Plots A, B and C are vacant while Plot D has been developed into 2 blocks of 23-storey serviced apartment towers on top of a 6-storey podium block with 5 units of commercial lots together with car park bays.

Based on IHP Group's audited financial statements for the FYE 31 December 2019 and the Valuation Report 1, the estimated valuation of the KWRC Land is as below:

	Market Value RM'000	Audited NBV RM'000	Valuation Surplus RM'000	Section reference in this IAL
Serviced Apartments	65,300	34,260	31,040	Section 6.2.2.1
Commercial Lots	15,000	5,957	9,043	Section 6.2.2.1
Lots 159850 and 159851	37,700	2,293	35,407	Section 6.2.2.2
Total value of the KWRC Land	**118,000**	**42,510**	**75,490**	

Kindly refer to the Valuation Certificate 1 annexed in the Circular as **Appendix IV** for further details on the above.

6.2.2.1 Valuation of the Serviced Apartments and Commercial Lots

(i) Serviced Apartments

We note that Cheston has adopted the Market/Comparison approach as the primary and sole valuation methodology for the Serviced Apartments as this method is widely adopted in the industry for homogeneous properties with minimal dissimilarities which require less complicated adjustments. There are also sufficient sale evidences of existing similar types of serviced apartments in the locality.

The other valuation methodologies are deemed unsuitable due to the following reasons:

(a) Income approach by Investment method of valuation is suitable for income generating commercial/investment properties especially for those properties held as investment properties subject to leases or tenancy agreements with proper term, rental rates and other conditions agreed by the parties. In the case of limited tenancies and absence of reliable tenancy agreements and rental evidences of rental comparables, the Income approach by Investment method will not provide an accurate market value.

(b) The Cost approach is derived from the market value of the land and depreciated replacement cost of the building. The depreciated replacement cost is based on cost which does not reflect the market forces on the demand and supply and often does not reflect the highest and best value of the Serviced Apartments.

Premised to the above, we are of the view that the Market/Comparison approach adopted by Cheston on the Serviced Apartments is the most appropriate and fair valuation methodologies given that there are recent sale evidences of comparables in the neighbourhood. We have also reviewed and are satisfied with the bases and assumptions used by Cheston to derive at the market value under the Market/Comparison approach.

A summary of similar transactions adopted in the Market/Comparison approach in assessing the market value of 1 unit of serviced apartment as set out in the table below:

Description	Subject Property	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Location	Kuantan, Pahang	Kuantan, Pahang	Kuantan, Pahang	Kuantan, Pahang	Kuantan, Pahang	Kuantan, Pahang	Kuantan, Pahang
Date of transaction	30 September 2020 (being date of valuation)	12 July 2019	23 July 2019	16 August 2019	5 July 2019	1 July 2019	21 May 2018
Consideration	Not applicable ("N/A")	RM760,800	RM400,900	RM775,000	RM500,000	RM325,000	RM400,000
Tenure	Leasehold	Leasehold	Leasehold	Leasehold	Freehold	Freehold	Leasehold
Built up size (sq ft)	764	861	431	1,389	1,066	495	732
Price per sq ft ("psf")	N/A	RM883.62	RM930.16	RM557.96	RM469.04	RM656.57	RM546.45
Adjustment factors considered	Market condition due to the impact of the COVID-19 pandemic (time), rebate/guaranteed rental return, location and accessibility, building, level, view, position (end/intermediate), tenure, size, car park bays, restriction in interest and management.						
Effective adjusted value (psf)	N/A	RM545.08	RM595.40	RM617.79	RM597.98	RM623.65	RM659.56

(Source: Valuation Report 1)

We note that the comparable serviced apartment units with carpark bays used by Cheston above are similar type of property sales that have occurred in this or similar areas within the recent past. These comparables yield an effective adjusted value between RM545.08 psf and RM659.56 psf after taking into consideration the relevant adjustments such as market condition due to the impact of the COVID-19 pandemic (time), rebate/guaranteed rental return, location and accessibility, building, level, view, position (end/intermediate), tenure, size, car park bays, restriction in interest and management.

Based on the above, we also note that Cheston had used Comparable 5 as the closest comparable as it has the least dissimilarities. We also note that Cheston had derived a valuation of RM623.65 psf for the Serviced Apartments after making relevant adjustments based on the factors considered as set out in the table above. This translates into a total market value of approximately RM65,300,000.

Pursuant thereto, we are of the view that it is reasonable for Cheston to use the Market/Comparison approach and Comparable 5 as the most suitable valuation method and comparable in deriving the valuation of the Serviced Apartments.

Premised on the above evaluation, we are of the opinion that the market value of the Serviced Apartments of RM65,300,000 is fair.

(ii) **Commercial Lots**

We note that Cheston had adopted Market/Comparison approach to appraise the Commercial Lots. Further, Cheston has also adopted Income approach by Investment method as a cross check method to the market value derived from the Market/Comparison approach. This is due to the reason that the Commercial Lots are income generating investment properties, therefore Income approach by Investment method is also a reliable and appropriate method of valuation.

We are agreeable with the adoption of Market/Comparison approach as primary valuation methodology to appraise the Commercial Lots given that there are adequate sale evidences of comparables in the neighbourhood. We have reviewed and are satisfied with the bases and assumptions used by Cheston to derive at the market value under the Market/Comparison approach. We are also of the view that the Income approach by Investment method as a cross-check method is appropriate in view that the Commercial Lots are income-producing properties as it is currently partly occupied by restaurants and management office.

Market/Comparison Approach

A summary of similar transactions adopted in the Market/Comparison approach in assessing the market value of commercial lots as set out in the table below:

Description	Subject Property	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Location	Kuantan, Pahang	Kuantan, Pahang	Kuantan, Pahang	Kuantan, Pahang	Kuantan, Pahang
Date of transaction	30 September 2020 (being date of valuation)	20 July 2018	3 July 2018	30 May 2017	1 February 2017
Consideration	Not applicable	RM1,000,000	RM190,000	RM360,000	RM600,000
Tenure	Leasehold	Leasehold	Freehold	Freehold	Freehold
Build up size (sq ft)	969	935	334	786	1,163
Price psf	Not applicable	RM1,069.52	RM568.86	RM458.02	RM515.91
Adjustment factors considered	Market condition due to the impact of the COVID-19 pandemic (time), location and accessibility, building design/quality/tenant mix and positioning, position (corner/end/intermediate), level, tenure, restriction in interest and size				
Effective Adjusted value psf	Not applicable	RM482.05	RM497.66	RM515.21	RM528.72

(Source: Valuation Report 1)

We note that the comparable commercial lots used by Cheston above are similar type of property sales that have occurred in this or similar areas within the recent past and yield an adjusted value between RM482.05 psf to RM528.72 psf after relevant adjustments were made to take into consideration market condition due to the impact of the COVID-19 pandemic (time), location and accessibility, building design/quality/tenant mix and positioning, position (corner/end/intermediate), level, tenure, restriction in interest and size. Based on the above, we also note that Cheston had relied upon the analysis of Comparable 2 as it is located within a similar development with the Commercial Lots.

After making the relevant adjustments, we note that Cheston had adopted a valuation of RM497.66 psf for the Commercial Lots. This translates into a total market value of approximately RM15,000,000. As Comparable 2 located in a similar development, we are of the view that it is reasonable for Cheston to use the Market/Comparison approach and Comparable 2 as the most suitable valuation method and comparable to value the Commercial Lots.

Premised on the above evaluation, we are of the opinion that the total market value of the Commercial Lots of RM15,000,000 is fair.

6.2.2.2 Valuation of Lots 159850 and 159851

We note that Cheston has adopted the Market/Comparison approach as the sole valuation methodology for Lots 159850 and 159851. Market/Comparison approach is the commonly adopted sole valuation methodology in the industry for valuation of commercial land without any valid development order or planning approval which other valuation methods are deemed unsuitable. Cheston also note that there are adequate sale evidences of similar type of commercial land in the neighbourhood of Lots 159850 and 159851 which can be relied upon to arrive at the accurate market value of the lands using the Market/Comparison approach.

The use of Income approach by Residual method of valuation, which is another method of valuation which can be adopted to value commercial land, is deemed unsuitable in the absence of availability of valid development order.

We are of the view that the adoption of Market/Comparison approach as sole valuation methodology to appraise Lots 159850 and 159851 is appropriate given that there are adequate sale evidences of comparables in the neighbourhood. We have also reviewed and are satisfied with the bases and assumptions used by Cheston to derive at the market value under the Market/Comparison approach.

A summary of similar transactions adopted in the Market/Comparison approach in assessing the market value of commercial land as set out in the table below:

Description	Subject Property	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Location	Kuantan, Pahang	Kuantan, Pahang	Kuantan, Pahang	Kuantan, Pahang	Kuantan, Pahang	Kuantan, Pahang
Date of transaction	30 September 2020 (being date of valuation)	5 September 2018	9 August 2019	28 December 2018	28 July 2017	8 December 2016
Consideration	Not applicable	RM15,000,000	RM1,500,000	RM1,920,000	RM4,264,050	RM6,000,000
Tenure	Leasehold	Freehold	Freehold	Freehold	Freehold	Leasehold
Land size (sq ft)	Lot 159850: 49,245 Lot 159851: 299,452	131,524	8,536	9,600	28,427	63,895
Price psf	Not applicable	RM114.05	RM175.73	RM200.00	RM150.00	RM93.90
Adjustment factors considered	Market condition (time), location and accessibility, shape, corner/end premium, site constraint, size, restriction in interest and tenure					
Effective adjusted value (psf)	Not applicable	RM108.22	RM100.85	RM114.77	RM104.83	RM113.54

(Source: Valuation Report 1)

We note that the comparable commercial lands used by Cheston above are property sales that have occurred in this or similar areas within the recent past. These comparables yield an adjusted value between RM100.85 psf and RM114.77 psf after taking into consideration the relevant adjustments such as market condition (time), location and accessibility, shape, corner/end premium, site constraint, size, restriction in interest and tenure. Based on the above, we also note that Cheston had used Comparable 1 as the closest comparable as it has the least dissimilarities. Comparable 1 is also the nearest to Lots 159850 and 159851 having similar surroundings and neighbourhood.

After making the relevant adjustments, Cheston had adopted a valuation of RM108.22 psf for Lots 159850 and 159851. This translates into a market value of RM37,735,940 and rounded down to RM37,700,000. As a result of the least adjustments made and the localities of the comparable lands, we are of the view that it is reasonable for Cheston to use the Market/Comparison approach and Comparable 1 as the most suitable valuation method and comparable to the value of Lots 159850 and 159851.

Premised on the above evaluation, we are of the opinion that the market value of the Lots 159850 and 159851 of RM37,700,000 is fair.

6.2.2.3 Income Approach by Investment Method (cross check method)

We take note that Cheston has also adopted the Income approach by Investment method as a cross check method to the market value derived from the Market/Comparison approach for the Commercial Lots.

The following factors were taken into consideration by Cheston in deriving the Investment method of valuation:

(i) Market Rental:

We note that the comparable commercial lots used by Cheston in Valuation Report 1 are within the vicinity of Kuantan, Pahang and yield an adjusted rental between RM2.73 psf to RM3.04 psf after relevant adjustments were made for the differences in market condition due to COVID-19 pandemic (time), location and accessibility, building design/quality/tenant mix and positioning, position (corner/end) and size. We also note that out of the 5 comparables that were analysed, Cheston had used the comparable that have the least dissimilarities with the Commercial Lots.

We note that after making the relevant adjustments, Cheston had adopted a fair market rental value of RM2.88 psf for the Commercial Lots.

(ii) Annual Outgoings:

We note that Cheston has analysed the past annual outgoings and adopted the actual amount for service charge, sinking fund, quit rent, assessment and insurance. In respect of the repair and maintenance and management fee, Cheston has estimated and adopted 3%, each of the gross annual rental as fair expenses based on its analysis of other similar shops from its research database and arrived at the fair outgoings of the Commercial Lots.

