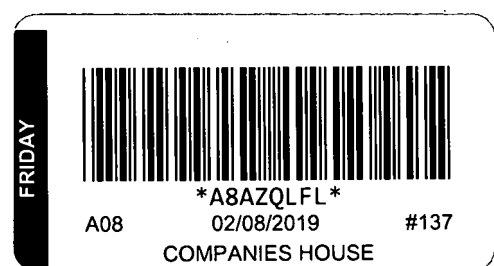




Company Number: 00188390



Annual Report 2019

	Page
Notice of meeting	1 - 2
Corporate information	3 - 4
Chairman's statement	5
Strategic report	6 - 7
Report of the directors	8 - 14
Directors' remuneration report	15 - 16
Statement of directors' responsibilities in respect of the annual report and the financial statements	17 - 18
Independent auditor's report to the members of Hidong Estate Plc	19 - 24
Profit and loss account	25
Balance sheet	26
Statement of Other Comprehensive Income.. .. .	27
Statement of Changes in Equity	28
Cash flow statement	29
Notes to the financial statements	30 - 37
Comparative statistics	38
Terms of Reference for the Audit Committee	39 - 40
Proxy form	41

Notice of meeting

NOTICE IS HEREBY GIVEN that the NINETY-SIXTH ANNUAL GENERAL MEETING of the Company will be held at the head office of the Company, 3rd Floor, 2 Lebuhr Pantai, 10300 George Town, Penang, Malaysia on Monday, 23 September 2019 at 10:30 a.m. for the following purposes:-

1. To receive and consider the audited financial statements and the reports of the directors and auditors thereon for the year ended 31 March 2019.
2. To re-elect Mr. Diong Chin Teck who retires in accordance with article 108 of the Company's Articles of Association, and being eligible, offers himself for re-election.
3. To re-appoint the auditors and to authorise the directors to fix their remuneration.

Ordinary Resolution:-

"THAT Mazars LLP be and is hereby appointed auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which financial statements are laid before the Company, and that their remuneration be fixed by the directors."

4. To approve the Directors' Remuneration Report

Ordinary Resolution:-

"THAT the Directors' Remuneration Report for the year ended 31 March 2019 be and is hereby approved."

5. To approve the Directors' Remuneration Policy

Ordinary Resolution:-

"THAT the Directors' Remuneration Policy be and is hereby approved."

6. To approve the following resolutions as Ordinary Resolutions :-

- (a) "THAT authority be and is hereby given to Mr Diong Chin Teck who has served as an independent non-executive director of the Company for a cumulative term of more than nine (9) years to continue to act as an independent non-executive director of the Company."
- (b) "THAT authority be and is hereby given to Mr Chew Beow Soon who has served as an independent non-executive director of the Company for a cumulative term of more than nine (9) years to continue to act as an independent non-executive director of the Company"

7. To transact any other business of which due notices shall have been given.

By order of the Board



Lim Kim Teck
Secretary

26 July 2019

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed for your completion and return.
2. A statement of all transactions of each director and, where applicable, of his family in the share capital of the Company will be available at the head office of the Company on any weekday during normal business hours from the date of this notice until the conclusion of the annual general meeting. There are no service contracts in existence with the directors.
3. Biographical details of the directors presenting themselves for re-election and re-appointment are set out on the following page. The Board has reviewed the performance of each individual director, including the directors presenting themselves for re-election and re-appointment, and concluded that each director has performed effectively and continues to demonstrate commitment to the role.

Corporate information

DIRECTORS

Chew Sing Guan (Chairman)

An executive director and chairman of the Company since 1983. A non-executive director of the managing agents and Malaysian registrars, Plantation Agencies Sdn. Berhad. Male aged 69.

Diong Chin Teck

A non-executive director of the Company since 2000. A director of several public limited companies, a few of which are quoted. Male aged 86.

Chew Beow Soon

A non-executive director of the Company since 2000. A director of several private limited companies. Male aged 70.

AUDIT COMMITTEE

Diong Chin Teck (Chairperson)

Chew Beow Soon (Member)

COMPANY SECRETARY

Lim Kim Teck

HEAD OFFICE, MANAGING AGENTS AND MALAYSIAN REGISTRARS

Plantation Agencies Sdn. Berhad
3rd Floor,
2, Lebuhr Pantai,
10300 George Town, Penang, Malaysia.

P.O.Box 706,
10790 Penang, Malaysia.

REGISTERED OFFICE

Neville Registrars Limited
Neville House
Steelpark Road
Halesowen
West Midlands
B62 8HD

U.K. REGISTRARS

Neville Registrars Limited
Neville House
Steelpark Road
Halesowen
West Midlands
B62 8HD

AUDITOR

Mazars LLP
45 Church Street
Birmingham
West Midlands
B3 2RT
United Kingdom

LISTING

London Stock Exchange

Chairman's statement

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of Hidong Estate Plc for the financial year ended 31 March 2019.

The Company recorded profit before tax of RM197,135 (2018: RM230,643) for the financial year ended 31 March 2019. The gain is mainly attributable to interest income.

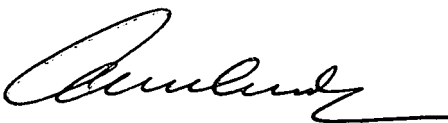
The Malaysian economy registered a growth of 4.7% during the final quarter of 2018, bringing the total GDP for the year to 4.7%. The Malaysian economy is expected to experience moderate growth in 2019 due to challenging external factors. The uncertainties in the US' monetary policies, the slowdown in China's economic growth and the ongoing unresolved trade tension between the US and China also affected global economy and thus Malaysia economy.

