MCT

BUiLDiNG SUSTAiNABLE COMMUNiTiES

Transformation to create better communities together

Annual Report 2019

COVER RATIONALE

MCT Berhad ("MCT") and its group of companies ("Group") are strengthening its strategic plans to establish a solid foundation for long-term sustainable growth. Our transformation this year, has seen the implementation of better processes and a strong commitment to innovation, allowing us to create better communities together, for the benefit of all our stakeholders.

VISION

To build the perfect sustainable community.

MISSION

Embracing sustainable ecosystem ideas in our properties to make our communities healthier, safer, greener, more liveable and more prosperous.

CORE VALUES

- Positive
- Innovative
- Proactive

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CEO'S STATEMENT

LEADERSHIP

MANAGEMENT'S PERSPECTIVE

SUSTAINABILITY

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SUSTAINABILITY STATEMENT

OTHER INFORMATION

APPENDIX I

FINANCIAL STATEMENTS

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KEY PERFORMANCE MEASURES

SALES STATUS

as at 31 December 2019

CYBERSOUTH

100% SOLD
CasaGreen

100% SOLD
CasaView

100% SOLD
CasaBluebell

81.6% SOLD
CasaWood

37.3% SOLD
Park Place I

LAKEFRONT @ CYBERJAYA

95.3% SOLD
LakeFront Villa

100% SOLD
PR1MA Homes

97.2% SOLD
LakeFront Residences Total

46.3% SOLD
Market Homes

99.6% SOLD
LakeFront Residence T1&T2

94.7% SOLD
LakeFront Residence T3&T4

KEY PERFORMANCE MEASURES

LANDBANK INFORMATION

Estimated Gross Development Value ("GDV") of

RM12.6 BILLION

from on-going and future developments

UNBILLED SALES

RM584.5 MILLION

as at 31 December 2019

58.8
Acres
Remaining landbank for current developments

TOTAL LANDBANK
317.3
Acres

258.5
Acres
Remaining landbank for future developments

SKYPARK @ CYBERJAYA

99.5% SOLD
Duplex Studios

88.7% SOLD
Service Apartments

99.0% SOLD
SOFO Studios

100% SOLD
Office Suites

100% SOLD
En-Bloc Tower

CORPORATE PROFILE

1.

2.

"Established in 1999, we are an integrated property developer with in-house capabilities including development planning, architectural and engineering design, project management and construction. "

In February 2018, we became a subsidiary of Ayala Land, Inc. ("Ayala Land") after a mandatory general offer ("MGO") by Regent Wise Investment Limited, a wholly-owned subsidiary of Ayala Land.

Our property ventures span major growth corridors and prime locations including Cyberjaya, Cybersouth, Petaling Jaya and Subang Jaya.

Our unbilled sales stands strong at RM584.5 million as at 31 December 2019. Upcoming projects in the pipeline from the remaining landbank of 317.3 acres is expected to generate GDV of approximately RM12.6 billion from on-going and future developments and will help us secure our revenue stream moving forward.

3.

1.
Top sales performers received awards in recognition of their outstanding achievements.

2.
Our employees let their hair down during a regular offsite meeting.

3.
We organise frequent gatherings to celebrate success at work.

4.
Our sales and marketing team members rejoice with every achievement that is met.

5.
Employees at our Annual Dinner.

6.
Our Board of Directors at our Group's 10th Annual General Meeting.

CORPORATE PROFILE

4.

5.

6.

LAKEFRONT VILLA BAGS PROPSOCIAL PEOPLE'S PROPERTY AWARD 2019

LakeFront Villa was our maiden project at our Lakefront @ Cyberjaya development. This development comprises luxury themed bungalows sitting on a 16-acre site, complete with a clubhouse, and is situated only a few kilometres from key universities and the Kuala Lumpur International Airport.

This development was recently crowned as the Best Family Oriented Development at Propsocial People's Property Award 2019 for its well-planned, garden themed and family-focused modern concept.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor
Independent Non-Executive Director and Chairman

Tan Sri Dato' Hj. Abd Karim Bin Shaikh Munisar
Independent Non-Executive Director

Lao Chok Keang
Independent Non-Executive Director

Bernard Vincent Olmedo Dy
Non-Independent Non-Executive Director

Anna Maria Margarita Bautista Dy
Non-Independent Non-Executive Director

Jaime Alfonso Antonio Eder Zobel de Ayala
Non-Independent Non-Executive Director
(Appointed on 1 June 2020)

Ma. Luisa Dioquino Chiong
Non-Independent Non-Executive Director
(Resigned on 31 May 2020)

Teh Heng Chong
Executive Director and Chief Executive Officer ("CEO")

Apollo Bello Tanco
Executive Director and Chief Operating Officer ("COO")

AUDIT AND RISK MANAGEMENT COMMITTEE

Lao Chok Keang (Chairman)
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor
Tan Sri Dato' Hj. Abd Karim Bin Shaikh Munisar
Anna Maria Margarita Bautista Dy

REMUNERATION COMMITTEE

Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor (Chairman)
Tan Sri Dato' Hj. Abd Karim Bin Shaikh Munisar
Bernard Vincent Olmedo Dy

NOMINATION COMMITTEE

Tan Sri Dato' Hj. Abd Karim Bin Shaikh Munisar (Chairman)
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor
Bernard Vincent Olmedo Dy

COMPANY SECRETARY

Wong Youn Kim (MAICSA 7018778)
Liew Fui Li (MAICSA 7051052)

REGISTERED OFFICE

Level 2, Tower 1, Avenue 5,
Bangsar South City,
59200 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia
Tel No. : 603 - 2241 5800
Fax No. : 603 - 2282 5022

HEAD OFFICE/PRINCIPAL PLACE OF BUSINESS

Lot D-02, Level 2M,
SkyPark @ One City,
Jalan USJ 25/1,
47650 Subang Jaya,
Selangor Darul Ehsan,
Malaysia
Tel No. : 603 - 5115 9988
Fax No. : 603 - 5115 9995
Website: www.mct.com.my

REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel No. : 603 - 7890 4700
Fax No. : 603 - 7890 4670

AUDITORS

Ernst & Young PLT 202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants
Level 23A, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur,
Wilayah Persekutuan, Malaysia

SOLICITORS

Rajes Hisham Rahim & Gopal
6th Floor, Yee Seng Building,
15, Jalan Raja Chulan,
50200 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia
Tel No. : 603 - 2026 6606
Fax No. : 603 - 2026 6607

Low & Lee
Suite A-5-7, Block A, Level 5,
Sky Park @ One City,
Jalan USJ 25/1,
47650 Subang Jaya,
Selangor Darul Ehsan,
Malaysia
Tel No. : 603 - 5115 0007
Fax No. : 603 - 5115 0020

Skrine
Level 8, Wisma UOA Damansara,
50 Jalan Dungun,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia
Tel No. : 603 - 2081 3999
Fax No. : 603 - 2094 3211

Pretam Singh, Nor & Co
Suite A-10-9, Level 10,
Menara UOA Bangsar,
No. 5, Jalan Bangsar Utama 1,
59000 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia
Tel No. : 603 - 2284 6722
Fax No. : 603 - 2283 5722

Christopher & Lee Ong
Level 22, Axiata Tower,
No. 9, Jalan Stesen Sentral 5,
Kuala Lumpur Sentral,
50470 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia
Tel No. : 603 - 2273 1919
Fax No. : 603 - 2273 8310

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia")
Stock Name: MCT
Stock Code: 5182

INVESTOR RELATIONS

Email: investorrelations@mct.com.my

CORPORATE STRUCTURE

MCT Berhad

100%

MCT Consortium Bhd.