(iii) Rent Loss Adjustments/Vacancy Allowance:

We note that Cheston has taken into consideration the general trend of shop/offices vacancy for similar type of properties in the locality and the duration of the rent free allowance based on prevailing market practice. We further note that Cheston has allocated 10% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the reversion.

(iv) Yield/Capitalisation Rate:

We note that the resultant net rent would then be capitalised by an appropriate yield to arrive at the market value of the Commercial Lots.

We further note that the yield adopted by Cheston is after considering relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trends and annual outgoings of similar type of properties. The yields adopted are market based and after taking into consideration the characteristics of the Commercial Lots.

We note that based on the yield analysis performed by Cheston, the yields of transactions of similar type of retail units and terraced shop/offices in the locality ranges between 5.15% and 5.76%. We also note that Cheston through consideration of the relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, adopted a yield of 5.50% for the Commercial Lots.

We note that based on the abovementioned factors, Cheston has derived a fair market value of RM15,000,000 with the Investment method, which is identical to the Market/Comparison approach.

Premised to the above, we are of the opinion that the Market/Comparison approach is a reasonable method for the valuation of the Commercial Lots.

6.2.3 Valuation of the Other Properties

We note that Irhamy had adopted the Comparison method for the valuation of 2 adjoining units of 2½ storey shop offices, a residential unit within shop offices and the lands of Casa Mila Club House and Casa Venicia Club House, while the buildings of Casa Mila Club House and Casa Venicia Club House were valued using the Depreciated Replacement Cost method.

Based on IHP Group's audited financial statements for the FYE 31 December 2019 and the Valuation Report 2 prepared by Irhamy, the estimated valuation of the Other Properties are as below:

	Market Value RM'000	Audited NBV RM'000	Valuation Surplus RM'000	Section in this IAL
2 adjoining units of 2½ storey shop offices	1,900	355	1,545	Section 6.2.3.1
A residential unit within shop offices	110	64	46	Section 6.2.3.2
Casa Mila Club House	4,500	1,096	3,404	Section 6.2.3.3
Casa Venicia Club House	5,000	1,909	3,091	Section 6.2.3.3
Total value of the Other Properties	**11,510**	**3,424**	**8,086**	

Kindly refer to the Valuation Certificate 2 annexed in the Circular as **Appendix IV** for further details on the above.

6.2.3.1 Valuation of the 2 adjoining units of 2½ storey shop offices

We note that Irhamy opined that only Comparison method of valuation is suitable and appropriate for the valuation of 2 adjoining units of 2½ storey shop offices considering that it is presently owner occupied and no real external income is derived from it. In addition, there are readily available comparable transactions involving properties which are similar to the of 2 adjoining units of 2½ storey shop offices i.e. land and built up size, accessibility from the main road, age, usage and design.

No other alternative method of valuation such as Residual method or Investment method was considered as these alternative methods are not appropriate in determining the market value of the 2 Adjoining Units of 2½ Storey Shop Offices given that it is currently occupied by the owner.

We are of the view that the Comparison method of valuation adopted by Irhamy is the most appropriate valuation methodology to be applied given that there are adequate recent sale evidences of comparables in the neighbourhood. We have also reviewed and are satisfied with the bases and assumptions used by Irhamy to derive at the market value under the Market/Comparison approach.

A summary of similar transactions adopted in the Comparison method in assessing the market value of shop offices are set out in the table below:

Description	Subject Property	Comparable 1	Comparable 2	Comparable 3
Location	Gombak, Selangor	Gombak, Selangor	Gombak, Selangor	Gombak, Selangor
Date of transaction	30 September 2020 (being date of valuation)	13 August 2019	28 June 2019	21 December 2018
Consideration	Not applicable	RM2,000,000	RM1,600,000	RM2,300,000
Tenure	Leasehold	Freehold	Leasehold	Freehold
Built up size (sq ft)	Lot 52186: 3,250.73 Lot 52187: 3,250.73	4,662	4,788	4,598
Price psf	Not applicable	RM429.00	RM334.17	RM500.22
Adjustment factors considered	Time, tenure and condition			
Adjusted value psf	Not applicable	RM340.00	RM335.00	RM400.00

(Source: Valuation Report 2)

We note that the comparable shop office used by Irhamy above are within 2 kilometres distance vicinity of the 2 adjoining units of 2½ storey shop offices and yield a rounded adjusted value between RM335.00 psf and RM400.00 psf after relevant adjustments were made to take into consideration time, tenure and condition. Based on the above, we also note that Irhamy had used Comparable 2 as the closest comparable as it has the least dissimilarities to the 2 adjoining units of 2½ storey shop offices.

We take note that Irhamy had adopted a valuation of RM335.00 psf and RM369.00 psf for the 2 adjoining units of 2½ storey shop offices (Lot 52186 and Lot 52187 respectively), after making the relevant adjustments. This translates into a market value of RM1,900,000, which includes the aforementioned adjustments as well as taking into consideration allowance for corner, building depreciation and impact of COVID-19 pandemic. As a result of the least adjustments made to the comparable shop office, we are of the view that it is reasonable for Irhamy to use the Comparison method and Comparable 2 as the most suitable valuation method and comparable to value the 2 adjoining units of 2½ storey shop offices.

Premised on the above evaluation, we are of the opinion that the market value of the 2 adjoining units of 2½ storey shop offices of RM1,900,000 is fair.

6.2.3.2 Valuation of a residential unit within shop offices

We note that Irhamy opined that only Comparison method of valuation is suitable and appropriate for a residential unit within shop offices considering that it is presently owner occupied and no real income derived from it. In addition, there are available comparable transactions which are similar to a residential unit within shop offices i.e. tenure, built up size, accessibility from the main road, age and condition.

No other alternative method of valuation such as Residual method or Investment method was considered as these alternative methods are not appropriate in determining the market value of a residential unit within shop offices given that it is currently occupied by the owner.

We are of the view that the Comparison method of valuation adopted by Irhamy is the most appropriate valuation methodology to be applied given that there are adequate recent sale evidences of comparables in the neighbourhood. We have also reviewed and are satisfied with the bases and assumptions used by Irhamy to derive at the market value under the Market/Comparison approach.

A summary of similar transactions adopted in the Comparison method in assessing the market value of a residential unit within shop offices as set out in the table below:

Description	Subject Property	Comparable 1	Comparable 2	Comparable 3
Location	Gombak, Selangor	Gombak, Selangor	Gombak, Selangor	Gombak, Selangor
Date of transaction	30 September 2020 (being date of valuation)	14 March 2019	6 March 2019	19 July 2018
Consideration	Not applicable	RM105,000.00	RM128,000.00	RM93,000.00
Tenure	Leasehold	Leasehold	Leasehold	Leasehold
Built up size (sq ft)	1,259	788	788	788
Price psf	Not applicable	RM133.25	RM162.44	RM118.02
Adjustment factors considered	Time, location/accessibility and size			
Adjusted value psf	Not applicable	RM100.00	RM130.00	RM95.00

(Source: Valuation Report 2)

We note that the comparable residential unit within shop office used by Irhamy above are within a reasonable distance from a residential unit within shop offices and yield a rounded adjusted value between RM95.00 psf and RM130.00 psf after relevant adjustments were made to take into consideration location/accessibility and size. However, we also take note that no adjustment was made on time factors because evidence shows almost no increase in value from July 2018 to March 2019. Based on the above, we also note that Irhamy adopted Comparable 1 as the best evidence due to having the same type and category as a residential unit within shop offices and the latest evidence.

We take note that Irhamy had adopted a valuation of RM100.00 psf for a residential unit within shop offices after making the relevant adjustments. This translates into a market value of RM110,000, which includes the aforementioned adjustments as well as taking into consideration the impact of COVID-19 pandemic. As the above-mentioned justifications, we are of the view that it is reasonable for Irhamy to use the Comparison method and Comparable 1 as the most suitable valuation method to value a residential unit within shop offices.

Premised on the above evaluation, we are of the opinion that the market value of a residential unit within shop offices of RM110,000 is fair.

6.2.3.3 Valuation of the Casa Mila Club House and Casa Venicia Club House

Irhamy has adopted Comparison method for valuing lands and Depreciated Replacement Cost method for valuing buildings to appraise the market value of Casa Mila Club House and Casa Venicia Club House.

No other alternative method of valuation such as Residual method or Investment method was considered as these alternative methods are not appropriate in determining the market value of Casa Mila Club House and Casa Venicia Club House due to the specialised nature of resident's clubhouse, which is rarely sold in the market as well as being currently occupied by the joint management body.

We are of the view that the Comparison method adopted by Irhamy in valuing lands is the most appropriate valuation methodology to be applied given that there are adequate recent sale evidences of comparables in the neighbourhood. We have also reviewed and are satisfied with the bases and assumptions used by Irhamy to derive at the market value under the Market/Comparison approach. We also agree that the adoption of Depreciated Replacement Cost method is the only suitable and appropriate method of valuation for the buildings given its specialised nature. In assessing the value of the buildings, Irhamy has made reference to Juru Ukur Bahan Malaysia (JUBM) & Arcadis Construction Cost Handbook Malaysia 2020 to estimate the cost.

A summary of similar transactions adopted in the Comparison method in assessing the market value of vacant commercial land and clubhouses as set out in the table below:

Description	Subject Properties		Comparable 1		Comparable 2		Comparable 3	Comparable 4	Comparable 5
Location	Casa Mila: Gombak, Selangor Casa Venicia: Gombak, Selangor		Ampang Jaya, Selangor		Kajang, Selangor (abandoned building)		Gombak, Selangor	Rawang, Selangor	Gombak, Selangor
Date of transaction	30 September 2020 (being date of valuation)		4 November 2013		13 March 2015		8 January 2016	17 December 2019	10 October 2019
Consideration	Not applicable		RM4,350,000.00		RM4,200,000.00		RM6,555,221.00	RM2,000,000.00	RM17,500,000.00
Tenure	Leasehold		Leasehold		Freehold		Leasehold	Freehold	Leasehold
Area (sq ft)	**Land**	**Building**	**Land**	**Building**	**Land**	**Building**	**Land**	**Land**	**Land**
	Casa Mila: 35,952 Casa Venicia: 35,587	Casa Mila: 5,200 Casa Venicia: 8,493	26,135	6,519	62,355	24,282	54,627	18,514	148,660
Price psf	Not applicable		RM113.44	RM212.50	RM67.36		RM120.00	RM108.03	RM117.72
Adjustment factors considered	Time, size, tenure, location and land use								
Adjusted value psf	Not applicable		RM110.00	RM212.50	RM90.00		RM115.00	RM65.00	RM145.00

(Source: Valuation Report 2)

We note that Irhamy uses similar category of land use as bases to assess the value of Casa Mila Club House and Casa Venicia Club House. These comparables yield a rounded adjusted value between RM65.00 psf and RM212.50 psf after relevant adjustments were made to take into consideration size, tenure, location and land use. However, we take note that there is no adjustment on time factors because the residential club houses tend to be the 'loss leaders' in most housing townships in 1990s to boost sales and prices. It is in Irhamy's view that both Casa Mila Club House and Casa Venicia Club will remain as it is in the foreseeable future without any approved proposal for redevelopment. Based on the above, we also note that Irhamy had used Comparable 1 as the closest comparable as it is the same type and category and almost similar tenure and size with the Casa Mila Club House and Casa Venicia Club House.

After making the relevant adjustments, Irhamy had adopted a valuation of RM110.00 psf for the lands and RM200.00 psf (after adjusted for a depreciation rate of 20% as the buildings are within 30 years old and are well maintained as well as in good condition) for the buildings of both Casa Mila Club House and Casa Venicia Club House. This translates into market values of RM4,500,000 and RM5,000,000 respectively, which includes the aforementioned adjustments as well as taking into consideration building value and the impact of COVID-19 pandemic. As a result of the least adjustments made to the comparable clubhouses and vacant commercial land, we are of the view that it is reasonable for Irhamy to use the Comparison method and Depreciated Replacement Cost method and Comparable 1 as the most suitable valuation method and comparable to value the Casa Mila Club House and Casa Venicia Club House.