The trade war will be seriously contagious, spreading beyond the two involved parties. The global supply chain and financial markets are major transmission mechanisms that can propagate the shock across the world economy. While everyone will suffer, Asia will take the worst hit, given its high degree of supply chain integration with China's manufacturing and assembly operations.

Therefore, the Company will always remain vigilant of the developments that could affect our local and global economies.

The Board remained prudent and continued its disciplined approach by maintaining the Company's assets in liquid form and controlling costs at the same time. With this, the Company maintains sufficient levels of cash or readily convertible investments to quickly respond to opportunities should they eventualise and at the same time, creating long-term sustainable value and enhanced returns to all our stakeholders.

Lastly, I wish to thank our valued shareholders for their steadfast support and loyalty and my appreciation also goes to fellow Board members and management for their co-operation, dedication and contribution to the Company.



CHEW SING GUAN
Chairman

Penang, Malaysia
26 July 2019

Strategic report

The original principal activities of the Company, which were the production of natural rubber and oil palm fresh fruit bunches, ceased when the Company sold its land and plantations in 2006. Since then, the Board has been actively identifying suitable investments for the Company.

The Company's assets after the disposal of the plantation and its other plant and equipment comprise cash and bank deposits, all of which earn interest, and investments in listed equities. The income generated from deposits and investments as well as any gain from disposal of investments serve to increase shareholders' funds and it is the strategy adopted by the Company to preserve and grow value for shareholders.

PERFORMANCE INDICATORS

The Company's performance in its investment activities are highlighted as follows:

	2019	2018	
	RM	RM	
Income from investments	54,297	59,357	Consistent dividend income derived from investments in 2019.
Gain on disposal of investments	9,894	7,591	Higher gain on disposal of investments in equities in 2019.
Interest receivable on short term bank deposits	388,627	407,932	Consistent returns from interest on short term bank deposits.

All performance measures are in line with management's expectations.

PRINCIPAL RISKS AND UNCERTAINTIES

As the Company's assets comprise cash and bank deposits and investments in listed equities, the financial risks involved are minimal though it is acknowledged that values will fluctuate over time. The principal risks and the steps the Company has taken to manage these risks are disclosed in note 12 to the financial statements.

All of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no employees other than a single director, or internal operations. The Company has therefore not reported further in respect of these provisions in this Annual Report.

VIABILITY STATEMENT

As at the end of the financial year, the Company's assets comprise approximately 90.4% (2018: 88.7%) in cash and deposits and 9.4% (2018: 10.5%) in quoted equity investments which are highly liquid in nature. The directors believe that, taking into account the Company's strong solvency position, highly liquid assets and measures taken to manage the principal risks, the Company will be able to continue its investment activities and meet its liabilities as they fall due for the period up to 31 March 2022, being the period considered by the directors in their assessment for the next three years. In their assessment the directors also believe that, should the need arise, the Company will be able to raise new finance through borrowings to fund new investments it may identify as the Company currently does not have any borrowings.

Reporting on certain matters is considered to be impractical for the entity and as a result have not been specifically commented upon. These include environmental matters and community issues. Specifically in relation to carbon dioxide emissions the activities of the company are such that its emissions are negligible.

Approval

This report was approved by the Board of Directors on 26 July 2019 and signed on its behalf:



CHEW SING GUAN
Chairman



CHEW BEOW SOON
Director

Penang, Malaysia

Report of the directors

The directors present their Annual Report of the Company for the financial year ended 31 March 2019.

RESULTS AND DIVIDEND

The Company made a profit after tax of RM108,528 for the current financial year as compared to RM137,963 in the previous year. The directors do not recommend any final dividend to be paid for the current financial year (2018: RM Nil).

DIRECTORS

The names and sex of the directors who held office during the year together with brief biographical details are shown on page 3. In accordance with article 108 of the Company's Articles of Association, Mr. Diong Chin Teck will retire by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

Qualifying third party indemnity provisions are not in place in respect of the Company's directors.

The directors do not have any service contract with the Company. Mr. Chew Sing Guan is a non-executive director of Plantation Agencies Sdn. Berhad who acted as the Malaysian Registrars and an agent to the Company in Malaysia.

SUBSTANTIAL SHAREHOLDINGS

At the date of this report, substantial interests in the share capital of the Company, as notified to the Company, were as follows:-

	No. of ordinary shares of 10p each	%
Malayan Securities Trust Sdn. Berhad	798,986	46.63
Thomas William George Charlton	234,997	13.72
Flairshare Limited	132,000	7.70
The Temerloh Rubber Estates Berhad	88,442	5.16

Mr. Chew Sing Guan has notified an interest in the shares held by Malayan Securities Trust Sdn. Berhad. The directors are not aware of any other beneficial holding of 3% or more in the share capital of the Company.

The Directors Chew Beow Soon and Diong Chin Teck each hold 1,000 ordinary shares.

EFFECT OF THE WITHDRAWAL OF THE UNITED KINGDOM FROM THE EUROPEAN UNION

The directors do not anticipate that the withdrawal of Britain from the European Union will have any material impact on the business of the company.

TAXATION

The Company is tax resident in Malaysia.

PAYMENT TO SUPPLIERS

The Company does not follow any code or standard on payment practice. The Company's policy, in relation to all of its suppliers, is to make settlement according to the terms of payment agreed at the commencement of business with that supplier provided that the supplier has complied with the terms and conditions of the supply agreement.