100%

TRADING HOUSE

- MCT Construction Materials Sdn. Bhd.

CONSTRUCTION

- Modular Construction Technology Sdn. Bhd.

PROPERTY DEVELOPMENT

- Lakefront Residence Sdn. Bhd.
- Eco Green City Sdn. Bhd.
- Sky Park Properties Sdn. Bhd.
- Ecolake Residence Sdn. Bhd.
- One City Development Sdn. Bhd.
- Next Delta Sdn. Bhd.
- One Residence Sdn. Bhd.
- The Place Properties Sdn. Bhd.
- Skypark Fitness Sdn. Bhd.
- MCT Store Sdn. Bhd.
- USJ One Avenue Sdn. Bhd.
- Premium Cinema Sdn. Bhd.
- Undersea City Sdn. Bhd.
- SPCJ Green Tech Sdn. Bhd.
- Subang Residency Sdn. Bhd.
- Cherish Properties Sdn. Bhd.
  - 70% Vista Global Development Sdn. Bhd. [(1)]

PROPERTY/PROJECT MANAGEMENT

- MCT Homes Sdn. Bhd.
- MCT Property Management Sdn. Bhd.
- MCT Properties Sdn. Bhd.

ENERGY & UTILITIES

- MCT Green Technology Sdn. Bhd.

PROPERTY INVESTMENT

- Solid Benefit Sdn. Bhd.
- Leisure Event Sdn. Bhd.
- Solid Interest Sdn. Bhd.
- Nexus Advertising Sdn. Bhd.
- Solid Recommendation Sdn. Bhd.
- Timeless Hectares Sdn. Bhd.
- Roaring Gain Sdn. Bhd.

NOTES:

[(1)] 70% held by Cherish Properties Sdn. Bhd.
Except as otherwise expressly stated, all companies in this structure are wholly-owned by their respective holding companies.

CALENDAR OF EVENTS

16 FEBRUARY

CHINESE NEW YEAR CELEBRATION

We celebrated the Chinese New Year by hosting an event at our sales gallery. The celebration, which was opened to the public was held as a token of appreciation to the communities that continuously support our Group. The Chinese Orchestra performance at the entrance of the sales gallery welcomed the visitors and rekindled the festive mood. There were performances and activities to entertain the crowd such as lion dance, lantern craft making, and a calligraphy workshop. More than 300 visitors came together with their families to enjoy the fun filled day at our sales gallery.

16 MARCH

MCT ANNUAL DINNER

Our annual dinner was to celebrate yet another successful year at MCT, bringing office-based and on-site employees together for a night of dining and fun. More than 400 employees attended the annual dinner. The evening unfolded with performances by our employees and a magician. It was followed by the Long Service Awards presentation ceremony. The awards were given to deserving recipients from different divisions in recognition of their loyalty, hard work, commitment, and invaluable contributions to our Group. The favourite part of the evening was definitely a toss-up between the Lucky Draw session and the Best Dressed Award.

PROPERTY TALK

We held a talk at our sales gallery to update homeowners and potential buyers on the trends in the property market. The event featured real estate and investment writer Dr. Azizul Ali who shed light on strategic property investment and outlook on the property market. The event drew over 100 people who were eager to have some queries answered by the speaker.

27 APRIL

CALENDAR OF EVENTS

28 JUNE

HARI RAYA GATHERING

It was a memorable day for our employees as we celebrated our annual Hari Raya open house on 28 June 2019. The open house saw over 400 employees from different divisions attending and sharing the joy of Hari Raya. Indeed, this is one of the few occasions where everyone can meet and chat outside the confines of the office in a social setting. Guests who attended the open house were treated to a large selection of mouth-watering local delicacies and festive delights. Other than enjoying the traditional Hari Raya delicacies, our guests were also entertained by cultural dance performances.

INTERNATIONAL COFFEE DAY

Coffee has become such a central part of cultures everywhere. It has evolved into a language understood by so many of its loyal fans. And on October 1, every year, everyone around the world celebrates International Coffee Day.

On this day, we joined in to celebrate this glorious caffeinated beverage by offering complimentary coffee sachets for all employees. We have been celebrating this day at MCT for the past two years.

It is a simple yet meaningful celebration for all coffee lovers in MCT, where everyone can unite and enjoy the international coffee experience together.

01 OCTOBER

19 OCTOBER

TREE PLANTING PROGRAMME

We organised a tree planting programme as part of our sustainability efforts to make the community greener and increase awareness of the importance of looking after the environment. We conducted our first exercise by planting 100 trees within our Cybersouth township. The trees were planted at the township's clubhouse community park by our employees from various departments. This programme is also in support of the state government's initiative of planting more trees in Selangor.

CALENDAR OF EVENTS

23
OCTOBER

MCT BOWLING TOURNAMENT

In an effort to foster good relationships with all employees across departments, we organised a friendly bowling tournament on 23 October 2019, held at The Summit Bowl, Subang Jaya.

The tournament was participated by more than 30 employees from various departments, competing in a casual yet enjoyable ambiance. Amongst the employees who participated were from the Human Capital, IT, Finance, Procurement, and Construction departments.

26
OCTOBER

LAUNCH OF ALIRA SALES GALLERY

We are proud of the opening of Alira's new sales gallery, another residential development in Metropark, Subang. Alira comprises serviced apartments and low-rise villas overlooking the spectacular view of a 9.2-acre central park and scenic lake.

The opening of Alira's sales gallery was officiated by our CEO, Mr. Teh Heng Chong, and Director for Sales and Marketing, Mr. Chee Kok Keong along with the senior management team of the Group.

After the officiating ceremony, guests were entertained with a comedic performance by Mr. Bean impersonator. In addition, guests participated in a craft workshop. More than 150 guests joined in the fun at the event.

CALENDAR OF EVENTS

CASABAYU PRE-REGISTRATION OF INTEREST

On 26 October 2019 marked another milestone for MCT where we have a pre-registration of interest event for a new project, CasaBayu freehold apartments, and townhouses.