Premised on the above evaluation, we are of the opinion that the market values of the Casa Mila Club House and Casa Venicia Club House of RM4,500,000 and RM5,000,000 respectively are fair.

Premised on the above, we are of the opinion that the Purchase Consideration is fair and reasonable to the non-interested shareholders of Bina Puri.

6.3 Evaluation of the Issue Price of the Consideration Shares

As noted from Section 2.4, Part A of the Circular, the Issue Price of RM0.085 per Consideration Share was agreed upon between the Company and the Vendors immediately prior to the execution of the HOA after taking into consideration that it represents:

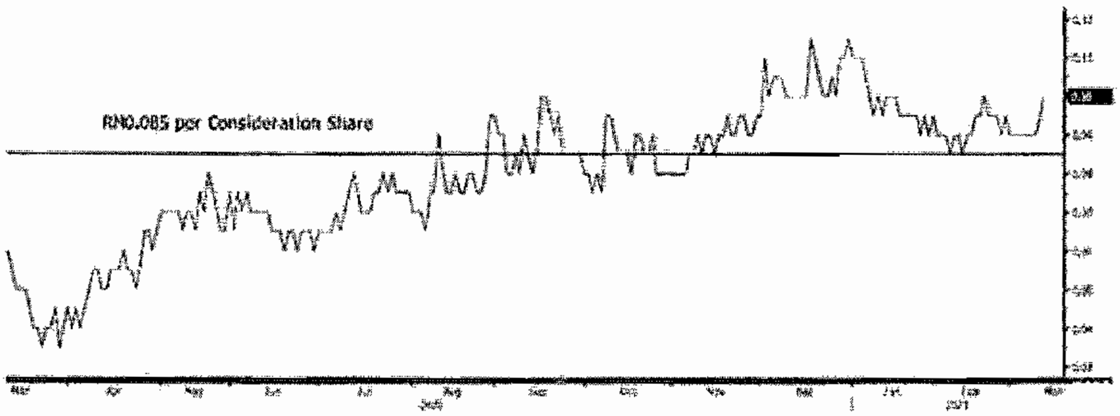
(i) a discount of 11.18% to the 5-day VWAP of Bina Puri Shares of RM0.0957 up to and including the LTD; and

(ii) a discount of 7.10% to the 1-month VWAP of Bina Puri Shares of RM0.0915 up to and including the LTD.

We have further evaluated the Issue Price of the Consideration Shares based on the historical market prices of Bina Puri Shares, VWAP analysis and NA per Bina Puri Share as below.

(a) Historical market price of Bina Puri Shares

The chart below sets out the historical closing market prices of Bina Puri Shares for the past 12 months preceding the LPD:



(Source: Bloomberg)

In addition, the monthly highest and lowest traded market prices of Bina Puri Shares for the past 12 months preceding to the LPD are as follows:

	High(RM)	Low(RM)
2020		
March	0.080	0.030
April	0.080	0.040
May	0.085	0.060
June	0.075	0.060
July	0.095	0.060
August	0.105	0.065
September	0.115	0.075
October	0.105	0.075
November	0.105	0.075
December	0.125	0.095
2021		
January	0.115	0.090
February	0.105	0.085

(Source: Bloomberg)

Based on the above, we note that the highest traded market price of Bina Puri Share has increased from RM0.080 in March and April 2020 to RM0.085 in May 2020 before decreased to RM0.075 in June 2020. The highest traded market price of Bina Puri Share have been trending upwards since July 2020 and up to RM0.115 in September 2020 before decreasing to RM0.105 in October 2020 and November 2020. The highest traded market price rebound to RM0.125 in December 2020 before dropping to RM0.115 in January 2021 and further down to RM0.105 in February 2021.

The highest and lowest traded market prices of Bina Puri Shares for the past twelve (12) months prior to LPD were RM0.125 and RM0.030 on 16 December 2020 and 19 March 2020 respectively while the highest and lowest closing market prices of the Bina Puri Shares for the past twelve (12) months preceding the LPD were RM0.115 and RM0.035 on 16 December 2020 and 23 March 2020 respectively.

We noted that the Issue Price of RM0.085 is within the highest and lowest traded market prices of Bina Puri Shares for the past 12 months preceding to the LPD. In relation to the foregoing, we are of the opinion that the Issue Price is reflective of the prevailing market price of Bina Puri Shares.

(b) VWAP analysis

We have assessed the fairness and reasonableness of the Issue Price of RM0.085 per Consideration Share and compared the said Issue Price against the following:

(i) the closing market price of Bina Puri Shares on RM0.095, being the LTD; and

(ii) the 5-day, 1-month, 3-month, 6-month and 12-month VWAP of Bina Puri Shares up to and including the LTD which are set out in the table below:

	Market price/VWAP	Premium/(Discount) of the Issue Price over the market price/VWAP	
	RM	RM	%
Last traded market price of Bina Puri Shares as at the LTD	0.0950	(0.0100)	(10.53)
5-day VWAP	0.0957	(0.0107)	(11.18)
1-month VWAP	0.0915	(0.0065)	(7.10)
3-month VWAP	0.0922	(0.0072)	(7.81)
6-month VWAP	0.0885	(0.0035)	(3.95)
12-month VWAP	0.0842	0.0008	0.95
For information only:			
Last traded market price of Bina Puri Shares as at the LPD	0.1000	(0.0150)	(15.00)

Based on the above, we noted that the Issue Price represents:

(a) a premium of RM0.0008 (0.95%) over the 12-month VWAP up to and including the LTD; and

(b) a discount ranging from RM0.0035 (3.95%) to RM0.0107 (11.18%) for the last traded market price as at the LTD, 5-day, 1-month, 3-month and 6-month VWAPs up to and including the LTD.

We noted that based on the last traded market price of Bina Puri Shares as at the LPD of RM0.1000, the Issue Price is at a discount of RM0.0150 or 15.00%.

We note that the Issue Price was agreed upon after taking into consideration the 5-day and 1-month VWAP of the Company up to and including the LTD. We are of the opinion that the 5-day and 1-month VWAP would serve as a meaningful reference for our evaluation on the fairness of the Issue Price as these market prices reflected the most recent market transactions and market prices of Bina Puri Shares. In addition, we have also taken into consideration the analysis of 3-month, 6-month and 12-month VWAP of Bina Puri Shares in carrying out our evaluation. As the Issue Price is based on a market-based approach, we are of the view that the Issue Price is justifiable.

We note that from Section 3.5, Part A of the Circular, the Placement Shares of the Proposed Private Placement will be issued at a discount of not more than 20% to the 5-day VWAP of the Shares up to and including the last trading day immediately preceding the price-fixing date. Premised on the above, it appears that the Issue Price for the Proposed Acquisition which was agreed upon between the Company and the Vendors based on the discounts of 11.18% and 7.10% respectively to the 5-day VWAP and 1-month VWAP of Bina Puri Shares up to and including the LTD is comparably lower. Based on the foregoing, we are of the view that the Issue Price is justifiable and fair to the non-interested shareholders of Bina Puri.

(c) NA per Bina Puri Share

We note that Bina Puri Share has not traded above the NA per Bina Puri Share of RM0.35 based on the audited consolidated statement of financial position of Bina Puri as at 30 June 2020 since June 2018 up to the LPD.

Although the Issue Price of RM0.085 per Consideration Share is at 75.71% discount to the NA per Bina Puri Share of RM0.35 as at 30 June 2020, we are of the view that the Issue Price is justifiable as there is no assurance that Bina Puri may be able to realise the NA per Bina Puri Share at its full value, after taking into consideration various factors, such as the nature of Bina Puri's assets which comprise mainly of inventory properties held for development, inventory properties under development, inventories and investment properties which are all highly illiquid and cannot be readily converted to cash or cash equivalents.

Premised on the above, we are of the opinion that the Issue Price of RM0.085 per Consideration Share is justifiable and fair to the non-interested shareholders of Bina Puri.

6.4 Salient terms of the SPA

Our commentaries on the salient terms of the SPA, which are extracted from Section 2.5, Part A of the Circular, are as follows:

Salient terms of the SPA	Our comments
1. Sale and purchase of the IHP Shares Subject to the terms and conditions of the SPA, the Vendors shall sell and the Purchaser shall purchase, the Sale Shares free from all encumbrances and together with all rights now or hereafter attaching thereto including all dividends and distributions declared, made or paid or payable on or after the completion of the SPA.	This term is common in any transaction involving shares of a company as it sets out the entitlement of the Sale Shares.
2. Consideration and payment **(i) Payment of Purchase Consideration** The Purchase Consideration of the Sale Shares shall be payable in the following manner: (a) by way of allotment and issuance of the Consideration Shares to the Vendors or their nominees at the issue price of RM0.085 in the respective amounts and proportions as set out in the SPA on the completion date; and (b) cash consideration of Ringgit Malaysia Three Million One Hundred and Thirty Eight Thousand (RM3,138,000) Only to be paid by the Purchaser to the Vendors within 6 months from the completion date. **(ii) Adjustment of Purchase Consideration** The parties agree that the Purchase Consideration is based on the audited accounts of IHP for the financial year ended 31 December 2019 and the valuation of the IHP Properties and is subject to adjustments, if any, should any of the following events occur: (a) if the final valuation of the IHP Properties is varied/adjusted pursuant to any comments provided by the relevant authorities on the valuation reports from the Valuers (if any) ("**Final Valuation**"), the Purchase Consideration shall be adjusted based on the formula as stated below:	These terms are procedural terms for the consideration and payment of the Purchase Consideration, which were mutually agreed upon between Purchaser and Vendors.

<table>
<tr><th>Salient terms of the SPA</th><th>Our comments</th></tr>
<tr><td>
Adjustment to the Purchase Consideration = (Final Valuation – Valuation) x (1 – 24%)

(b) if IHP and/or its subsidiaries declares or pays any dividend or distribution to its shareholders such that the current or capital assets of IHP and/or its subsidiaries may or shall be depleted or the financial position and the net assets position of IHP may and shall be rendered less favourable than as at the date of the SPA, and the entitlement date for such dividend or distribution is after the date of the SPA and prior to the completion date, the Purchase Consideration shall be adjusted accordingly.

(iii) Adjustment of issue price of the Consideration Shares

The parties agree that the issue price of the Consideration Shares shall be subject to adjustment in the event that Bina Puri declares or pays any dividend or distribution to its shareholders whereby the entitlement date for such dividend or distribution is after the date of the SPA and prior to the completion date, the issue price shall be reduced by the amount of dividend or distribution declared or paid by Bina Puri on a per ordinary share basis.

(iv) Adjustment of Consideration Shares

In the event the Purchase Consideration and/or the Issue Price is adjusted pursuant to items (ii) or (iii) above, the number of Consideration Shares to be issued will be adjusted by the adjustment to the number of Consideration Shares (rounded down to the nearest 1 share) which is based on the formula as stated below:

Adjustment to the number of Consideration Shares = (Adjusted Purchase Consideration – Purchase Consideration) ÷ Issue Price

In the event the formula above results in an upwards adjustment to the number of Consideration Shares, the value represented by that upwards adjustment will be satisfied by the Purchaser in cash based on the formula as stated below:

Amount to be satisfied in cash = Additional number of Consideration Shares x Issue Price
</td><td></td></tr>
</table>

Salient terms of the SPA	Our comments
3. Conditions precedent The SPA shall be conditional upon the following conditions having been fulfilled within the conditional period as specified in the SPA: (a) satisfaction of the due diligence exercise on the IHP Group; (b) where required, agreement, consent or approval being obtained by the Vendors from the relevant authorities, banks, financiers and/or the creditors of IHP Group and any third-party, whose consent are necessary for the change in shareholding in IHP; (c) the Vendors shall procure NIG to discharge the charge registered by NIG in favour of MBSB Bank Berhad in respect of Plots A, B and C of the KWRC Land (for information, the charge has been discharged on 29 December 2020); (d) Bursa Securities' approval for the listing and quotation of the Consideration Shares; (e) approval of the shareholders of the Purchaser for the acquisition of the Sale Shares; (f) approval of the non-interested shareholders of Bina Puri at an extraordinary general meeting to be convened for the acquisition of the Sale Shares by the Purchaser; (g) board of directors of IHP approving the transfer of the Sale Shares from the Vendors to the Purchaser and the registration of the transfer of the Sale Shares in the register of members of IHP.	The conditions precedent are common terms typical to transactions of such nature. These conditions precedent are mainly approvals required from the relevant authorities and parties to give effect to the Proposed Acquisition and are common terms in a share purchase agreement of this similar nature.
4. Valuation The Purchase Consideration is based on the audited accounts of IHP for the financial year ended 31 December 2019 and the market value of the development on the KWRC Land and the other property related assets owned by the IHP Group.	This term sets out the basis in deriving the Purchase Consideration.