CORPORATE GOVERNANCE

As at the date of this report the Company is not in full compliance with the following provisions of the UK Corporate Governance Code (2014): C3.2, C3.4, C3.5, C3.6 and C3.8 due to its size, the nature of its current activities which is investment holding and the small volume of transactions conducted per year. Areas of non-compliance with the Corporate Governance code are appropriately disclosed in the succeeding paragraphs.

Internal Audit

The need for an internal audit function has been reviewed by the directors. It was decided that the current size of the Company, nature of its activities and small volume of transactions combined with the tight financial and management control exercised by the directors on a day-to-day basis negates such a need. The policy will be kept under review. The absence of an internal audit function is not in compliance with provision C.3.6 of the UK Corporate Governance Code.

External Auditor

The Audit Committee assesses annually the effectiveness of the external audit process and has primary responsibility for making recommendation on the appointment, re-appointment or removal of the external auditor.

The current external auditor was appointed in 2017 and have been re-appointed annually since then. The Company last conducted a tender for external auditors in 2017. Due to the nature of the Company it was not felt necessary to tender the audit in accordance with the Corporate Governance Code.

The external auditors did not provide any non-audit services in this or the previous year.

Directors

The directors carry out their duties in a manner that will safeguard the shareholders' interests at all times. They are responsible for ensuring sound management of the Company and effective implementation and execution of its policies, decisions and business strategies towards ensuring a successful continuity of the business.

The Board ordinarily meets three times a year. During the year ended 31 March 2019 the Board met on three occasions. Details of the directors' attendance at Board meetings during the financial year are as follows:

	<u>Attendance</u>
Chew Sing Guan	3/3
Diong Chin Teck	3/3
Chew Beow Soon	3/3
Haji Zambri bin Haji Mahmud	1/3
<i>(retired on 24 September 2018)</i>	

Directors (Cont'd)

The Board is guided by a formal schedule of matters specifically reserved to it for decision making which includes future strategy, key business policies, material acquisitions and disposals, approval of interim financial statements, annual reports and financial statements. Directors have full and timely access to information and Board papers and reports relevant to the issues of meetings are circulated to Board members in advance of the meetings. Procedures are in place for directors to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, all directors have direct access to the advice and services of the Company Secretary.

The Board consists of the executive Chairman, Mr. Chew Sing Guan and two independent non-executive directors namely Mr. Diong Chin Teck and Mr. Chew Beow Soon. Even though both two non-executive directors have been in post for more than nine years, the Board is satisfied that they have continued to demonstrate independence in terms of character and judgement.

In non-compliance with provision A.2.1 and A.3.1 of the Corporate Governance code it is the Board's view that for a Company of this size it is not deemed necessary to separate the posts of chairman and chief executive officer. Furthermore, the Board is of the opinion that there is a strong independent element within the Board in the form of the two independent non-executive directors who provide a check and balance in the Board on decision making. For the same reasons, even though this is not in compliance with provision A.4.1 and B.2.1 of the Corporate Governance code, the Board is also of the view that it is not deemed necessary to appoint a senior independent director or to form a Nomination Committee. The Board is assisted by professionals (Managing Agents) who report periodically to it. Important business matters are submitted to the Board for decision.

In addition, in non-compliance with the Corporate Governance Code, Mr. Chew Sing Guan is a non-executive director of Plantation Agencies Sdn. Berhad who acted as the Malaysian Registrars and an agent to the Company in Malaysia.

In accordance with the Articles of Association of the Company, all directors are subject to election by shareholders at the first Annual General Meeting after their appointment and thereafter subject for re-election at least once every three years. The Board has always complied with this requirement. The Board has chosen not to adopt provision B.7.1 of the Code that non-executive directors who have served for more than nine years should be subject to annual re-election since the existing practice, which complies with Company law and the Articles, works well. However, the Company will seek shareholders' approval for independent non-executive directors who have served for more than nine years to continue to act as independent non-executive directors of the Company.

The Company has not complied with provisions D.1.1 to D.1.5 of the Corporate Governance code relating to remuneration schemes for directors as the directors received only a nominal fee for their services and there is no intention to change the way they are remunerated. Accordingly, the formation of a Remuneration Committee is not deemed to be necessary and the Company has not complied with provisions D.2.1 and D.2.2 of the Corporate Governance code.

The Directors evaluate the performance of the Board, the Audit Committee and its individual directors. The assessment of the individual directors on the performance of the Board and the Audit Committee are collated for the Chairman's review and presented to the entire Board. Each director also assesses the individual performance of the other directors and the results are presented to the Chairman who then holds discussions with all the individual directors regarding their effectiveness. The performance of the Chairman is assessed collectively by the non-executive directors.

Relations with shareholders

The Board has through the years used the Annual Report and the Annual General Meeting to communicate with its shareholders. It is always ready to hold dialogues with interested investors to improve the Company's business activities.

Audit Committee

The Audit Committee comprises two independent non-executive directors, Mr. Diong Chin Teck (Chairperson) and Mr. Chew Beow Soon. The terms of reference of the Audit Committee are set out on page 39 and 40 of this Annual Report.

The Audit Committee is responsible for reviewing the Company's risk management, internal control and audit processes. The Audit Committee assists the Board in seeking to ensure that the financial and non-financial information supplied to the Board and shareholders presents a fair, balanced and understandable assessment of the Company's position and performance. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. Any staff may, in confidence, raise concerns about possible improprieties in matters of the Company to the Chairman of the Audit Committee who is empowered to carry out investigation of such matter and take appropriate follow-up action.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise it considers necessary.