Set in the growing township, Cybersouth, Dengkil, CasaBayu comprises 80 units of low-density apartments and 180 townhouses. The development features modern and contemporary design aim to provide a cosy and plush living but at an affordable price.

More than 100 guests attended the registration of interest event held at the Cybersouth Sales Gallery. In addition, guests were entertained with various activities such as puppet making workshop, clown performance, and a tasty buffet spread.

26 OCTOBER

13 NOVEMBER

FEEDING THE HOMELESS

In conjunction with World Kindness Day, we organised a community programme for homeless persons. The programme saw more than 30 employees volunteered to assist in distributing food and necessities for the homeless persons around Kuala Lumpur.

Through the donation drive held before the programme, we have collected a total of RM2,600.80 donated by the employees which were then used to buy sweet and savoury snacks as well as daily necessities.

Volunteers also helped to pack the provisions before heading to the meeting point at Central Market. Each homeless person received a pack of mixed rice, buns, apples, mineral water, and a blanket to keep them warm.

LAUNCH OF LAKEFRONT SHOW GALLERY

We renovated our sales gallery in line with our vision to rebrand and upgrade the image of our LakeFront @ Cyberjaya development. The new sales gallery not only improved the working atmosphere for our team but also provide cosy areas for our property specialists to discuss with customers the potential of investing in LakeFront @ Cyberjaya. The re-opening of the refurbished sales gallery was officiated by our CEO.

14 DECEMBER

FINANCIAL HIGHLIGHTS

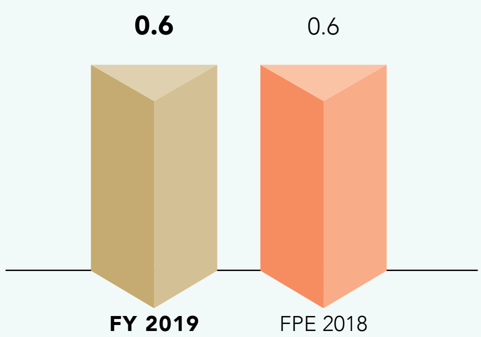
	12 months ended 31 December 2019 ("FY 2019")
Financial Results (RM)	
Revenue	**459,056,181**
Total Expenses	**138,422,309**
Profit before Tax	**54,377,845**
Profit attributable to Equity Holders	**46,032,747**
Financial Position (RM)	
Total Cash and Bank Balances	**469,659,891**
Total Current Assets	**1,046,356,162**
Total Borrowings	**-**
Total Current Liabilities	**394,282,136**
Total Equity	**904,823,955**
Financial Ratios	
Basic Earnings Per Share (sen)	**3.2**
Net Assets Per Share (RM)	**0.6**
Current Ratio (times)	**2.7**
Net Debt-to-Equity Ratio (%)	**N/A***
Return on Equity (%)	**5.1%**

*Net Cash Position

NET ASSET PER SHARE

(RM)

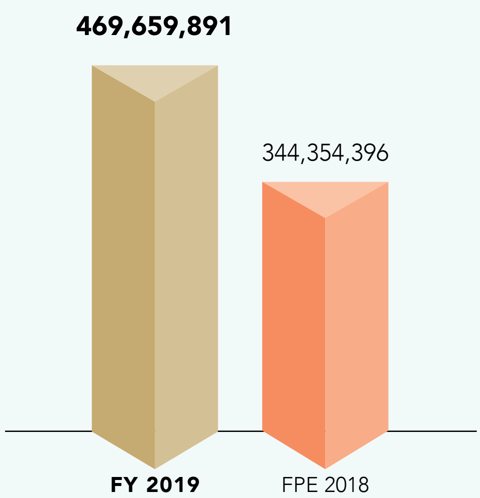
0.6



TOTAL CASH AND BANK BALANCE

(RM)

469,659,891



FINANCIAL HIGHLIGHTS

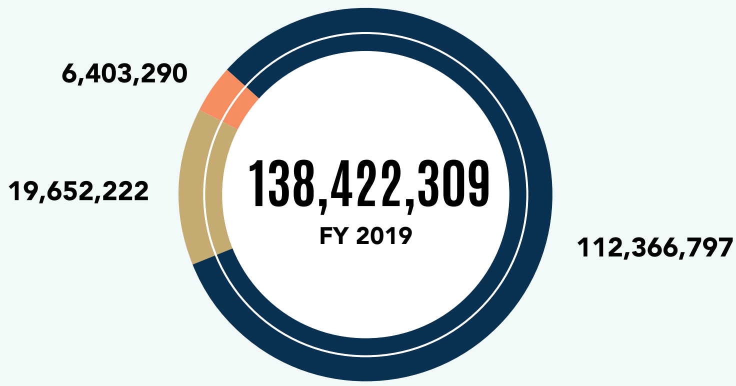
6 months ended 31 December 2018 (restated) ("FPE 2018")
330,879,384
59,890,309
78,021,275
59,623,316
344,354,396
853,360,024
335,670,491
664,814,723
861,154,453
4.1
0.6
1.3
N/A*
6.9%

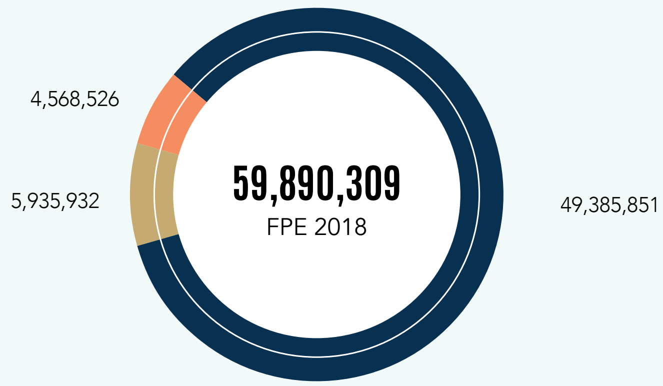
TOTAL EXPENSES

(RM)

138,422,309

- Direct operating & general administrative expenses
- Selling and marketing expenses
- Finance costs

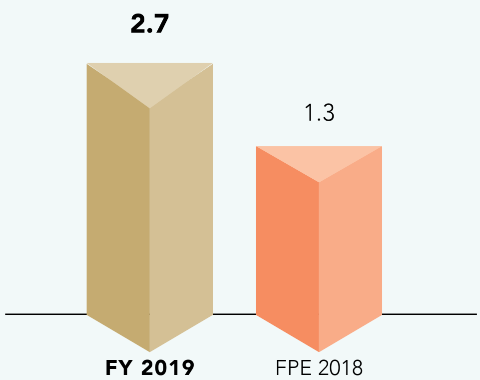




CURRENT RATIO

(times)