Salient terms of the SPA	Our comments
5. Warranties and representations The Vendors and the Purchaser warrant to each other that: (a) they each have full power and authority to enter into and perform the SPA which when accepted will constitute binding obligations upon it in accordance with its terms; and (b) each of them is not insolvent / bankrupt and is able to pay all their debts when due. Additionally, the Vendors acknowledge that the Purchaser has entered into the SPA upon the Purchaser's reliance on the Vendors further warranties as set out in the first schedule of the SPA.	These terms are appropriate as they set out steps to be taken in the event of a breach of warranties prior to the completion date. We have also noted that there is nothing in the SPA that has the effect of limiting or restricting any liability of the Vendors or any of them in respect of any losses claims under/for a breach of the warranties arising as a result of any fraud or concealment by the Vendors. Notwithstanding the above, the SPA provides for Bina Puri to terminate the SPA in the event of a breach of the Vendors' warranties as set out in the SPA. We are of the view that the terms for warranties and representations are reasonable as it protects the interest of Bina Puri.
6. Termination (a) Any party shall be entitled to terminate the SPA by issuing a notice in writing to the other party, in the event any of the conditions precedent are not fulfilled by the expiry of the conditional period as stipulated in the SPA. (b) If either party to the SPA is unable to comply with its obligations on the completion date, the non-defaulting party shall be entitled to terminate the SPA without prejudice to any other rights or remedies which the non-defaulting party may be entitled to at law, in equity or otherwise. (c) If before or on the completion date: (i) the Purchaser breaches its obligations in the SPA and the same is not remedied within the stipulated time; or (ii) a winding-up is presented against the Purchaser and the Purchaser fails to take such steps to oppose or set aside such petition; or	These terms are appropriate as they allow the parties to terminate the SPA and also stipulate the rights of the respective parties upon occurrence of such events.

Salient terms of the SPA	Our comments
(iii) an administrator, a receiver and/or manager is appointed by the Court or any creditor pursuant to a debenture over the undertaking, assets and properties of the Purchaser or any part of its assets and properties; or (iv) any of the representations or warranties given by the Purchaser is found at any time to be untrue or inconsistent, the Vendors shall be entitled to terminate the SPA with immediate effect. (d) If before or on the completion date: (i) the Vendors default in effecting the transfer of the Sale Shares in favour of the Purchaser; or (ii) there is a breach of the Vendors' warranties as set out in the SPA; or (iii) there is a material breach of any terms or conditions of the SPA or a material failure to perform the obligation by the Vendors; or (iv) a petition for bankruptcy is presented against the Vendors and the Vendors fail to take such steps to oppose or set aside such petition; or (v) petition for bankruptcy is presented against IHP Group and IHP Group fails to take such steps to oppose or set aside such petition; or (vi) an administrator, a receiver and/or manager is appointed by the Court or any creditor pursuant to a debenture over the undertaking, assets and properties of IHP Group or any part of their assets and properties, the Purchaser shall be entitled to terminate the SPA with immediate effect.	

Premised on the above, we are of the view that the salient terms and conditions of the SPA are considered reasonable and not detrimental to the interests of the non-interested shareholders of Bina Puri.

6.5 Financial effects of the Proposed Acquisition

We note the following from Section 7, Part A of the Circular:

Effects	Proposed Acquisition
Share capital	The Proposed Acquisition will result in an increase in the issued share capital of the Company from RM189,478,286 comprising 872,080,000 Shares as at the LPD to RM213,278,286 comprising 1,152,080,000 Shares upon the issuance of the Consideration Shares pursuant to the Proposed Acquisition.
NA and gearing	Upon completion of the Proposed Acquisition, the pro forma NA per Share will decrease from RM0.32 to RM0.27 whereas the pro forma gearing of Bina Puri Group will decrease from 1.10 times to 0.94 times.
Substantial shareholders' shareholdings	Upon the issuance of the Consideration Shares, the Proposed Acquisition will result in a dilution in the shareholdings of the existing shareholders of Bina Puri, save for the Vendors, to whom the Consideration Shares will be issued, which represents up to approximately 32.11% of Bina Puri's issued share capital as at the LPD.
Losses and LPS	Upon completion of the Proposed Acquisition, the pro forma LAT attributable to owners of Bina Puri will increased from RM19.02 million to RM20.24 million as a result of consolidation of IHP Group's losses arising the Proposed Acquisition. The pro forma LPS of the Group will decrease from 3.32 sen to 2.37 sen as a result of consolidation of IHP Group's losses and increase in weighted average number of Shares due to the issuance of the Consideration Shares pursuant to the Proposed Acquisition. Moving forward, the impact of the Proposed Acquisition on the consolidated losses and LPS of the Company is dependent on the financial performance of the IHP Group. Nevertheless, the Proposed Acquisition is expected to contribute positively to the future earnings of the Group, premised on the prospects of the IHP Group as set out in Section 5.5, Part A of the Circular and further enhance and improve the Group's NA and gearing.

Premised on the above, we are of the view that the financial effects of the Proposed Acquisition are not detrimental to the interest of the non-interested shareholders of Bina Puri.

6.6 Industry outlook and prospects

In evaluating the prospects of the Group moving forward, we have considered the overview and outlook of the Malaysian economy, the overview and outlook of the construction and property industry in Malaysia, the overview and outlook of the property development industry in Pahang, the prospects of the IHP Group and the prospects of the Bina Puri Group.

Premised to Section 5, Part A of the Circular, our commentaries are as follows:

We observe that the Malaysia economy recorded a negative growth of 3.4% in the fourth quarter of 2020, largely attributable to the imposition of the CMCO on a number of states since mid-October. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 0.3% (3Q 2020: +18.2%). We note that the growth trajectory is projected to improve from the second quarter of 2021 onwards. The vaccine rollout from February 2021 onwards is expected to lift sentiments.

The Malaysian economy contracted by 17.1% in Q2 of 2020. The performance for Q2 2020 was the lowest recorded since Q4 1998. The Government has introduced several measures under the Budget 2020, aimed to improve property market activities:

(i) the revision of the base year for RPGT to 1 January 2013 (initially 1 January 2000) for property purchased before the date (i.e. 1 January 2013); and

(ii) the reduction of price threshold for foreign purchase from RM1 million to RM600,000 for unsold completed high-rise properties in urban areas. Consequently, several states have revised the minimum price for foreign purchase.

We observe the positive signs in the 2019 property market are seen to have diluted due to the aftermath of COVID-19 pandemic. The pandemic has immensely taken its toll on the world economies and the Malaysian economy, in particular tourism-related sectors as well as the manufacturing and selected services sector. The property development industry in Pahang has softened in the first half of 2020 where there was a fall of 31.7% in volume and 27.4% in value as compared to the first half in 2019. Nonetheless, the introduction of policy measures including Prihatin Rakyat Economic Stimulus Package (PRIHATIN), new short-term Economic Recovery Plan (PENJANA), Bantuan Prihatin Nasional 2.0 (KITA PRIHATIN), Budget 2021 and Perlindungan Ekonomi Dan Rakyat Malaysia (PERMAI) Assistance Package by the Government are expected to stimulate Malaysia's economy and mitigate the impact of COVID-19 and the MCO.

We note that IHP Group have the rights to develop the KWRC Land, thus far a portion of the land had been developed as Imperium Residence and Swiss-Bel Hotel, a mixed development comprising serviced apartments and commercial units. Moreover, despite the softening in the Pahang property market the units have been well-received with 85.85% of the serviced apartment sold as at the LPD. The list of unsold units can be found in Section 2.2.1, Part A of the Circular. We also note that the remaining undeveloped portion of KWRC Land measuring 8 acres is located in a strategic location near Kuantan town centre and has a beach frontage. KWRC Land is expected to benefit from the development of the Kuantan Waterfront Resort City project due to its close proximity to the planned development. The Company will be able to consolidate the revenues and cash flows generated from the sales of the remaining Serviced Apartment owned by IHP in addition to participating in the development of the KWRC Land as IHP will become a subsidiary of the Company upon completion of the Proposed Acquisition.

The management of Bina Puri expects its property development division to be further bolstered by the Proposed Acquisition through the development of the undeveloped portion of the KWRC Land in Kuantan. We note that the Group has several ongoing projects in Johor, Pahang, Sabah and Sarawak with a combined estimated GDV of RM1.42 billion.

We note on 28 August 2018, the Board had announced that the Company intended to undertake the Previous Proposals (which includes the Proposed Acquisition 2018 and Proposed Amendments). The Proposed Acquisition 2018 was approved by the non-interested Shareholders in the EGM of the Company held on 24 December 2018. However, the shareholders' resolution for the Proposed Amendments was not carried. In view of the inter-conditionality between the Proposed Acquisition 2018 and the Proposed Amendments, the Company could not proceed with the Proposed Acquisition 2018.

We wish to highlight the key differences in relation to the Proposed Acquisition as compared to the Proposed Acquisition 2018:

(i) Imperium Residence (Block A) and Swiss-Bel Hotel (Block B) were still under development for the Proposed Acquisition 2018;

(ii) the total consideration for the Proposed Acquisition 2018 was RM42,682,343 ("**Purchase Consideration 2018**") for 2,477,108 IHP Shares, which is equivalent to approximately RM17.23 per IHP share, as compared to the current Purchase Consideration for the Proposed Acquisition of RM26,938,000 for the acquisition of 2,022,593 IHP Shares, which is equivalent to approximately RM13.32 per IHP share;

(iii) the valuation of Proposed Acquisition 2018 was derived from Phase 1 (comprises KWRC Land), Phase 2 (comprises 487 acres of land which has yet to be developed, of which approximately 464.49 acres of net saleable area is subjected to land reclamation work) and Other Properties whereas the valuation of Proposed Acquisition is derived from KWRC Land and Other Properties only;

(iv) the mode of payment for the Proposed Acquisition 2018 consists of consideration shares and redeemable preference shares ("**RPS**") while the current mode of payment consists of cash consideration and consideration shares only;

(v) the Proposed Amendments was tabled to the shareholders of Bina Puri as the Purchase Consideration 2018 involved issuance of RPS. The Proposed Acquisition's mode of payment does not involve any preference shares to be issued and as such no amendments to the Company's Constitution is required; and

(vi) while the current mode of payment consists of cash consideration, it is not expected to have a material impact on the Company's cash flow as the cash consideration merely constitutes 11.65% of the total Purchase Consideration.

Based on the key differences above, it appears that the prospects of the Proposed Acquisition are favourable due to the following:

(i) Imperium Residence (Block A) and Swiss-Bel Hotel (Block B) were completed in 18 February 2020 and 16 October 2019 respectively. As at the LPD, IHP Group has received progressive sales with 85.85% of the Serviced Apartment sold since its completion;

(ii) from the date of valuation (i.e. October 2020) up to the LPD, 19 out of 120 units of unsold Serviced Apartments have been sold. This indicates that despite the ongoing COVID-19 pandemic, the demand for Serviced Apartments were not materially affected; and

(iii) the valuation on IHP Group in the Proposed Acquisition is also comparably lower and reasonable as compared to Proposed Acquisition 2018 as the Proposed Acquisition 2018 included Phase 2 lands which were then subjected to reclamation works.