During the financial year ended 31 March 2019, the Audit Committee met three times and the attendances of the members of the Committee are as follows:

	<u>Attendance</u>
Diong Chin Teck	3/3
Chew Beow Soon	3/3
Haji Zambri bin Haji Mahmud (retired on 24 September 2018)	1/3

During the year the Audit Committee assisted the Board in reviewing the periodic operational and financial reports submitted by the Managing Agents. As part of its function in discharging its responsibilities, the Audit Committee carried out the following:

- reviewed the half-yearly interim report to shareholders before submitting the same to the Board for approval and announcement;
- reviewed the system of internal controls put in place by the Managing Agents to manage the operations of the Company;
- reviewed the external auditor's scope of work and audit plans for the year; and
- discussed the findings of the external auditor in respect of the audit of the annual financial statements before submitting the same to the Board for approval and announcement.

Significant risk areas

The Company's assets mainly comprise cash and investments in listed equities and this portfolio of cash and listed investments is considered to be the key driver of operations and performance results of the Company. The Audit Committee considered cash and listed investments to be at low risk of significant misstatements and not to be subject to a significant level of judgement. However, due to their high materiality in the context of the financial statements as a whole, the Audit Committee agreed with the auditor's view that they are considered to be the area which had the greatest effect on the overall audit of the financial statements. The Audit Committee are satisfied that the risks surrounding cash and listed investments are adequately mitigated due to the fact that they are:

- comfortable with the processes and controls in place to record investment transactions and to value the portfolio;
- comfortable with the processes and controls in place surrounding the treasury function and the bank reconciliation process; and
- the valuation of listed investments can be agreed to externally quoted prices.

Internal Controls

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness, which it does on an annual basis. Such a system is designed to manage, rather than eliminate, the risk of failure of achieving business objectives and can provide only reasonable, but not absolute, assurance against material misstatement or loss. There is a continuous process for identifying, evaluating and managing the significant risks faced by the Company. This process was in place throughout the year under review and up to the date of approval of the annual report.

The key elements of the Company's internal controls are as follows:

- **Risk assessment**

The Board is responsible for the identification, evaluation and review of risks facing the business. Such risks are reviewed on a continuous basis and are carried out as part of the monthly reporting.

- **Control environment and control activities**

The day-to-day operation of the system of internal controls is delegated to the Managing Agents. The management and control procedures cover issues such as physical controls, segregation of duties, authorisation levels and comprehensive financial and operational reporting systems. Such procedures are documented for effective control and monitoring.

- **Information and communication**

The Board holds periodic formal and informal discussions on the Company's affairs where all important business decisions are formally discussed and documented. The Board holds periodic board meetings to formally approve the financial reports submitted by the Managing Agents.

DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

GOING CONCERN

Having undertaken all the appropriate procedures and assessing the financial position as at the year end, performance and results for the financial year, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

CONTROLLING SHAREHOLDER

In May 2014 the Listing Rules were amended to include new requirements relating to controlling shareholders. The revised Listing Rules require that premium listed companies with "controlling shareholders" (defined as a shareholder who individually or with any of their concert parties exercises or controls 30% or more of the votes able to be cast on all or substantially all the matters at the Company's general meeting) must enter into a relationship agreement containing specific independence provisions.

The independence provisions required by the Listing Rules are that:

- (i) transactions and arrangements with the controlling shareholder (and/or any of its associates) will be conducted at arm's length and on normal commercial terms;
- (ii) neither the controlling shareholder nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and
- (iii) neither the controlling shareholder nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

By virtue of his interest in the shares held by Malayan Securities Trust Sdn. Berhad which has 46.63% shareholding in the Company, Mr. Chew Sing Guan is a controlling shareholder. The Board notes that the current activities of the Company comprise placing deposits with financial institutions and investments in listed equities. The administrative affairs of the Company are handled by a managing agent and total expenditure for the year amounted to less than 3% of net assets of the Company. In view of the nature of the Company's activities and the small volume of transactions conducted, the Board considers that there is negligible risk of any transaction or arrangement being conducted by the Company with the controlling shareholder to the latter's advantage. Nevertheless, the Board is discussing to put in place an undertaking with the controlling shareholder to comply with the Listing Rules.

MATTERS COVERED IN THE STRATEGIC REPORT AND FINANCIAL STATEMENTS

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 6-7 and in note 12 of the Financial Statements. These matters relate to the future developments of the Company which have been disclosed in the Strategic Report, and financial risk management which has been disclosed in note 12 of the Financial Statements.

AUDITOR

As recommended by the Audit Committee, a resolution for the re-appointment of Mazars LLP as auditor to the Company will be proposed at the 2019 Annual General Meeting.

Approval

This report was approved by the Board of Directors on 26 July 2019 and signed on its behalf:



CHEW SING GUAN
Chairman



CHEW BEOW SOON
Director

Penang, Malaysia

Directors' Remuneration Report

On behalf of the Board of Directors, I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2019.

This report has been prepared in accordance with the legislation relating to the reporting of Directors' remuneration and complies with the sections 420 to 421 of the Companies Act 2006 and of Schedule 8 of SI 2008/410 Large and medium-sized companies and groups (Accounts and Directors' Report) Regulation 2008, as amended. The report also meets the relevant requirement of the Listing Rules of the Financial Conduct Authority. In accordance with the Act, this report is divided into a section on Directors' Remuneration Policy and a second section on the annual Report on Directors' Remuneration, which details the remuneration paid to the Directors during the financial year under review.