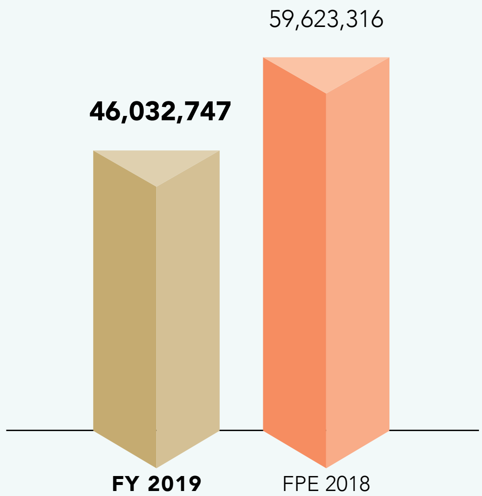
2.7



PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

(RM)

46,032,747



BOARD OF DIRECTORS

TEH HENG CHONG
Executive Director and Chief Executive Officer

BERNARD VINCENT OLMEDO DY
Non-Independent Non-Executive Director

MA. LUISA DIOQUINO CHIONG
Non-Independent Non-Executive Director
(Resigned on 31 May 2020)

TAN SRI DATO' SRI ABI MUSA ASA'ARI BIN MOHAMED NOR
Independent Non-Executive Director and Chairman

BOARD OF DIRECTORS

TAN SRI DATO' HJ. ABD KARIM BIN SHAIKH MUNISAR
Independent Non-Executive Director

LAO CHOK KEANG
Independent Non-Executive Director

ANNA MARIA MARGARITA BAUTISTA DY
Non-Independent Non-Executive Director

APOLLO BELLO TANCO
Executive Director and Chief Operating Officer

BOARD OF DIRECTORS' PROFILE

TAN SRI DATO' SRI ABI MUSA ASA'ARI BIN MOHAMED NOR

Independent Non-Executive Director and Chairman

BOARD OF DIRECTORS' PROFILE

Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor was appointed to the Board as an Independent Non-Executive Director on 1 April 2015 and was subsequently re-designated as the Chairman of the Company on 3 April 2015. He is the Chairman of the Remuneration Committee and serves as a member of the Audit and Risk Management Committee and the Nomination Committee.

Tan Sri Dato' Sri Abi Musa Asa'ari holds a Bachelor of Economics (Hons) from University of Malaya and D.D.A from University of Birmingham, United Kingdom. He obtained a Master in Business Administration from University of Birmingham, United Kingdom. He also holds an Honorary Doctorate in Economic Management from the Universiti Pendidikan Sultan Idris.

Tan Sri Dato' Sri Abi Musa Asa'ari has served the Malaysian Government for 33 years in various departments including the Public Services Department, the National Bureau of Investigation, National Institute of Public Administration and Petroleum Development unit (under the Prime Minister's Department), the Ministry of Finance and the Ministry of Agriculture. He joined Lembaga Tabung Haji as Chairman in 2007, serving the organisation until 2013. He had also served as Chairman in the Board of Directors of Universiti Pendidikan Sultan Idris.

Tan Sri Dato' Sri Abi Musa Asa'ari is currently the Chairman of HeiTech Padu Berhad listed on the Main Market of Bursa Malaysia.

Age
70

Nationality
Malaysian

Gender
Male

BOARD MEETING ATTENDANCE

10/10

NOTES:
Save as disclosed above, none of the Directors have:
- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company;
- have any conviction for offences within the past five (5) years (other than traffic offences), if any; and
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS' PROFILE

TEH HENG CHONG

Executive Director and Chief Executive Officer

Mr. Teh Heng Chong was appointed to the Board as an Executive Director and the Chief Executive Officer on 4 March 2019. He graduated with a Bachelor's degree in Economics from University Malaya, Kuala Lumpur in 1995.

Mr. Teh has over 24 years' extensive experience in the real estate industry, and he was the Marketing Director of UOA Development Berhad from February 2017 to January 2019. Prior to this, he was the Chief Marketing Officer of MCT in 2016 and the Chief Operating Officer (Marketing) of Mah Sing Group Berhad from 2009 to 2015. Prior to 2009, he held various positions in various companies.

He does not hold any other directorship in public companies and listed issuers in Malaysia.

Age
49

Nationality
Malaysian

Gender
Male

BOARD MEETING ATTENDANCE

6/10

BOARD OF DIRECTORS' PROFILE

TAN SRI DATO' HJ. ABD KARIM BIN SHAIKH MUNISAR

Independent Non-Executive Director

Tan Sri Dato' Hj. Abd Karim Bin Shaikh Munisar, PSM, DSSA, SSA, KMN, ASA, was appointed to the Board as an Independent Non-Executive Director on 22 December 2015. He was later re-designated as the Chairman of the Nomination Committee on 24 February 2017. He also served as a member of the Audit and Risk Management Committee and the Remuneration Committee.

Tan Sri Dato' Hj. Abd Karim holds a Master in Business Administration (Business Finance) from University of Edinburgh, Advanced Diploma in Economic Development (with Distinction) from University of Manchester, United Kingdom and Bachelor of Economics (Hons) from University of Malaya. He also attended an Advance Course in Urban Planning JICA at Tokyo, Japan.

In 1974, Tan Sri Dato' Hj. Abd Karim was the Assistant Director at the Ministry of Finance, Malaysia. Between 1975-1980, he held different positions in various districts in the state of Perak as Assistant District Officer, Kinta; Chairman of Kinta District Council; Assistant District Officer 1, Kampar; Chairman of Kampar/Gopeng Municipal Council and also Assistant State Secretary of Perak (UPEN).

Tan Sri Dato' Hj. Abd Karim was the Chief Assistant District Officer 1 (Land) of Kuantan District Office and Chief Assistant State Secretary of Pahang (Housing Division) in 1980; Deputy Director of Klang Valley Planning Secretariat, Prime Minister Department in 1982; and Chief Assistant State Secretary of Selangor (Local Authority Division) in 1987.

Tan Sri Dato' Hj. Abd Karim also served as the President of Ampang Jaya Municipal Council from 1992 to 1996. He had an outstanding career in the government sector and was the President of Petaling Jaya Municipal Council in 2003 and 2004. Prior to that, he was the District Officer cum Acting President of Sepang District Council from 1998 to 2003. In 2005, he agreed to join the corporate sector and was appointed as President of Kumpulan Darul Ehsan Berhad. Tan Sri Dato' Hj. Abd Karim was previously the Executive Chairman of various companies listed in Bursa Malaysia such as Kumpulan Perangsang Selangor Berhad, Kumpulan Hartanah Selangor Berhad and Chairman of Taliworks Corporation Berhad from 2004 to 2011.