Premised on the above, barring any unforeseen circumstances, we are of the view that the long term prospects of the IHP Group and Bina Puri Group pursuant to the Proposed Acquisition appears to be favourable and are expected to improve its financial performance in the future, mainly supported by:

(i) the Government's initiatives to stimulate Malaysia's economy and mitigate the impact of COVID-19 and the MCO with the introduction of PRIHATIN, PENJANA, KITA PRIHATIN, Budget 2021 and PERMAI;

(ii) the overview and outlook of the Malaysian economy and construction industry in Malaysia as set out in Sections 5.1 and 5.2, Part A of the Circular; and

(iii) strategic location of KWRC Land, near Kuantan town centre and has a beach frontage.

Nonetheless, we wish to highlight that the construction and property development industries are subject to uncertainties which are not within the Board's control, such as changes in Government policies, changes in financing conditions and implementation of stricter standard operating procedures during the MCO period. The occurrence of any of such events may materially impact the construction and property development industries and may adversely affect the Group's financial performance.

6.7 Risk factors associated with the Proposed Acquisition

We take note of the risk factors as disclosed in Section 6, Part A of the Circular as follows:

(i) Non-completion of the Proposed Acquisition;
(ii) Business and operational risk; and
(iii) Investment risk.

Based on the above, we are of the view that the risk factors in relation to the Proposed Acquisition are common risks associated with such transactions/investments. Furthermore, the Proposed Acquisition will not materially change the risk profile of the business of Bina Puri as IHP operates in the same industry as the Company. As such, Bina Puri will be exposed to similar business, operational and financial risks inherent in the industry upon completion of the Proposed Acquisition.

We wish to highlight that, although measures may be taken by the Board to attempt to limit all such risks, no assurance can be given that one or a combination of such risk factors will not crystallise, and give rise to material and adverse impact on the financial performance/position or prospects of the Group.

In evaluating the Proposed Acquisition, non-interested shareholders of Bina Puri should carefully consider the risk factors as mentioned in Section 6, Part A of the Circular prior to voting on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM of Bina Puri. Non-interested shareholders of Bina Puri should also note that the risk factors mentioned herein and Section 6, Part A of the Circular are not meant to be exhaustive.

7. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Acquisition and our evaluation is set out in Section 6 of this IAL. Non-interested shareholders of Bina Puri are advised to consider the merits and demerits of the Proposed Acquisition carefully based on all relevant and pertinent factors including those set out in this IAL and the Circular as well as other publicly available information prior to making a decision to vote on the resolution pertaining to the Proposed Acquisition.

In our evaluation of the Proposed Acquisition and in arriving at our opinion, we have taken into consideration various factors which are summarised as follows:

(i) the rationale for the Proposed Acquisition is **reasonable** and **is not detrimental** to the non-interested shareholders of Bina Puri, which is set out in Section 6.1 of this IAL;

(ii) the Purchase Consideration is **fair** and **reasonable** to the non-interested shareholders of Bina Puri, which is set out in Section 6.2 of this IAL;

(iii) the Issue Price of RM0.085 per Consideration Share is **justifiable** and **fair** to the non-interested shareholders of Bina Puri, which is set out in Section 6.3 of this IAL;

(iv) the salient terms of the SPA are **reasonable** and **not detrimental** to the non-interested shareholders of Bina Puri, which are set out in Section 6.4 of this IAL;

(v) the financial effects of the Proposed Acquisition are **not detrimental** to the interest of the non-interested shareholders of Bina Puri, which are set out in Section 6.5 of this IAL;

(vi) the industry outlook and prospects, which are set out in Section 6.6 of this IAL; and

(vii) the risk factors in relation to the Proposed Acquisition, which are set out in Section 6.7 of this IAL.

Premised on the foregoing and our overall evaluation and assessment of the Proposed Acquisition based on information available to us up to the LPD, we are of the opinion that, taken as a whole, the Proposed Acquisition is **FAIR AND REASONABLE** and is **NOT DETRIMENTAL** to the non-interested shareholders of Bina Puri.

Accordingly, we recommend the non-interested shareholders of Bina Puri to **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

Yours faithfully,
for and on behalf of
MIDF AMANAH INVESTMENT BANK BERHAD

DATUK DOMINIC SILVA
Chief Executive Officer

JOSEPHINE KONG
Acting Head
Corporate Finance

1. HISTORY AND BUSINESS

IHP was incorporated in Malaysia on 1 October 1984 under the Act as a private limited company and has commenced its business operations since the date of incorporation.

The IHP Group is principally involved in property development, project management and property management. The principal activities of the subsidiaries and associated companies are set out in Section 5 of this Appendix.

2. SHARE CAPITAL

As at the LPD, the issued share capital of IHP is RM4,545,150 comprising 4,545,150 IHP Shares. As at the LPD, there is only one class of shares in IHP.

3. SHAREHOLDERS

As at the LPD, the shareholders of IHP and their shareholdings are as follows:-

Name	Nationality / Place of Incorporation	Direct		Indirect	
		No. of IHP Shares	(2)%	No. of IHP Shares	(2)%
Tan Sri Datuk THS(1)	Malaysian	568,146	12.50	(3)999,933	22.00
Bina Puri Properties	Malaysia	545,418	12.00	-	-
Tay Hock Lee	Malaysian	522,692	11.50	-	-
Dr. Tony Tan(1)	Malaysian	545,418	12.00	-	-
Cheo Chet Lan @ Chow Sak Nam	Malaysian	545,417	12.00	-	
Datuk Matthew Tee(1)	Malaysian	454,515	10.00	(4)1,113,564	24.50
Low Seng Swee	Malaysian	454,515	10.00	-	-
Syarikat Masyakin Sdn Bhd	Malaysia	454,515	10.00	-	-
Datuk Tee Hock Hin(1)	Malaysian	227,257	5.00	-	-
Tee Kai Soon(1)	Malaysian	227,257	5.00	-	-

Notes:-

(1) Being the Vendors.

(2) Based on the issued share capital of 4,545,150 IHP Shares as at the LPD.

(3) Deemed interested by virtue of his interest in Bina Puri Properties via his shareholdings in Bina Puri and his son's direct shareholdings in IHP.

(4) Deemed interested by virtue of his interest in Bina Puri Properties via his shareholdings in Bina Puri and his father's direct shareholdings in IHP.

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4. DIRECTORS

As at the LPD, the directors of IHP and their shareholdings are as follows:-

Name	Nationality	Direct		Indirect	
		No. of IHP Shares	[2]%	No. of IHP Shares	[2]%
Tan Sri Datuk THS[1]	Malaysian	568,146	12.50	[3]999,933	22.00
Tay Hock Lee	Malaysian	522,692	11.50	-	-
Adnan bin Abdullah, PPN, PJK	Malaysian	-	-	-	-
Dr. Tony Tan[1]	Malaysian	545,418	12.00	-	-
Cheo Chet Lan @ Chow Sak Nam	Malaysian	545,417	12.00	-	-
Datuk Matthew Tee[1] *(Alternate Director to Tan Sri Datuk THS)*	Malaysian	454,515	10.00	[4]1,113,564	24.50
Chow Chee Seng *(Alternate Director to Cheo Chet Lan @ Chow Sak Nam)*	Malaysian	-	-	-	-

Notes:-

(1) Being the Vendors.

(2) Based on the issued share capital of 4,545,150 IHP Shares as at the LPD.

(3) Deemed interested by virtue of his interest in Bina Puri Properties via his shareholdings in Bina Puri and his son's direct shareholdings in IHP.

(4) Deemed interested by virtue of his interest in Bina Puri Properties via his shareholdings in Bina Puri and his father's direct shareholdings in IHP.

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

Name	Date / Place of Incorporation	Share capital (RM)	Effective equity interest (%)	Principal activities
Ideal Heights Sdn Bhd	8 December 1988 / Malaysia	100,100	100	Inactive
Ideal Heights Property Management Sdn Bhd	6 April 2005 / Malaysia	2	100	Property management
Ideal Heights Development Sdn Bhd	13 July 2001 / Malaysia	5,000,000	70	Property development
Ideal Heights Hotel Management Sdn Bhd	7 September 2012 / Malaysia	1,000,000	70	Inactive
Subsidiary of Ideal Heights Development Sdn Bhd				
Imperium Residence Property Management Sdn Bhd	6 June 2018 / Malaysia	1,000	100	Inactive

6. HISTORICAL FINANCIAL INFORMATION

The following table sets out a summary of the financial information of the IHP Group for the FYE 31 December 2017, FYE 31 December 2018 and FYE 31 December 2019:-

	Audited		
	FYE 31 December 2017 (RM'000)	FYE 31 December 2018 (RM'000)	FYE 31 December 2019 (RM'000)
Revenue	26,438	46,487	85,526
Profit / (Loss) before taxation	781	2,077	(1,578)
Profit after taxation / (LAT)	562	1,371	(2,109)
Profit after taxation / (LAT) attributable to owners of IHP	186	953	(2,162)
No. of IHP Shares in issue ('000)	4,545	4,545	4,545
Net earnings per share / (LPS) (RM)	0.04	0.21	(0.48)
Issued share capital	4,545	4,545	4,545
Shareholders' funds / NA	13,377	14,330	12,168
NA per share (RM)	2.94	3.16	2.68
Current ratio (times)	1.51	1.29	1.23
Total equity	16,750	18,121	14,405
Borrowings	23,023	2,590	6,182
Gearing (times)	1.27	0.15	0.43

The audited financial statements of IHP for FYE 31 December 2017, FYE 31 December 2018 and FYE 31 December 2019 have been prepared in accordance with applicable approved Malaysian accounting standards and there was no audit qualification for the respective years under review. IHP has not adopted any accounting policies which are peculiar to its operations for the respective years under review.

Commentary

(i) FYE 31 December 2019 vs. FYE 31 December 2018

IHP Group's revenue for FYE 31 December 2019 increased by 83.98% to RM85.53 million as compared to the previous financial year. This was mainly due to the recognition of progress billings from the sale of the IHP Group's serviced apartments at its project at the Kuantan Waterfront Resort City which was completed and handed over to the end-buyers in October 2019 and February 2020 for Block B and Block A respectively.

Despite the increase in revenue, the IHP Group recorded a LAT of RM2.11 million compared to a profit after taxation of RM1.37 million in the previous financial year, mainly due to a loss from the disposal of its equity interest in Ideal Mining Sdn Bhd, Ideal Minerals Sdn Bhd and Ideal Metal Alloy Sdn Bhd upon the IHP Group's exit from the mining and silicon manganese manufacturing business and an increase in other operating expenses due to expenses associated with the commencement of the hotel operation such as hotel staff cost.

(ii) FYE 31 December 2018 vs. FYE 31 December 2017

IHP Group's revenue for FYE 31 December 2018 increased by 75.83% to RM46.49 million as compared to the previous financial year. This was mainly due to higher sales and progress billings from the IHP Group's project mentioned above as well as higher sales of manganese.

In line with the higher revenue, IHP Group's PAT increased by 143.95% to RM1.37 million as compared to the previous financial year. This was mainly attributable to higher contribution from the IHP Group's project mentioned above and an increase in other operating income from fees earned by the IHP Group's project management and property management divisions.

(iii) FYE 31 December 2017 vs FYE 31 December 2016

IHP Group's revenue for FYE 31 December 2017 increased by 9.32% to RM26.44 million as compared to the previous financial year. This was mainly due to higher sales and progress billings from the IHP Group's project mentioned above.

Despite the higher revenue, IHP Group's PAT decreased by 40.90% to RM0.56 million as compared to the previous financial year. This was mainly attributable to higher cost incurred for the IHP Group's project mentioned above.