Shareholders will be asked to vote separately on the Directors' Remuneration Policy and the Report on Directors' Remuneration at the Annual General Meeting of the Company at which the financial statements will be approved.

The regulations require the auditor to report to the Company's members on the "auditable part" of the Directors' Remuneration Report. The report has therefore been divided into 2 sections for audited and unaudited information.

Unaudited Information

Directors' Remuneration Policy

In accordance with the Company's Memorandum and Articles of Association, the directors received only a nominal fee for their services. The fees paid to the directors are not linked to performance and the Company has no intention to change the way the directors are remunerated in the future.

Share Options

As at 31 March 2019, no options were granted to the directors to subscribe for any shares in the Company.

Service contracts

There are no service contracts in existence with the directors and they received only a nominal fee for their services.

Audited information

Aggregate Directors' remuneration

The total amounts for Directors' remuneration are as follows:

	2019 RM	2018 RM
Emoluments	<u>3,867</u>	<u>4,560</u>
	2019 RM	2018 RM
Directors' emoluments - fee		
Executive Director		
Chew Sing Guan	1,253	1,302
Non-executive Directors		
Haji Zambri bin Haji Mahmud	526	1,086
Diong Chin Teck	1,044	1,086
Chew Beow Soon	<u>1,044</u>	<u>1,086</u>
	<u>3,867</u>	<u>4,560</u>

Approval

This report was approved by the Board of Directors on 26 July 2019 and signed on its behalf:



CHEW SING GUAN
Chairman

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties faced.

We consider the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.



CHEW SING GUAN
Chairman

Penang, Malaysia
26 July 2019

Independent auditor's report to the members of Hidong Estate Plc

Opinion

We have audited the financial statements of Hidong Estate Plc (the 'company') for the year ended 31 March 2019 which comprise the Profit & Loss Account, the Balance Sheet, the Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 8.

The terms on which the Britain may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications to company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the company and this is particularly the case in relation to Brexit.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 6 that describe the principal risks and explain how they are being managed or mitigated;

- the directors' confirmation set out on page 17 in the annual report that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 12 and 13 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 7 in the annual report as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matter in arriving at our audit opinion above, together with an overview of the principal audit procedures performed to address that matter and, where relevant, key observations arising from those procedures.

This matter together with our findings were communicated to those charge with governance through our Audit Completion Report.

<i>The risk</i>	<i>Our response</i>
<i>Existence and valuation of cash and listed investments</i> The company's portfolio of listed investments, cash deposits and cash balance makes up 99.8% of total assets by value and is considered to be the key driver of operations and performance results. Cash or listed investments are not considered to be subject to a significant level of judgment because they comprise liquid and, in the case of investments, quoted, investments which are valued using current bid price under FRS 102.	Our procedures over the existence and valuation of the company's portfolio of cash and listed investments included, but were not limited to, the following: • Reviewing and assessing the processes and adequacy of controls in place to record investment transactions and to value the portfolio; • agreeing the valuation of all listed investments to externally quoted prices; and

However, due to their significance in the context of the financial statements as a whole, they are considered to be the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	agreeing all cash and listed investment holdings to third party confirmations. Based on the procedures performed above, we did not identify any material misstatements in relation to the existence or valuation of cash and listed investments.
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Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement the level of overall materiality we set for the financial statements is outlined below:

Overall materiality	RM 123,123
How we determined it	Materiality has been determined with reference to a benchmark of total assets, of which it represents 1%.
Rationale for benchmark applied	We used total assets to calculate our materiality as, in our view, this is the most relevant measure of the underlying financial performance of the company.
Performance materiality	RM 86,186
Reporting threshold	RM 3,694

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates. We considered the risk of acts by the company which were contrary to the applicable laws and regulations including fraud. We designed our audit procedures to respond to those identified risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the company's accounting processes and controls and its environment and considered qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our tests included, but were not limited to, obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by irregularities including fraud, review of minutes of directors' meetings in the year and enquiries of management. As a result of our procedures, we did not identify any Key Audit Matters relating to irregularities, including fraud.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are discussed under "Key audit matters" within this report.

Due to 100% of the company's activities residing in Malaysia, the audit work is undertaken primarily by a component auditor under the direction of the statutory auditor, Mazars LLP. In relation to the Key Audit Matter, additional work was performed by the statutory auditor as appropriate.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact:

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** (set out on page 11) – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting** (set out on page 11) – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or

- **Directors' statement of compliance with the UK Corporate Governance Code** (set out on page 9) – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the Strategic Report or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the company.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board of Directors on the 25 September 2017 to audit the financial statements for the year ended 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 31 March 2017 to 31 March 2019.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Louis Burns

Louis Burns (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street
Birmingham
B3 2RT
United Kingdom

Date: 29 July 2019

Profit and loss account for the year ended 31 March 2019

	Note	2019 RM	2018 RM
Administrative expenses		(245,790)	(236,646)
Operating loss		(245,790)	(236,646)
Income from investments		54,297	59,357
Interest receivable and similar income		388,628	407,932
Profit on ordinary activities before taxation	2	197,135	230,643
Tax on profit on ordinary activities	3	(88,607)	(92,680)
Profit for the financial year		<u>108,528</u>	<u>137,963</u>
Basic and diluted profit per 10p share	4	<u>6.33 sen</u>	<u>8.05 sen</u>

The results stated above are all derived from continuing operations.