He was also Chairman of various other companies namely Konsortium Abass Sdn Bhd, Titisan Modal Sdn Bhd, Central Spectrum Sdn Bhd, Cekal Tulin Development Sdn Bhd, JAKS-KDEB Consortium Sdn Bhd, Hydrovest Sdn Bhd and Perangsang Hotel & Properties Sdn Bhd. In addition, Tan Sri Dato' Hj. Abd Karim was also a board member of Syarikat Bekalan Air Selangor Sdn Bhd (Syabas), Syarikat Pengeluaran Air Selangor Holdings Berhad (Splash), Cyberview Sdn Bhd and Alam Flora Sdn Bhd.

Tan Sri Dato' Hj. Abd Karim is currently the Independent Non-Executive Director of Lion Posim Berhad (formerly known as Lion Forest Industries Berhad) and Jaks Resources Berhad both listed on the Main Market of Bursa Malaysia.

Age
69

Nationality
Malaysian

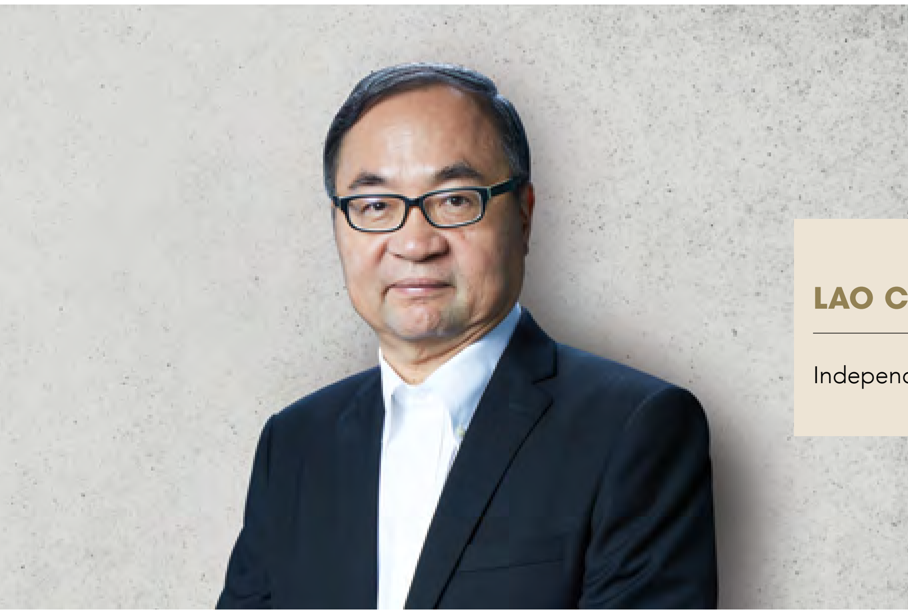
Gender
Male

BOARD MEETING ATTENDANCE

9/10

NOTES:
Save as disclosed above, none of the Directors have:
- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company;
- have any conviction for offences within the past five (5) years (other than traffic offences), if any; and
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS' PROFILE



LAO CHOK KEANG

Independent Non-Executive Director

Mr. Lao Chok Keang was appointed to the Board as an Independent Non-Executive Director on 24 February 2017, and was subsequently appointed as the Chairman of the Audit and Risk Management Committee.

He started his career in a public accounting firm and is a member of the Malaysian Institute of Accountants.

He has held several senior management positions in large property development companies which include being the Chief Operating Officer of Saujana Triangle Sdn. Bhd., the developer for the 800-acre township development known as Damansara Perdana in Petaling Jaya, Selangor. He was also the Director of Murray Riverside Pty Ltd, the developer of a 1,000-acre mixed development in Western Australia.

In 2004, he joined Setia Haruman Sdn Bhd, the Master Developer of Cyberjaya, as a director/chief operating officer and has since been responsible for the overall performance of the Company. In 2013, he assumed the position of Executive Director of Setia Haruman Sdn Bhd. He was re-designated Director/ Business Advisor in May 2016.

He does not hold any other directorship in public companies and listed issuers in Malaysia.

Age
63

Nationality
Malaysian

Gender
Male

BOARD MEETING ATTENDANCE

10/10

BOARD OF DIRECTORS' PROFILE

BERNARD VINCENT OLMEDO DY

Non-Independent Non-Executive Director

Mr. Bernard Vincent Olmedo Dy was appointed to the Board as a Non-Independent Non-Executive Director on 3 April 2015, and is a member of the Remuneration Committee and the Nomination Committee.

He is the President and Chief Executive Officer of Ayala Land and also the Chairman of Prime Orion Philippines, Inc. He received his Undergraduate Degree in Business Administration from the University of Notre Dame in 1985 and earned his Master's Degree in Business Administration and M.A. in International Relations from the University of Chicago in 1989 and 1997, respectively.

In 2015, he was inducted as member of the Advisory Council of the National Advisory Group for the Police Transformation Development of the Philippine National Police and in 2017, he was elected Vice Chairman of the Junior Golf Foundation of the Philippines.

Prior to joining Ayala Group in 1997, he spent 16 years outside of Philippines and held senior regional roles for multinational companies in Hong Kong and China.

He does not hold any other directorship in public companies and listed issuers in Malaysia.

Age
56

Nationality
Filipino

Gender
Male

BOARD MEETING ATTENDANCE

9/10

NOTES:
Save as disclosed above, none of the Directors have:
- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company;
- have any conviction for offences within the past five (5) years (other than traffic offences), if any; and
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS' PROFILE

ANNA MARIA MARGARITA BAUTISTA DY

Non-Independent Non-Executive Director

Ms. Anna Maria Margarita Bautista was appointed to the Board as a Non-Independent Non-Executive Director on 7 May 2015 and served as a member of the Audit and Risk Management Committee.

She is presently the Senior Vice President and member of the Management Committee of Ayala Land and Head of Strategic Landbank Management. Her other significant positions are: Director and Executive Vice President of Fort Bonifacio Development Corporation; Director of Cebu Holdings, Inc.; Director and President of Nuevocentro, Inc., and Alviera Country Club, Inc.; Director of Aurora Properties, Inc., Vesta Properties Holdings, Inc., CECI Realty, Inc., and Next Urban Alliance Development Corp.

Prior to joining Ayala Group, she was a Vice President of Benpress Holdings Corporation.

She graduated magna cum laude from Ateneo De Manila University with a Bachelor of Arts Degree under the university's Economics Honors Programme. She earned her Master's Degree in Economics from the London School of Economics and Political Science in the UK, and her MBA at the Harvard Business School in Boston, USA.

She does not hold any other directorship in public companies and listed issuers in Malaysia.

Age
51

Nationality
Filipino

Gender
Female

BOARD MEETING ATTENDANCE

9/10

BOARD OF DIRECTORS' PROFILE

APOLLO BELLO TANCO

Executive Director and Chief Operating Officer

Mr. Apollo Bello Tanco was appointed to the Board as a Non-Independent Non-Executive Director on 23 January 2019 and was subsequently re-designated as an Executive Director and the Chief Operating Officer on 4 March 2019.