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Details of the IHP Properties which are referred to in Section 2.3, Part A of this Circular and their respective valuation surplus (computed based on the audited net book value of the properties as at 31 December 2019 and the market value of the IHP Properties as appraised by the Valuers) are provided in the table below:-

No.	Property identification / Location	Description & existing use	Title condition / Zoning	Land area	Tenure	Audited net book value as at 31 December 2019 (RM)	Market value (RM) / Date of valuation / Method of valuation	[1]Valuation surplus (RM)
Properties valued by Cheston								
1.	Imperium Residence (Block A)[2], Swiss-Bel Hotel (Block B)[3] / Kuantan Waterfront Resort City, Jalan Tanjung Lumpur 1, 26060 Kuantan, Pahang Darul Makmur	**Description:** 120 units of serviced apartments together with 6 units of terraces, 82 units of air-conditioner ledges and 221 car park bays as accessory parcels **Existing use:** All 120 units of serviced apartments are currently vacant.	**Title condition:** Serviced apartment **Zoning:** Commercial	15,596 sqm	99-year leasehold interest expiring on 11 December 2112	34,260,000	65,300,000 / 30 September 2020 / Market / Comparison approach	31,040,000
2.	Commercial Lots[4] / Kuantan Waterfront Resort City, Jalan Tanjung Lumpur 1, 26060 Kuantan, Pahang Darul Makmur	**Description:** 5 units of commercial lots together with 9 units of terraces / foyers and 36 car park bays as accessory parcels **Existing use:** 2 units are operated by Swiss-Bel Hotel International Limited as restaurants while 1 unit is being used as a management office. The remaining 2 units are vacant.	**Title condition:** Serviced apartment **Zoning:** Commercial	15,596 sqm	99-year leasehold interest expiring on 11 December 2112	5,957,000	15,000,000 / 30 September 2020 / Market / Comparison approach and Income approach by Investment method	9,043,000
3.	Lots 159850 and 159851 / Kuantan Waterfront Resort City, Jalan Tanjung Lumpur 1, 26060 Kuantan, Pahang Darul Makmur	**Description:** Vacant land	**Title condition:** Building **Zoning:** Commercial	32,395 sqm	99-year leasehold interest expiring on 11 December 2112 in respect of both titles	2,293,000	37,700,000 / 30 September 2020 / Market / Comparison approach	35,407,000

No.	Property identification / Location	Description & existing use	Title condition / Zoning	Land area	Tenure	Audited net book value as at 31 December 2019 (RM)	Market value (RM) / Date of valuation / Method of valuation	[1]Valuation surplus (RM)
Properties valued by Irhamy								
4.	Lot No. 60291 / Casa Mila Club House, Jalan Bukit Idaman 3/1, Taman Bukit Idaman, 68100 Batu Caves, Selangor Darul Ehsan	**Description:** A double storey clubhouse building complete with a swimming pool, wading pool, gazebo, squash courts, restaurant, gymnasium and landscaping **Existing use:** The clubhouse is occupied by the joint management body who also oversees the management and maintenance works of the clubhouse	**Title condition:** Commercial Building (Bangunan Perniagaan) **Zoning:** Residential	3,340 sqm	99 years leasehold expiring on 4 June 2094	1,096,000	4,500,000 / 30 September 2020 / Comparison method	3,404,000
5.	Lot No. 60292 / Casa Venicia Club House, Jalan Bukit Idaman 3/1, Taman Bukit Idaman, 68100 Batu Caves, Selangor Darul Ehsan	**Description:** A 3-level clubhouse building complete with a swimming pool, wading pool, gazebo and other ancillary facilities such as landscaping, squash courts, sauna and restaurant. **Existing use:** The clubhouse is occupied by the joint management body who also oversees the management and maintenance works of the clubhouse	**Title condition:** Commercial Building (Bangunan Perniagaan) **Zoning:** Residential	3,307 sqm	99 years leasehold expiring on 4 June 2094	1,909,000	5,000,000 / 30 September 2020 / Comparison method	3,091,000

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No.	Property identification / Location	Description & existing use	Title condition / Zoning	Land area	Tenure	Audited net book value as at 31 December 2019 (RM)	Market value (RM) / Date of valuation / Method of valuation	(1)Valuation surplus (RM)
6.	Lot No 52186 and Lot No. 52187 / Unit No. 1 & 2, Jalan Bukit Idaman 8/1, Taman Bukit Idaman, 68100 Batu Caves, Selangor Darul Ehsan	**Description:** Two adjoining units of 2 ½-storey shop offices **Existing use:** The units are owner occupied and being used as an office as at the LPD	**Title condition:** Commercial Building (Bangunan Perniagaan) **Zoning:** Commercial	130 sqm	99 years leasehold expiring on 17 October 2089	355,000	1,900,000 / 30 September 2020 / Comparison method	1,545,000
7.	Lot No. 52185 / Unit No. 3A, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Batu Caves, Selangor Darul Ehsan.	**Description:** A residential unit within shop-offices **Existing use:** The unit is owner occupied and being used as an office as at the LPD	**Title condition:** Commercial Building (Bangunan Perniagaan) **Zoning:** Commercial	130 sqm	99 years leasehold expiring on 17 October 2089	64,000	110,000 / 30 September 2020 / Comparison method	46,000
					TOTAL	**45,934,000**	**129,510,000**	**83,576,000**

Notes:-

(1) The valuation surplus is computed based on the market value of the properties appraised by the Valuers less the audited net book value as at 31 December 2019.

(2) The Imperium Residence (Block A) consists of 96 serviced apartments with the following unit numbers: A-03-16, A-05-01, A-05 02, A-05-03, A-05-3A, A-05-05, A-05-06, A-05-07, A-05- 08, A-06-01, A-06-08, A-07-01, A-07-08, A-07-16, A-08-01, A-08-05, A-08-08, A09-01, A-09-07, A-09-08, A-09-09, A-10-01, A-10-08, A-10-16, A-11-01, A-11-08, A-12-01, A-12-08, A-12-09, A-12-16, A-13-01, A-13-02, A-13-08, A-13-16, A-13A-03, A-13A-06, A-13A-08, A-15-01, A-15-08, A-15-16, A-16-01, A-16-03, A-16-07, A-16-08, A-16-09, A-16-16, A-17-01, A-17-3A, A-17-08, A-17-09, A-17-16, A-18- 01, A-18-3A, A-19-01, A-19-07, A-19-08, A-20-01, A-20-02, A-20-05, A-20-07, A-21-01, A-21-07, A-21-16, A-22-01, A-22-02, A-22-3A, A-22-05, A-22-10, A-23-01, A-23-02, A-23-03, A-23-3A, A-23-05, A-23-10, A-23A-01, A-23A-02, A-23A-3A, A23A-05, A-25-01, A-25-02, A-25-03, A-25-3A, A-25-05, A-26-01, A-26-02, A-26-03, A-26-3A, A-26-05, A-27-01, A-27-02, A-27-03, A-27-3A, A-27-05, A-27-10, A-28-01 and A-28-02 including accessory parcels as further detailed in the Valuation Certificate.

(3) The Swiss-Bel Hotel (Block B) consists of 24 units of serviced apartments with the following unit number: B-03-01, B-03-3A, B-03-05, B-03-10, B-06-16, B-10-01, B-10-08, B-11-01, B-11-08, B-12-08, B-13-08, B-13A-01, B-15-08, B-17-08, B-20-01, B-21-01, B-23-08, B23A-01, B-23A-08, B-25-07, B-25-08, B-26-08, B-27-01 and B-27-08 including accessory parcels as further detailed in the Valuation Certificate.

(4) The commercial lots consist of 5 units of commercial lots with the following unit numbers: CO-01, CO-02, CO-03, CO-04 and CO-05 including accessory parcels as further detailed in the Valuation Certificate.

Company No.
198401015146 (127701-D)

IDEAL HEIGHTS PROPERTIES SDN. BHD.

(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2019

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IDEAL HEIGHTS PROPERTIES SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

Principal activities

The principal activities of the Company are property development and property management.

The principal activities of its subsidiaries are shown in Note 9 to the financial statements.

There were no significant changes in the nature of these activities during the financial year.

Financial results

	Group RM	Company RM
(Loss)/profit for the financial year	(2,109,244)	3,605,426
Attributable to:		
Owners of the Company	(2,162,177)	3,605,426
Non-controlling interests	52,933	-
	(2,109,244)	3,605,426

Dividends

No dividends were paid or declared by the Company since 31 December 2018.

The Directors do not recommend the payment of dividend for the financial year ended 31 December 2019.

Reserves and provisions

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

Issue shares and debentures

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

Company No.
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IDEAL HEIGHTS PROPERTIES SDN. BHD.

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DIRECTORS' REPORT (CONTINUED)

Options granted over unissued shares and debentures

No options were granted to any person to take up unissued ordinary shares or debentures of the Company during the financial year.

Directors

The Directors who have held office since the date of the last report are:

Tan Sri Datuk Tee Hock Seng, JP
Tay Hock Lee
Adnan Bin Abdullah, PPN, PJK
Dr. Tan Cheng Kiat
Cheo Chet Lan @ Chow Sak Nam, KMN
Datuk Matthew Tee Kai Woon (Alternate Director to Tan Sri Datuk Tee Hock Seng, JP)
Dato' Tan Seng Hu (Resigned as alternate Director to Dr. Tan Cheng Kiat on 20 March 2019)
Chow Chee Seng (Appointed as alternate Director to Cheo Chet Lan @ Chow Sak Nam, KMN on 31 December 2019)

In accordance with the Company's Article of Association, Cheo Chet Lan @ Chow Sak Nam, KMN, retires at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

Directors' benefits

During the financial year, no arrangements subsisted to which the Group and the Company is a party, being arrangements with the object or objects of enabling the Directors of the Group and of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

IDEAL HEIGHTS PROPERTIES SDN. BHD.

(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

Directors' interests in shares

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

	Number of ordinary shares			
	At 01.01.2019	**Bought**	**Sold**	**At 31.12.2019**
Share in the Company				
Direct interest				
Tan Sri Datuk Tee Hock Seng, JP	568,146	-	-	568,146
Dr. Tan Cheng Kiat	545,418	-	-	545,418
Tay Hock Lee	522,692	-	-	522,692
Cheo Chet Lan @ Chow Sak Nam, KMN	545,417	-	-	545,417
Datuk Matthew Tee Kai Woon	454,515	-	-	454,515
Indirect interest by virtue of shares held by companies in which a director has interest				
Tan Sri Datuk Tee Hock Seng, JP	545,418	-	-	545,418
Dr. Tan Cheng Kiat	545,418	-	-	545,418
Datuk Matthew Tee Kai Woon	545,418	-	-	545,418

No other Director in the office at the end of the financial year held any interest in shares in the Company and its related corporations.

DIRECTORS' REPORT (CONTINUED)

Statutory information on the financial statements

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment and satisfied themselves that all known bad debts had been written off and that adequate allowance for impairment had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts 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; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

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

(a) 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 liability of any other person; or

(b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT (CONTINUED)

Other statutory information

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

In the opinion of the Directors:

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

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Indemnifying Directors, officers or auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any reason who is or has been the Directors, officers or auditors of the Group and the Company

Subsequent events

Detail of subsequent events for the financial year are disclosed in Note 29 to the financial statements.

Company No.
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IDEAL HEIGHTS PROPERTIES SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

Auditors

The auditors, RSL PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 6 in the financial statements.

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

Tan Sri Datuk Tee Hock Seng, JP
Director

Cheo Chet Lan @ Chow Sak Nam, KMN
Director

Selayang
28 August 2020

Company No.
198401015146 (127701-D)

IDEAL HEIGHTS PROPERTIES SDN. BHD.