Company Number: 00188390

Statement of Other Comprehensive Income for the year ended 31 March 2019

	2019	2018
	RM	RM
Profit for the financial year	108,528	137,963
<u>Other Comprehensive Income</u>		
Unrealised (loss)/gain on investments	(88,493)	104,130
Change in fair value during the period on disposal of investments	2,143	7,591
Total Comprehensive Income for the year	<u>22,178</u>	<u>249,684</u>

The notes on pages 30 to 37 form part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2019

	Called up share capital RM	Fair value reserve RM	Profit and loss reserve RM	Total equity RM
At 1 April 2017	1,067,846	328,790	10,127,160	11,523,796
Comprehensive income for the year				
Profit for the year	-	-	137,963	137,963
Other comprehensive income for the year				
Unrealised gain on investments	-	104,130	-	104,130
Change in fair value during the period on disposal of investments	-	7,591	-	7,591
Total comprehensive income for the year	-	111,721	137,963	249,684
Transfer realised gains on investments	-	(37,283)	37,283	-
At 31 March 2018	<u>1,067,846</u>	<u>403,228</u>	<u>10,302,406</u>	<u>11,773,480</u>
At 1 April 2018	1,067,846	403,228	10,302,406	11,773,480
Comprehensive income for the year				
Profit for the year	-	-	108,528	108,528
Other comprehensive income for the year				
Unrealised loss on investments	-	(88,493)	-	(88,493)
Change in fair value during the period on disposal of investments	-	2,143	-	2,143
Total comprehensive income for the year	-	(86,350)	108,528	22,178
Transfer realised gains on investments	-	(9,894)	9,894	-
At 31 March 2019	<u>1,067,846</u>	<u>306,984</u>	<u>10,420,828</u>	<u>11,795,658</u>

The notes on pages 30 to 37 form part of these financial statements.

Cash flow statement for the year ended 31 March 2019

	Note	2019	2018
		RM	RM
Cash flows from operating activities			
Profit for the year		108,528	137,963
Adjustments for:			
Interest receivable and similar income		(388,628)	(407,932)
Income from investments		(54,297)	(59,357)
Impairment loss on investments		23,019	1,300
Taxation	3	88,607	92,680
		(222,771)	(235,346)
Increase in other creditors		13,000	27,845
		(209,771)	(207,501)
Tax paid		(85,508)	(109,473)
Net cash used in operating activities		(295,279)	(316,974)
Cash flows from investing activities			
Dividend received		54,297	53,525
Interest received		474,842	327,951
Purchase of investments		(1,505)	(100,932)
Sale of investments		16,794	72,190
(Increase)/decrease in deposits	10	(300,000)	81
Net cash from investing activities		244,428	352,815
Cash flows from financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(50,851)	35,841
Cash and cash equivalents at 1 April		182,032	146,191
Cash and cash equivalents at 31 March	11	131,181	182,032

The notes on pages 30 to 37 form part of these financial statements

Notes to the financial statements

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

1 ACCOUNTING POLICIES

The Company was incorporated in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is Ringgit Malaysia (RM).

The Company is not part of a larger group and does not prepare consolidated financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

(a) Measurement convention

The financial statements are prepared on the historical cost basis except certain financial instruments measured at fair value.

(b) Going concern

Having undertaken all the appropriate procedures and assessing the financial position as at the year end, performance and results for the financial year, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) Foreign currency

Transactions in foreign currencies are recorded in Ringgit Malaysia (RM) at rates ruling at the transaction dates. Assets and liabilities are reported at the rates prevailing at the balance sheet date except for share capital which remains at the historical rate. Exchange gains and losses are included in the profit and loss account.

(d) Employee benefits

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences, such as paid annual leave, are recognised when services are rendered by employees that increase their entitlement to future compensated absences and short term non-accumulating compensated absences, such as sick leave, are recognised when the absences occur.

Notes *(continued)*

1 ACCOUNTING POLICIES *(continued)*

(e) Taxation

The Company is tax resident in Malaysia.

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Section 29 of FRS102.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(f) Financial instruments

The Company has chosen to apply the recognition and measurement provisions of IFRS 9 (as adopted for use in the EU) and the disclosure requirements of FRS 102 in respect of financial instruments.

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

The accounting policy for the Company's investments in quoted equity investments have been disclosed in accounting policy (i).

(g) Income

Interest income is recognised on an accrual basis.

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

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Notes *(continued)*

1 ACCOUNTING POLICIES *(continued)*

(i) Investments

The Company measures its quoted equity investments at fair value. Gains or losses are subsequently recognised in other comprehensive income.

2 NOTES TO THE PROFIT AND LOSS ACCOUNT

The profit on ordinary activities before taxation is stated:

	2019 RM	2018 RM
After charging:		
Directors' remuneration *		
- Chew Sing Guan	1,253	1,302
- Haji Zambri Bin Haji Mahmud	526	1,086
- Diong Chin Teck	1,044	1,086
- Chew Beow Soon	1,044	1,086
Impairment loss on investments	23,019	1,300
Auditor's remuneration		
- Audit of these financial statements	112,617	131,621
and after crediting:		
Interest income	388,628	407,932
Dividend income	54,297	59,357

* Directors' remuneration totalling RM3,867 (2018: RM4,560) is in respect of directors' fees for duties performed outside the United Kingdom.