Mr. Tanco graduated cum laude from Central Philippine University, Iloilo City with Bachelor of Science in Commerce, Major in Accounting in 1987. He earned his Master of Arts in Applied Business Economics from University of Asia and the Pacific in 1994. He is also a Certified Public Accountant, who passed the Philippine licensure exams in 1987.

Mr. Tanco was Head of Project and Strategic Management Group and member of the Management Committee of Avida Land Corp., a subsidiary of Ayala Land. He served as an Assistant Vice President of Ayala Land and has been with Ayala Land for twenty-five (25) years being assigned to the residential group. Prior to this, he was the Project Development Manager involved in the master planning of Nuvali as well as other major land development projects of Ayala Land.

He is currently serving as a director of the Group and is also a director of MCT Consortium Bhd., a non-listed public company. Save for the above, he does not hold any other directorship in public companies and listed issuers in Malaysia.

Age
53

Nationality
Filipino

Gender
Male

BOARD MEETING ATTENDANCE

9/10

NOTES:
Save as disclosed above, none of the Directors have:
- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company;
- have any conviction for offences within the past five (5) years (other than traffic offences), if any; and
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS' PROFILE

MA. LUISA DIOQUINO CHIONG

Non-Independent Non-Executive Director
(Resigned on 31 May 2020)

Ms. Ma. Luisa Dioquino Chiong was appointed to the Board as a Non-Independent Non-Executive Director on 23 January 2019. Ms. Chiong has subsequently resigned as a Non-Independent Non-Executive Director of MCT on 31 May 2020.

Ms. Chiong received her Bachelor of Science in Commerce Major in Accounting and completed the academic requirements for a Master in Business Administration degree from De La Salle University, Manila in 1991 and 1998 respectively. She is also a Certified Public Accountant, who passed the Philippine licensure exams in 1992 and is a member of the Philippine Institute of Certified Public Accountants.

Ms. Chiong is presently an Assistant Vice President of Ayala Land and Chief Financial Officer for two (2) of Ayala Land's strategic business units. Prior to this, Ms. Chiong served as Group CFO of all ALI-Capital, Hotels, Resorts, and Offices Group of Ayala Land. She has been working with Ayala Group since May 1999.

She is currently serving as a director of the Group and is also a director of MCT Consortium Bhd., a non-listed public company. Save for the above, she does not hold any other directorship in public companies and listed issuers in Malaysia.

Age
48

Nationality
Filipino

Gender
Female

BOARD MEETING ATTENDANCE

9/10

BOARD OF DIRECTORS' PROFILE

JAIME ALFONSO ANTONIO EDER ZOBEL DE AYALA

Non-Independent Non-Executive Director
(Appointed on 1 June 2020)

Mr. Jaime Alfonso Antonio Eder Zobel de Ayala was appointed to our Board as a Non-Independent Non-Executive Director on 1 June 2020.

He currently heads the Business Development Unit of Ayala Corporation. He is also a board member of ACE Enexor, a utility services company in the Philippines that generates, transmits, and distributes electricity, as well as offers renewable energy, resource exploration, and plant development. Prior to this, he was the Head of Fixed-Mobile Convergence (Product Management) and Head of Business Development (Prepaid Division) of Globe Telecom. During his stint in Globe, he led the development and marketing strategy of Globe Switch, the most successful digital app in company history.

Before joining Ayala Group, he was an Analyst at Goldman Sachs Singapore under the Macro-Sales Desk (Securities Division).

He graduated from Harvard University in 2013, majoring in Government, and received his Masters of Business Administration from Columbia Business School in New York in 2019.

He does not hold any other directorship in public companies and listed issuers in Malaysia.

Age
29

Nationality
Filipino

Gender
Male

BOARD MEETING ATTENDANCE

0/10

NOTES:
Save as disclosed above, none of the Directors have:
- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company;
- have any conviction for offences within the past five (5) years (other than traffic offences), if any; and
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.


cybersouth


Supported by a strong team, we uphold our values of being
POSITIVE, PROACTIVE AND INNOVATIVE
to create shareholder value and enhance customers' experience.

KEY MANAGEMENT TEAM

APOLLO BELLO TANCO
Executive Director and
Chief Operating Officer

TEH HENG CHONG
Executive Director and
Chief Executive Officer

SUSAN JACOB SECRETO
Chief Financial Officer

NOTES:
Save as disclosed above, none of the Key Senior Management Team have:
- any family relationship with any Director and/ or major shareholder of the Company;
- any conflict of interest with the Company;
- have any conviction for offences within the past five (5) years (other than traffic offences) if any; and
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY MANAGEMENT TEAM PROFILE

TEH HENG CHONG

Executive Director and Chief Executive Officer		
Age: **49**	Nationality: **Malaysian**	Gender: **Male**

Please refer to page 18 for Mr. Teh Heng Chong's profile.

APOLLO BELLO TANCO

Executive Director and Chief Operating Officer		
Age: **53**	Nationality: **Filipino**	Gender: **Male**

Please refer to page 23 for Mr. Apollo Bello Tanco's profile.

SUSAN JACOB SECRETO

Chief Financial Officer		
Age: **48**	Nationality: **Filipino**	Gender: **Female**

Ms. Susan Jacob Secreto is a Certified Public Accountant, passing the Philippine licensure exams in 1994. She earned her Degree of Bachelor of Science in Business Administration major in Accounting from University of the City of Manila. She was appointed as Chief Financial Officer of our Company on 4 March 2019.

She is an experienced manager with a demonstrated history of working in the real estate industry. Previously, Ms. Secreto was a Division Manager of Ayala Land and has been with Ayala Land's Finance Group for 24 years. Prior to joining MCT, she was the Chief Financial Officer and member of the management committee of Ayala Land Offices (July 2017 to February 2019), Avida Land Corp. and subsidiaries (May 2014 to June 2017) and Amaia Land Corporation (March 2011 to April 2014). Prior to March 2011, she held various positions in Ayala Land in Philippines.

She does not hold any other directorship in public companies and listed issuers in Malaysia.