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Datuk Tee Hock Seng, JP and Cheo Chet Lan @ Chow Sak Nam, KMN, being two of the Directors of Ideal Heights Properties Sdn. Bhd., state that, in the opinion of the Directors, the financial statements set out on pages 12 to 94 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

Tan Sri Datuk Tee Hock Seng, JP
Director

Cheo Chet Lan @ Chow Sak Nam, KMN
Director

Selayang
28 August 2020

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Tan Sri Datuk Tee Hock Seng, JP, being the Director primarily responsible for the financial management of Ideal Heights Properties Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 12 to 94 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Tan Sri Datuk Tee Hock Seng, JP
Director

Subscribed and solemnly declared by the abovenamed Tan Sri Datuk Tee Hock Seng, JP at Klang in the State of Selangor Darul Ehsan on 28 August 2020.

Before me,

No: B272
Nama: TEE HSIAO MEI

COMMISSIONER FOR OATHS

ALAMAT PESURUHJAYA SUMPAH

Company No.
198401015146 (127701-D)

RSL PLT (LLP0020147-LCA)
Chartered Accountants (AF 0071)
151A Jalan Batu Tiga Lama,
Taman Rashna, 41300 Klang,
Selangor, Malaysia.
Tel: 603-3344 8668
Fax: 603-3341 8998
Email: audit.klg.rsl@gmail.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IDEAL HEIGHTS PROPERTIES SDN. BHD.
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ideal Heights Properties Sdn. Bhd., which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 94.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

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 Directors' 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 Directors' Report and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IDEAL HEIGHTS PROPERTIES SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

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

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

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IDEAL HEIGHTS PROPERTIES SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) 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.

(e) 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.

(f) 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.

Company No.
198401015146 (127701-D)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IDEAL HEIGHTS PROPERTIES SDN. BHD. (continued)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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.

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.

RSL PLT
(LLP0020047-LCA & AF-0071)
Chartered Accountants

DATO' LEE TECK HUA
(No. 02374/08/2021 J)
Chartered Accountant

Klang
28 August 2020

Company No.
198401015146 (127701-D)

IDEAL HEIGHTS PROPERTIES SDN. BHD.

(Incorporated in Malaysia)

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

		Group		Company	
	Note	2019	2018	2019	2018
		RM	RM	RM	RM
Revenue	5	85,525,983	46,487,042	-	-
Cost of sales		(83,190,470)	(42,281,951)	-	-
Gross profit		2,335,513	4,205,091	-	-
Other operating income		4,878,256	2,542,161	4,839,604	1,641,789
Administrative expenses		(1,342,838)	(2,643,888)	(361,408)	(621,029)
Other operating expenses		(7,408,846)	(2,081,287)	(726,402)	(910,525)
(Loss)/profit from operations		(1,537,915)	2,022,077	3,751,794	110,235
Finance expenses		(39,709)	(50)	-	-
Share of result in associate, net of tax	10	-	54,991	-	-
(Loss)/profit before tax	6	(1,577,624)	2,077,018	3,751,794	110,235
Tax	7	(531,620)	(706,065)	(146,368)	(23,686)
(Loss)/profit for the financial year		(2,109,244)	1,370,953	3,605,426	86,549
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/ income for the financial year		(2,109,244)	1,370,953	3,605,426	86,549
(Loss)/profit after tax attributable to:					
- Owners of the Company		(2,162,177)	952,567	3,605,426	86,549
- Non-controlling interests		52,933	418,386	-	-
		(2,109,244)	1,370,953	3,605,426	86,549
Total comprehensive (loss)/income attributable to:					
- Owners of the Company		(2,162,177)	952,567	3,605,426	86,549
- Non-controlling interests		52,933	418,386	-	-
		(2,109,244)	1,370,953	3,605,426	86,549

The notes on pages 19 to 94 form part of these financial statements

Company No.
198401015146 (127701-D)

IDEAL HEIGHTS PROPERTIES SDN. BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 RM	2018 RM
ASSETS			
Non-current assets			
Property, plant and equipment	8	10,935,625	3,641,692
Investment in associates	10	-	5,061,706
Goodwill on consolidation	11	-	-
Deferred tax assets	12	141,097	203,927
		11,076,722	8,907,325
Current assets			
Inventories	13	211,925	-
Inventory properties under development	14	47,333,053	45,479,493
Trade and other receivables	15	27,293,433	21,123,183
Tax recoverable		23,816	3,985
Fixed deposits placed with a licensed bank	16	25,000	-
Cash and bank balances	17	8,517,748	6,582,135
		83,404,975	73,188,796
TOTAL ASSETS		94,481,697	82,096,121

The notes on pages 19 to 94 form part of these financial statements

Company No.
198401015146 (127701-D)

IDEAL HEIGHTS PROPERTIES SDN. BHD.

(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONTINUED)

	Note	2019 RM	2018 RM
Equity			
Share capital	18	4,545,150	4,545,150
Retained earnings		7,622,655	9,784,832
Equity attributable to owners of the Company		12,167,805	14,329,982
Non-controlling interests		2,237,304	3,791,176
TOTAL EQUITY		14,405,109	18,121,158
Non-current liabilities			
Trade and other payables	19	6,555,137	7,159,363
Service charge deposits	20	199,472	199,112
Borrowings	21	5,553,468	-
Deferred tax liabilities	12	-	693
		12,308,077	7,359,168
Current liabilities			
Trade and other payables	19	51,235,139	30,025,540
Contract liabilities	22	15,647,731	22,415,146
Amount due to Directors	23	230,000	1,189,217
Borrowings	21	628,695	2,590,332
Tax payables		26,946	395,560
		67,768,511	56,615,795
TOTAL LIABILITIES		80,076,588	63,974,963
TOTAL EQUITY AND LIABILITIES		94,481,697	82,096,121

The notes on pages 19 to 94 form part of these financial statements

Company No.
198401015146 (127701-D)

IDEAL HEIGHTS PROPERTIES SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 RM	2018 RM
ASSETS			
Non-current assets			
Property, plant and equipment	8	3,428,390	3,560,392
Investment in subsidiary companies	9	3,737,505	4,337,505
Investment in associates	10	-	45,000
Deferred tax assets	12	71,817	201,114
		7,237,712	8,144,011
Current assets			
Trade and other receivables	15	5,981,439	2,446,506
Tax recoverable		3,985	3,985
Cash and bank balances	17	83,852	34,915
		6,069,276	2,485,406
TOTAL ASSETS		13,306,988	10,629,417
EQUITY AND LIABILITIES			
Equity			
Share capital	18	4,545,150	4,545,150
Retained earnings		6,601,201	2,995,775
TOTAL EQUITY		11,146,351	7,540,925
Non-current liabilities			
Service charge deposits	20	199,472	199,112
		199,472	199,112
Current liabilities			
Trade and other payables	19	1,704,219	2,366,176
Amount due to Directors	23	230,000	505,000
Tax payable		26,946	18,204
		1,961,165	2,889,380
TOTAL LIABILITIES		2,160,637	3,088,492
TOTAL EQUITY AND LIABILITIES		13,306,988	10,629,417

The notes on pages 19 to 94 form part of these financial statements

Company No.
198401015146 (127701-D)

IDEAL HEIGHTS PROPERTIES SDN. BHD.

(Incorporated in Malaysia)

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

Group	Ordinary share capital	Distributable Retained earnings	Total attributable to owners of the Company	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM
At 01 January 2018	4,545,150	8,832,265	13,377,415	3,372,790	16,750,205
Total comprehensive income for the financial year	-	952,567	952,567	418,386	1,370,953
At 31 December 2018	4,545,150	9,784,832	14,329,982	3,791,176	18,121,158
At 01 January 2019	4,545,150	9,784,832	14,329,982	3,791,176	18,121,158
Disposal of subsidiary	-	-	-	(1,606,805)	(1,606,805)
Total comprehensive (loss)/income for the financial year	-	(2,162,177)	(2,162,177)	52,933	(2,109,244)
At 31 December 2019	4,545,150	7,622,655	12,167,805	2,237,304	14,405,109

Company	Ordinary share capital	Distributable Retained earnings	Total equity
	RM	RM	RM
At 01 January 2018	4,545,150	2,909,226	7,454,376
Total comprehensive income for the financial year	-	86,549	86,549
At 31 December 2018	4,545,150	2,995,775	7,540,925
At 01 January 2019	4,545,150	2,995,775	7,540,925
Total comprehensive income for the financial year	-	3,605,426	3,605,426
At 31 December 2019	4,545,150	6,601,201	11,146,351

The notes on pages 19 to 94 form part of these financial statements

Company No.
198401015146 (127701-D)

IDEAL HEIGHTS PROPERTIES SDN. BHD.

(Incorporated in Malaysia)

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

	Note	Group		Company	
		2019	2018	2019	2018
		RM	RM	RM	RM
Cash flows from operating activities					
(Loss)/profit before tax		(1,577,624)	2,077,018	3,751,794	110,235
Adjustments for:					
Share of result in associates		-	(54,991)	-	-
Interest income		(138,131)	(83,527)	(55,258)	(33,005)
Interest expenses		39,709	50	-	-
Allowance for expected credit losses		-	408,247	-	-
Reversal of allowance for expected credit losses		(98,556)	(188,303)	(98,556)	(188,303)
Dividend income		(225,000)	(360,000)	(225,000)	(360,000)
Loss/(gain) on disposals of investment in:					
- subsidiary		833,842	-	(976,365)	-
- associates		1,996,787	-	(2,019,919)	-
Property, plant and equipment:					
- depreciation		177,163	182,686	132,078	134,056
- gain on disposals		(999)	(30,998)	(999)	-
Operating profit/(loss) before working capital changes		1,007,191	1,950,182	507,775	(337,017)
Changes in working capital:					
Inventories		(211,925)	-	-	-
Inventory under properties development		(1,853,560)	(22,779,578)	-	-
Trade and other receivables		(13,854,662)	(6,730,429)	(3,436,377)	162,290
Contract assets		-	27,353,691	-	-
Trade and other payables		24,987,285	4,351,898	(661,957)	(155,655)
Contract liabilities		(6,767,415)	22,415,146	-	-
Security charge deposits		360	(81,603)	360	(81,603)
Amount due to Directors		(725,000)	(187,516)	(275,000)	(50,000)
Cash generated from/(used in) operations		2,582,274	26,291,791	(3,865,199)	(461,985)
Interest paid		(39,709)	(50)	-	-
Tax refund		-	35,415	-	35,415
Tax paid		(661,473)	(476,944)	(8,329)	-
Net cash from/(used in) operating activities		1,881,092	25,850,212	(3,873,528)	(426,570)

The notes on pages 19 to 94 form part of these financial statements

Company No.
198401015146 (127701-D)

IDEAL HEIGHTS PROPERTIES SDN. BHD.

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from investing activities					
Dividend received		225,000	360,000	225,000	360,000
Purchase of property, plant and equipment		(1,550,740)	(30,695)	(77)	-
Proceeds from disposal of property, plant and equipment		1,000	31,000	1,000	-
Proceeds from disposal of investment in subsidiary		-	-	1,576,365	-
Proceeds from disposal of investment in associates		2,064,919	-	2,064,919	-
Disposal of subsidiary, net of cash disposed	9	1,566,561	-	-	-
Placement of fixed deposits		(25,000)	-	-	
Interest income received		138,131	83,527	55,258	33,005
Net cash from investing activities		2,419,871	443,832	3,922,465	393,005
Cash flows from financing activities					
Net repayment of term loans and bridging loans		(2,365,350)	(20,423,817)	-	-
Repayment of hire purchases payables		-	(8,669)	-	-
Net cash used in financing activities		(2,365,350)	(20,432,486)	-	-
Net increase/(decrease) in cash and cash equivalents		1,935,613	5,861,558	48,937	(33,565)
Cash and cash equivalents as at 01 January		6,582,135	720,577	34,915	68,480
Cash and cash equivalents as at 31 December	24	8,517,748	6,582,135	83,852	34,915

The notes on pages 19 to 94 form part of these financial statements

IDEAL HEIGHTS PROPERTIES SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The financial statements were authorised for issue by the Board of the Directors on 28 August 2020.