Notes (continued)

3 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2019 RM	2018 RM
Foreign taxation		
- current year	88,607	93,008
- prior year	-	(328)
	<u>88,607</u>	<u>92,680</u>

The current tax charge for the year is higher than (2018: higher than) the standard rate of corporation tax in the Malaysia of 24% (2018: 24%). The differences are explained below.

	2019 RM	2018 RM
Profit before tax	<u>197,135</u>	<u>230,643</u>
Current tax at 24% (2018: 24%)	47,312	55,354
Expenses not deductible for tax purposes	54,326	51,900
Income not subject to tax	(13,031)	(14,246)
(Over)/Underprovided in prior year	-	(328)
	<u>88,607</u>	<u>92,680</u>

The income tax is calculated at the Malaysian statutory rate of 24% (2018: 24%) of the estimated taxable profit for the fiscal year.

4 BASIC AND DILUTED PROFIT PER ORDINARY SHARE OF 10P EACH

This is based on the profit after tax of RM108,528 (2018: RM137,963) and 1,713,334 shares (2018: 1,713,334 shares), being the weighted average number of shares in issue. The basic profit per ordinary share is calculated using a numerator of the net profit for the year and a denominator of the weighted average number of ordinary shares in issue for the year. There is no difference in 2019 or 2018 between the basic and diluted profit per share as there are no potentially dilutive shares, including share options and warrants, to convert.

Notes (continued)

5 INVESTMENTS

	2019 RM	2018 RM
At beginning of year	1,286,452	1,141,457
Additions	1,505	106,764
Change in fair value	(109,368)	110,421
Disposals	<u>(16,794)</u>	<u>(72,190)</u>
At end of year	<u>1,161,795</u>	<u>1,286,452</u>

6 CREDITORS: Amounts falling due within one year

	2019 RM	2018 RM
- Other creditors	96,000	83,000
- Corporation tax creditor	6,107	3,008
- Taxation and social security	<u>414,524</u>	<u>414,524</u>
	<u>516,631</u>	<u>500,532</u>

Taxation and social security consists of an amount of RM414,524 (2018: RM414,524) representing a liability for the real property gain tax arising from the sale of the plantation in 2006.

7 SHARE CAPITAL

	2019 RM	2018 RM
Authorised		
2,000,000 ordinary shares of 10p each	<u>1,493,610</u>	<u>1,493,610</u>
Issued and fully paid up		
1,713,334 ordinary shares of 10p each	<u>1,067,846</u>	<u>1,067,846</u>

8 RESERVES

Fair value reserve

The fair value reserve relates to the cumulative fair value adjustments to investments.

Profit and loss reserve

The profit and loss reserve comprises of the cumulative profits of the Company.

Notes (continued)

9 EMPLOYEES

	2019 RM	2018 RM
Wages and salaries	<u>1,253</u>	<u>1,302</u>
Average number of staff employed during the year	<u>1</u>	<u>1</u>

10 DEPOSITS

	2019 RM	2018 RM
Deposits	<u>11,000,000</u>	<u>10,700,000</u>

Deposits represent cash held on deposit with maturity periods ranging from 1 to 6 months and with penalties payable for early withdrawal.

11 CASH AT BANK AND IN HAND

	2019 RM	2018 RM
Cash at bank and in hand	<u>131,181</u>	<u>182,032</u>

12 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Company's business whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Company operates within clearly defined guidelines that are approved by the Board of directors and the Company's policy is not to engage in speculative transactions.

Notes (continued)

(b) Interest rate risk

The Company's primary interest rate risk relates to interest-earning assets as the Company had no long-term interest-bearing debts as at 31 March 2019. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits.

Financial Assets	Effective interest rate per annum %	Total RM	Within 1 year RM
2019			
Short term deposits	3.89	11,000,000	11,000,000
2018			
Short term deposits	3.82	10,700,000	10,700,000

(c) Foreign exchange risk

The Company operates in Malaysia and is only exposed to the sterling pound currency for payments made to UK companies for services rendered to the Company. This poses minimum risk as the level of these payments are not significant.

(d) Liquidity risk

The Company actively manages its operating cash flows and availability of funds so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash or readily convertible investments to meet its working capital requirements.

(e) Credit risk

The Company's maximum credit risk exposure is the fair value of its deposits, presented in note 10 of RM11,000,000 and RM10,700,000 at 31 March 2019 and 2018 respectively. Bank balances are held with reputable and established financial institutions.

The Company's principal financial asset is cash and short term deposits and credit risk arises from cash and short term deposits with banks and financial institutions.

It is the Company's policy to monitor the financial standing of these institutions on an on-going basis.

(f) Fair values

The fair values of financial assets and financial liabilities reported in the balance sheet approximate to the carrying amounts of those assets and liabilities.

(g) Price risk

The Company is exposed to equity price risk in relation to its fixed asset investments, all of which are listed on the Malaysian Stock Exchange. A five percent increase in Malaysian equity prices at the reporting date would have increased equity by RM58,000 (2018: RM64,000); an equal change in the opposite direction would have decreased equity by RM58,000 (2018: RM64,000). Price risk is mitigated by regular review of investments by management.

Notes (continued)

(h) Cash flow risk

The Company's assets comprise cash and short term deposits all of which earn interest. There is minimum risk on the cash flow. Cash flow monitoring is a high priority with the management.

(i) Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management in the year.