MANAGEMENT TEAM

PETER CHIA PENG HAI

Head, Construction

Age:	Nationality:	Gender:
61	**Malaysian**	**Male**

CHEE KOK KEONG

Head, Sales and Marketing

Age:	Nationality:	Gender:
46	**Malaysian**	**Male**

AZNUL RIZAL BIN ABU SHAHID

Head, Design and Planning

Age:	Nationality:	Gender:
42	**Malaysian**	**Male**

LIM TEK GUAN

Head, Property and Utilities Management

Age:	Nationality:	Gender:
55	**Malaysian**	**Male**

MANAGEMENT TEAM

YAW SHENG FUNG

Head, Property Development

Age:	Nationality:	Gender:
44	**Malaysian**	**Male**

KOGELEVANAN THINAKARAM

Head, Property Development

Age:	Nationality:	Gender:
43	**Malaysian**	**Male**

MUHAMMAD SYAFIQ SOH BIN ABDULLAH

Head, Human Capital and Administration

Age:	Nationality:	Gender:
63	**Malaysian**	**Male**

ALEX LIM ENG KEAT

Head, Corporate Communication

Age:	Nationality:	Gender:
49	**Malaysian**	**Male**

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

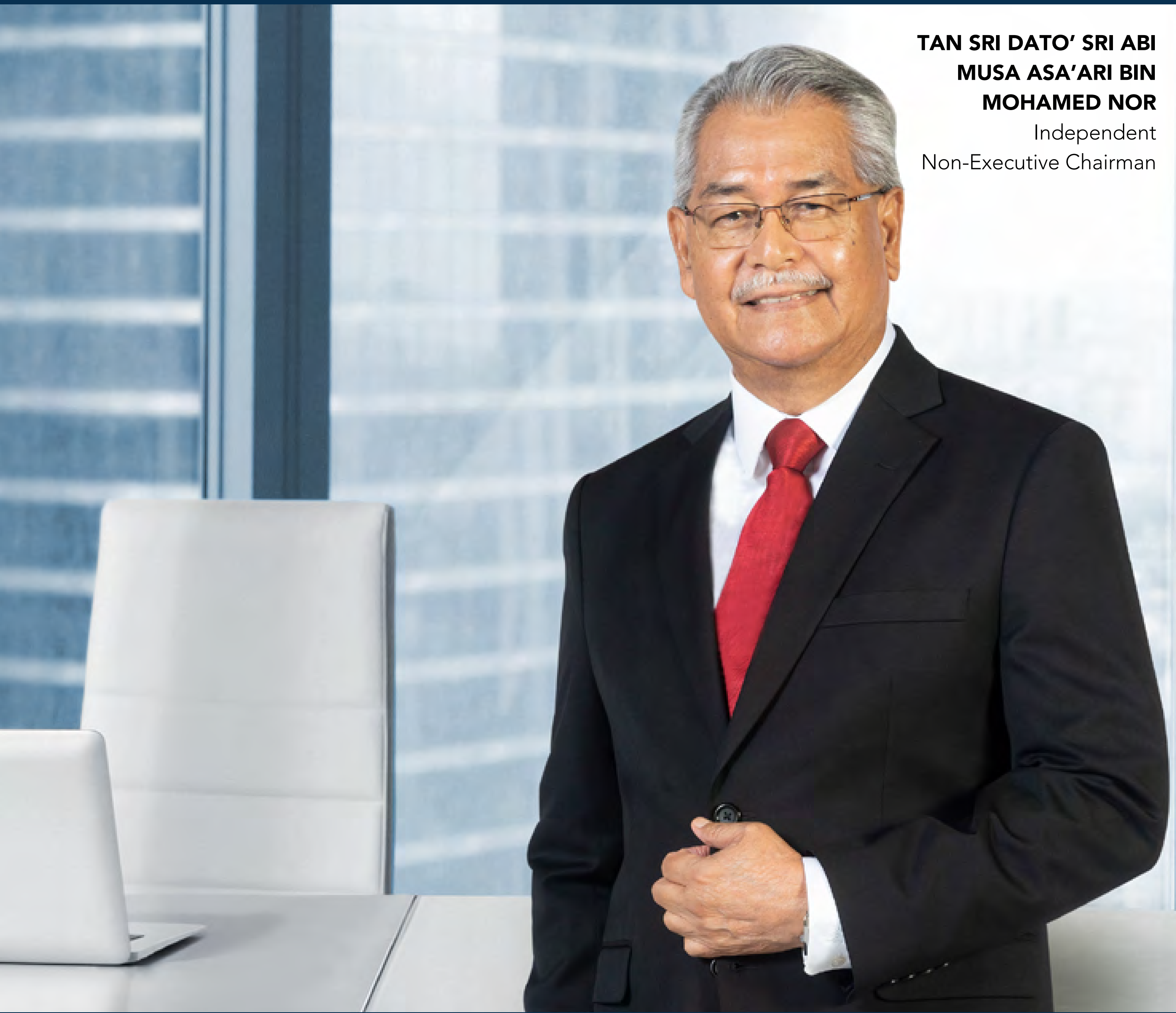
On behalf of the Board of Directors, it is my pleasure to present MCT's Annual Report for FY 2019. I am pleased to report that we intensified our efforts and recorded a commendable financial performance amidst a challenging property market clouded by weak consumer buying sentiments and demand-supply mismatches.

CORPORATE GOVERNANCE

We are cognisant of the fact that bad governance can lead to the collapse of even large corporations. Good governance translates into good business. Therefore, we remain fully committed to upholding and implementing the highest standards of corporate governance as well as risk management and internal control measures across our Group. As fundamental components of our business, these elements will go a long way towards securing sustainable long-term growth of our Group's businesses, while strengthening investors' confidence, safeguarding our corporate reputation and ensuring continued shareholder value creation. In FY 2019, we formed an internal risk management team to complement our external consultants to monitor our risk activities and implement/execute risk mitigation plans as we continued our commitment towards strengthening our risk management and corporate governance framework.

Our Group is also dedicated to strengthening the effective application of the corporate governance principles and best practices that have been laid down by the regulators, namely Bank Negara Malaysia, Securities Commission Malaysia and Bursa Malaysia.

CHAIRMAN'S STATEMENT



TAN SRI DATO' SRI ABI MUSA ASA'ARI BIN MOHAMED NOR
Independent Non-Executive Chairman

OUTLOOK FOR 2020

Malaysia's economy grew by 4.3% in 2019, its lowest growth since 1999. This slowdown was attributed to lower output of palm oil, crude oil and natural gas, as well as a fall in exports amid the US-China trade war.

In 2020, oil price has plummeted to record lows as global demand for oil has reduced. This will put Malaysia's gross domestic product ("GDP") growth for 2020 under further pressure as Malaysia is a net exporter of crude oil and low oil price in 2019 partly contributed to the slower GDP growth in 2019.

We remain cautious about the outlook for 2020 due to global economic headwinds and downward pressure on the domestic economy, which could alter the dynamics of the property market. Conditions for both business and economic prospects are still surrounded by external uncertainties and its reverberating effects on trade and services, which is slowing global economic growth. Nevertheless, we remain optimistic that the Malaysian economy will remain resilient and emerge victorious from the challenges as the Malaysian Government has put in place various measures to support and stabilise the economy.

CHAIRMAN'S STATEMENT

1.

For the property market, 2020 will remain challenging as consumer sentiment is expected to remain dampened. However, we remain optimistic as our newly launched CasaBayu @ Cybersouth has received positive response from consumers thus far. Further, our landbank for on-going and future developments remains healthy at 317.3 acres. We remain well-positioned to meet evolving customer needs due to our advantage of having a diverse development portfolio that offers low-cost, mid-tier and premier housing. This will allow us to continue to be nimble in delivering products that cater to the demands of the market.