Registered office:
Wisma Bina Puri
88, Jalan Bukit Idaman 8/1
Bukit Idaman, 68100 Selayang
Selangor Darul Ehsan, Malaysia.

Principal place of business:
No. 1 & 2, Jalan Bukit Idaman 8/1
Bukit Idaman, 68100 Selayang
Selangor Darul Ehsan, Malaysia.

2 Basis of preparation

(a) Statement of compliance

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

Adoption of new and amendments/improvements to MFRSs and new IC interpretation ("IC Int")

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous financial year except for the adoption of the following new MFRSs, amendments/improvements to MFRSs and new IC Int with the effect from the financial year beginning on or after 01 January 2019:

	Effective for annual periods beginning on or after
MFRS 16: *Leases*	01 January 2019
IC Interpretation 23: *Uncertainty over Income Tax Treatments*	01 January 2019
Amendments to MFRS 3: *Previously Held Interest in a Joint Operation (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	01 January 2019
Amendments to MFRS 9: *Prepayments Features with Negative Compensation*	01 January 2019

Company No.
198401015146 (127701-D)

IDEAL HEIGHTS PROPERTIES SDN. BHD.

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation (continued)

(a) Statement of compliance (continued)

Adoption of new and amendments/improvements to MFRSs and new IC interpretation ("IC Int") (continued)

	Effective for annual periods beginning on or after
Amendments to MFRS 11: *Previously Held Interest in a Joint Operation (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	01 January 2019
Amendments to MFRS 112: *Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	01 January 2019
Amendments to MFRS 119: *Plan Amendment, Curtailment or Settlement*	01 January 2019
Amendments to MFRS 123: *Borrowing Costs Eligible for Capitalisation (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	01 January 2019
Amendments to MFRS 128: *Long-Term Interests in Associates and Joint Ventures*	01 January 2019

The adoption of the new MFRSs, amendments/improvements to MFRSs and new IC Int did not have significant impact on the financial statements of the Group and the Company.

Company No.
198401015146 (127701-D)

IDEAL HEIGHTS PROPERTIES SDN. BHD.

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation (continued)

(a) Statement of compliance (continued)

New and amendments/improvements to MFRSs and IC Interpretation issued but not yet effective and have not been early adopted

The standards and interpretations that are issued but not yet effective for the Group and the Company are disclosed below. The Group and the Company intends to adopt these standards, if applicable, when they become effective.

	Effective for annual periods beginning on or after
Amendments to MFRS 3: *Definition of a Business*	01 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: *Interest Rate Benchmark Reform*	01 January 2020
Amendments to MFRS 101 and MFRS 108: *Definition of Material*	01 January 2020
Amendments to References to Conceptual Framework in MFRS Standards	01 January 2020
Amendment to MFRS 16: *Covid-19 - Related Concessions*	01 June 2020
MFRS 17 and Amendments: *Insurance Contracts*	01 January 2023
Amendments to MFRS 101: *Classification of Liabilities as Current or Non-Current*	01 January 2023
Annual Improvements to MFRS Standards 2018-2020	01 January 2022
Amendments to MFRS 3: *References to the Conceptual Framework*	01 January 2022
Amendments to MFRS 116: *Property, Plant and Equipment - Proceeds before Intended Use*	01 January 2022
Amendments to MFRS 137: *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contract - Cost of Fulfilling a Contract*	01 January 2022
Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Directors expect that the adoption of the above-mentioned standards, amendments/improvements and interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

IDEAL HEIGHTS PROPERTIES SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation (continued)

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency.

(d) Use of estimates and judgements

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

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

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

Company No.
198401015146 (127701-D)

IDEAL HEIGHTS PROPERTIES SDN. BHD.

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Business combinations

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

The accounting policy for goodwill is set out in Note 3(b) to the financial statements.

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

For each business combination, the Group elects whether it measures the non-controlling interest in the acquire either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as available-for-sale financial asset depending on the level of influence retained.

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates

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

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

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

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

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

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

3 Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Non-controlling interests

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

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

(vii) Transactions eliminated on consolidation

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

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

(b) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(b) Goodwill (continued)

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) 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 the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group and the Company is obligated to incur when the asset is acquired, if applicable.

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

3 Summary of significant accounting policies (continued)

(c) Property, plant and equipment and depreciation (continued)

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. The depreciable amount is determined after deducting the residual value. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Leasehold land and buildings	1%
Recreational club house	2%
Motor vehicles	20%
Plant and machinery	20%
Office equipment and maintenance equipment	20%
Furniture and fittings	20%
Computer and signboard	20%
Kitchen and hotel equipments	20%
Office renovation	20%

Depreciation of leasehold commercial outlets begins when it is ready for its intended use.

Depreciation of property, plant and equipment which are used for a specific project will be charged to that particular project. Depreciation of other property, plant and equipment are charged to profit or loss accordingly.

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period 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. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

(d) Financial instruments

(i) Recognition and initial measurement

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

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(i) Recognition and initial measurement (continued)

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

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

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

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

The Group categorises the financial instruments as follows:

(A) Financial assets

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

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

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

(a) Debt instruments

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

- Amortised cost

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

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

(A) Financial assets (continued)

(a) Debt instruments (continued)

- Fair value through other comprehensive income ("FVOCI")

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

- Fair value through profit or loss ("FVPL")

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

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

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(i) Financial instrument categories and subsequent measurement (continued)

(A) Financial assets (continued)

(b) Equity instruments

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

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

(B) Financial liabilities

The Group classifies their financial liabilities in the following measurement categories:

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

Financial liabilities at fair value through profit or loss

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

(B) Financial liabilities (continued)

Financial liabilities at amortised cost

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

(iii) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with MFRS 9, and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15. Liabilities arising from financial guarantees are presented together with other provisions.

(iv) Regular way purchase or sale of financial assets

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

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

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

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

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

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

(v) Derecognition

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

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

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

When the Group has transferred their rights to receive cash flows from an asset or has entered into a pass-through arrangement, the Group evaluates if, and to what extent, the Group has retained the risks and rewards of ownership. When the Group has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(v) Derecognition (continued)

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

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

(vi) Offsetting of financial statements

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

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(e) Impairment

(i) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contracted cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company established a provision matrix for trade receivable that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amount in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3 Summary of significant accounting policies (continued)

(e) Impairment (continued)

(ii) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life or are not yet available for use, the recoverable amount is estimated at each reporting date.

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

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

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses 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 were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(e) Impairment (continued)

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

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised 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.

(f) Inventories

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

(i) Property development costs

Cost is determined based on specific identification basis. Property development costs comprise costs of land, professional fees, direct materials, direct labour, other direct costs, attributable overhead, payments to subcontractors and borrowing costs capitalised for qualifying assets that incurred during the development period. The asset is subsequently recognised as an expense in profit or loss when and as the control of the asset is transferred to the customer.

Properties development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

(ii) Other inventories

The cost of completed properties included costs of land and related development cost or its purchase costs and incidental cost of acquisition.

Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

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3 Summary of significant accounting policies (continued)

(g) Mining right

Mining right represents consideration paid for the mining right to participate in mining operation.

(h) Mining expenditure

Mining expenditure represents the expenses for setting up of mining plant. Mining expenditure is capitalised when it is probable that the projects will be successful and cost can be measured reliably. Mining expenditure that has been capitalised is recognised in the income statement upon the commencement of commercial production.

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash in hand, bank balances, demand deposits (other than deposits pledged with financial institutions), bank overdrafts and short-term, highly liquid investments that are readily convertible to known of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents are presented as net of bank overdrafts and exclude deposits pledged to secure banking facilities.

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(j) Leased assets

<u>Current financial year</u>

Right-of-use assets and lease liabilities

At the inception date, the Company determines whether a contract is, or contains, a lease in accordance with the definition of a lease in MFRS 16: *Leases*. At the commencement date, if an entity in the Company is a lessee, it recognises a right-of-use asset and a corresponding lease liability.

The initial measurement of the right-of-use asset is at cost. The cost of the right-of-use assets comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the lessee; and

(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date of as a consequence of having used the underlying asset during a particular period.

On initial recognition, a lease liability is measured at the present value of the lease payment over the lease term discounted at the interest rate implicit in the lease, if that rate is readily determinable, otherwise at the incremental borrowing cost of the lessee. The lease term comprises the non-cancellable period of the lease plus the optional period to extend, or not to terminate an early termination option, if the lessee is reasonably certain to extend the option period or not to exercise an early termination option. Lease payments comprise fixed or in-substance fixed payments, variable payments linked to an inflation-related index or rate, purchase price if the lease reflects exercise of a purchase option, penalties for termination and payment for residual value guarantees.

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(j) Leased assets (continued)

Current financial year (continued)

Right-of-use assets and lease liabilities (continued)

All classes of right-of-use assets are subsequently measured at costs: (a) less accumulated depreciation and accumulated impairment losses, and (b) adjusted for any remeasurement of the lease liability.

The Company applies the depreciation requirements of MFRS 116 for the right-of-use assets, which may be on straight-line method or another method that better reflects the consumption of the right-of-use assets. Depreciation of the right-of-use asset is over the useful life if the lease transfer ownership by the end of the lease term or if the cost reflects that the Company will exercise a purchase option. Otherwise, the Company depreciates the right-of-use assets to the earlier of the end of the useful life and the end of the lease term. The Company applies MFRS 136: *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

A lease liability is subsequently measured at amortised cost method to reflect interest expenses, lease payments and adjustments for reassessment or modification of the lease liability.

Lessor accounting

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

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

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(j) Leased assets (continued)

Previous financial year

(a) Finance lease

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

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

(b) Operating lease

Leases, where the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

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

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(k) 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. Capitalisation of borrowing costs is suspended during the extended periods in which active development is interrupted. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

(l) Share capital

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

(m) Provisions

Provisions are recognised when the Group has a present obligation as a result of past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits 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 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.

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3 Summary of significant accounting policies (continued)

(n) Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

(o) Income taxes

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

(i) Current tax

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

(ii) Deferred tax

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

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

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3 Summary of significant accounting policies (continued)

(o) Income taxes (continued)

(ii) Deferred tax (continued)

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

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

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

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

(p) Employees benefits

(i) Short term employee 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.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

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3 Summary of significant accounting policies (continued)

(q) Revenue recognition

The Group recognises revenue that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group reasonably expects that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

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

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group assesses the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract, or forms a part of the existing contracts.

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(q) Revenue recognition (continued)

(i) Property development

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

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

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to-date under the input method over the progress billings to-date and includes deposits or advances received from customers. When the progress billings to-date and includes deposits or advances received from customers exceed revenue recognised to-date then the Group recognises a contract liability for the difference.
Consistent with market practice, the Group collects deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group has obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

For residential properties, as part of the statutory requirements, the obligations to repair and made good of any defect, shrinkage or other faults in the building or in the common property which have become apparent within a period of 24 months after the customer takes vacant possession of the building are recognised as a provision.

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(q) Revenue recognition (continued)

(ii) Sale of completed properties

The Group recognizes sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchaser, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it would be entitled to in exchange for the asset sold.

There is no significant financing component in the revenue arising from sale of completed properties as the sales are made on the normal credit terms not exceeding twelve months.

(iii) Sale of goods and services

Revenue from sale of goods and services rendered is recognised when the services have been rendered to the customers and coincide with the delivery of services and acceptance by customers, net of returns and trade discounts.

(iv) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(v) Rental income

Rental income is recognised on an accrual basis.

(vi) Dividend income

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

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(r) 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 liability is also referred as a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

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

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(s) Related parties

A party is related to any entity, if:

(i) directly, or indirectly through one or more intermediaries, the party:
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;
(iii) the party is a joint venture in which the entity is a venturer;
(iv) the party is a member of the key management personnel of the entity or its parent;
(v) the party is close member of the family of any individual referred to in (i) or (iv);
(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

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NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies (continued)

(t) Fair value measurement

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

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

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

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

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