13. RELATED PARTY TRANSACTIONS AND BALANCES

The related party transactions undertaken by the Company during the financial year are as follows:

Purchases and sales of quoted shares through Mercury Securities Sdn. Bhd. ("MSSB"), a company in which, Chew Sing Guan, director, has a substantial financial interests	2019 RM	2018 RM
- Purchase of quoted shares	<u>-</u>	<u>100,933</u>
- Sale of quoted shares	<u>16,794</u>	<u>72,190</u>
Agency fees payable to Plantation Agencies Sdn. Berhad, a company in which Chew Sing Guan is also a Director	<u>26,400</u>	<u>26,400</u>

The terms and conditions for the above transactions are based on normal trade terms.

In the opinion of the directors, as referred to on page 13, Chew Sing Guan is considered to be a controlling shareholder. However there is no ultimate controlling party at the year end.

Comparative statistics – non audited

Year ended 31 March	2019 RM	2018 RM	2017 RM	2016 RM	2015 RM
BALANCE SHEET ANALYSIS					
Called-up share capital	1,067,846	1,067,846	1,067,846	1,067,846	1,067,846
Reserves	10,727,812	10,705,634	10,455,950	10,222,815	10,200,606
Total shareholders' funds	11,795,658	11,773,480	11,523,796	11,290,661	11,268,452
Investments	1,161,795	1,286,452	1,141,457	1,070,883	1,102,280
Net current assets	10,633,863	10,487,028	10,382,339	10,219,778	10,166,172
	11,795,658	11,773,480	11,523,796	11,290,661	11,268,452
PROFIT AND LOSS ACCOUNT ANALYSIS					
Loss before interest and taxation	(191,493)	(177,289)	(154,077)	(241,530)	(164,839)
Interest receivable	388,628	407,932	407,013	404,845	359,721
Taxation	(88,607)	(92,680)	(89,281)	(113,238)	(67,851)
Profit after taxation	108,528	137,963	163,655	50,077	127,031

Terms of Reference for the Audit Committee

1. Members

The members of the Committee shall be at least two non-executive directors. A majority of the members shall be independent non-executive directors.

2. Quorum

The quorum of the Committee shall be two members.

3. Chairman

The members of the Committee shall elect a Chairman from among their number.

4. Secretary

The secretary of the Committee shall be the secretary of the Company or any other person so appointed by the Committee.

5. Meetings

The Committee shall meet not less than three times a year. Other Board members shall also have the right of attendance. The external auditors may request a meeting if they consider that one is necessary.

6. Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

7. Duties

The duties of the Committee shall be to:

- consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal;
- discuss and agree with the external auditors their audit plan, scope and extent of the audit;
- review the external auditor's management letter and management's response;
- review from time to time the cost effectiveness of the audit;
- review the Company's half-yearly and annual financial statements and announcement before submission to the Board for approval;

- review the Company's system of internal control (including financial, operational compliance and risk management) and make recommendations to the Board;
- review the proposed statement on the directors' review of the Company's system of internal control (including financial, operational compliance and risk management) prior to endorsement by the Board;
- review the Company's operating, financial and accounting policies and practices;
- consider other matters as defined by the Board or such other matters as the Committee considers appropriate.

8. Minutes

The minutes of meetings of the Committee shall be circulated to all members of the Board.

Proxy form

HIDONG ESTATE PLC

In Block
Capitals

I/We _____
of _____
being a member(s) of HIDONG ESTATE PLC hereby appoint #Mr. Chew Sing Guan or failing him,
_____ as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held on 23rd day of September 2019 and at any adjournment thereof, in the manner indicated below:-

Please indicate
how you wish
your vote to be
cast

Resolution relating to :-	For	Against
1. To receive and consider the audited financial statements and the reports of the directors and auditors thereon for the year ended 31 March 2019.		
2. To re-elect Mr. Diong Chin Teck who retires in accordance with article 108 of the Company's Articles of Association, and being eligible, offers himself for re-election.		
3. To re-appoint Mazars LLP as auditors and authorise the directors to fix their remuneration.		
4. To approve the Directors' Remuneration Report for the year ended 31 March 2019.		
5. To approve the Directors' Remuneration Policy.		
6. To approve the following non-executive directors who have served as independent non-executive directors for a cumulative term of more than nine (9) years to continue to act as independent non-executive directors of the Company:- • Mr. Diong Chin Teck • Mr. Chew Beow Soon		

Number of shares held

Signature

Note :

- # If it is desired to appoint another person as a proxy, these names should be deleted and the name of the proxy, who need not be a member of the Company, should be inserted in block capitals, and the alteration should be initialled.
- This proxy to be valid, must be deposited at the head office of the Company, "Hidong Estate Plc, 3rd Floor, 2 Lebuhr Pantai, 10300 George Town, Penang, Malaysia" not less than 48 hours before the time appointed for holding the meeting.
- In the case of a corporation, the proxy must be executed under its common seal, or under the hand of a duly authorised officer. If executed under the hand of a duly authorised officer, evidence of such authority must be produced with the proxy form.
- In the case of joint holders, the signature of any one joint holder is sufficient.
- If neither "FOR" nor "AGAINST" is indicated above, the proxy will vote or abstain as he thinks fit.
- To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

Please fold across the line and close

Please Affix
Stamp Here

To:

HIDONG ESTATE PLC (990786-V)
THIRD FLOOR,
2 LEBUH PANTAI,
10300 GEORGE TOWN,
PENANG, MALAYSIA

Please fold across the line and close