CHANGES TO THE BOARD

We are delighted to welcome Mr. Teh Heng Chong ("Mr. Teh"), who was appointed as our CEO and Executive Director in March 2019. He is a seasoned and highly experienced professional with over 24 years of experience in the Malaysian real estate business.

We also have seen changes at our Board with the resignations of Tan Sri Dato' Sri Goh Ming Choon ("Tan Sri Dato' Sri Goh") and Ms. Ma. Luisa Dioquino Chiong ("Ms. Chiong") on 15 April 2019 and 31 May 2020 respectively. On behalf of my colleagues, I would like to take this opportunity to record my appreciation to Tan Sri Dato' Sri Goh and Ms. Chiong for their contributions during their terms.

On 1 June 2020, we announced the appointment of Mr. Jaime Alfonso Antonio Eder Zobel de Ayala ("Mr. Zobel") to our Board. I would also like to welcome Mr. Zobel and look forward to having him onboard as we continue to deliver sustainable value to our stakeholders.

We have also appointed Mr. Apollo Bello Tanco ("Mr. Tanco") as our COO and Executive Director, as well as Ms. Susan Jacob Secreto ("Ms. Secreto") as our Chief Financial Officer ("CFO"). Both of them have more than 20 years of experience in property development and were previously attached to our parent company, Ayala Land.

CHAIRMAN'S STATEMENT

2.

3.

Our new management team has in-depth knowledge of the real estate market and we look forward to seeing this exceptional team deliver yet more success for our customers, stakeholders and communities moving forward.

ACKNOWLEDGEMENTS

I would like to thank the members of our Board of Directors for their unwavering support, wise counsel and strategic direction in the past year as well as in previous years.

I would also like to thank our employees for their dedication and the stakeholders for their support in realising our vision and mission of building developments with sustainable ecosystems that improve the lives of communities and provide housing for the community.

Driven by that vision and mission, we can build on our current strength to thrive during challenging times and sustain our proven track record of adding value for our shareholders. This will be attained through dynamic and effective operations following last year's restructuring and reorganising exercise that has given us the confidence to achieve another successful year ahead.

1.
CasaBayu @ Cybersouth townhouse.

2.
Our Board of Directors at the Annual Dinner.

3.
CasaBayu @ Cybersouth show unit.

CEO'S STATEMENT

DEAR VALUED SHAREHOLDERS,

FY 2019 was a year of many challenges but ultimately, we were able to deliver a positive financial performance despite the challenging property market. FY 2019 was also a year of consolidation for our Group as we build our foundation with an eye for the future so that we can continue delivering sustainable growth.

PERFORMANCE HIGHLIGHTS

In FY 2019, our Group's strategy remain focused on the affordable to mid-tier residential market in the Greater Klang Valley region with high population catchment, where transport links and public facilities are well-provided for. This is in-line with the Government's initiatives to spur home-ownership amongst first-time homebuyers.

Our strategy to target the affordable to mid-tier segment proved successful as we managed to secure property sales of RM371.2 million, despite the soft market conditions. The bulk of the sales were from our on-going projects, namely Market Homes and LakeFront Residence from our LakeFront @ Cyberjaya development as well as CasaWood @ Cybersouth. We also launched Park Place I @ Cybersouth, which are commercial units in 2019 with GDV of RM63.0 million. The response thus far has been encouraging with 37.3% sold as at 31 December 2019. Unbilled sales stood at RM584.5 million, leaving us with a sustainable stream of revenue for the next two financial years.

Our priority for FY 2019 was to fast-track the construction progress of our projects as we expect to hand-over 3,053 units with GDV of RM1.2 billion in 2020. Our focus was to complete the projects not only in a timely manner, but to ensure that the quality of the units would be able to meet the expectations of our customers. A total of RM256.9 million was incurred to fast-track the construction progress for our projects across our main growth engines at Cyberjaya and Cybersouth. As we moved ahead with the construction of these projects, we have been able to drawdown RM558.1 million in sales proceeds. This cash is now being cycled back into our operations to sustain our growth plans. Another RM366.9 million in sales proceeds will soon be ready for drawdown by 2020, after we hand-over the four projects to our customers in 2020.

CEO'S STATEMENT

TEH HENG CHONG
Chief Executive Officer

Property Sales	Cash Position	Unbilled Sales
RM371.2 MILLION	RM469.7 MILLION	RM584.5 MILLION

CEO'S STATEMENT

1.

1.
LakeFront @ Cyberjaya sales gallery.

2.
Our employees join the Chinese New Year celebration with a lion dance performance.

3.
Alira sales gallery @ Subang.

As a result of our aggressive moves to complete and deliver projects, we ended FY 2019 with RM45.5 million in profit after tax ("PAT"), compared with RM59.6 million PAT that was recorded for FPE 2018. However, notwithstanding the decline in profit, we remain on a positive growth trajectory, showing the resilience of our Group's business in delivering sustained growth. Our liquidity position is likewise in a good state. Our cash and bank balances increased from RM344.4 million in FPE 2018 to RM469.7 million in FY 2019, mainly attributable to higher completion rates of projects and the collection of excess taxes paid in prior years. Our unbilled sales as at 31 December 2019 stood at RM584.5 million, ensuring us a stable source of cash inflows, while our debt to local financial institutions has also been refinanced with the injection of funds from our major shareholder. Our now stronger balance sheet reflects opportunities for us to leverage more as an avenue to raise capital for future projects to sustain our growth.

YEAR OF RESTRUCTURING AND REORGANISING

FY 2019 was a year of restructuring and reorganising our Group's overall operations as we set our strategic objectives to be achieved by 2025. We embarked on a restructuring and reviewing exercise by investing in talents and filled in key positions with personnel who have relevant industry knowledge.

First and foremost, our Property Development team has been streamlined as a business-oriented nerve center focused not only on simply implementing projects, but also in ensuring that the projects deliver the multidimensional commercial, organisational and social results that were promised when they were planned and launched.

OUR PEOPLE AND OUR CULTURE ARE OUR HEART AND SOUL. WE STRIVE TO CREATE A STRONG TEAM

- THE ONE MCT TEAM THAT WILL DRIVE OUR TRANSFORMATION AND GROWTH PLANS.

While we have true strength in having our in-house design teams, we are not precluding ourselves from looking outwards to develop better projects. As we continue to engage more external consultants and designers for new market-facing ideas, we established a Project Management team to represent our Group and ensure that our objectives will be met through the external consultants. Execution in these groups will be a focal point as we complete projects and launch new ones. It is through the thoughtfulness of our designs and in the quality of our end products that we will be appreciated and remembered by our customers and trusted by the market.

Great talent and passion to perform are not enough to make us great. A customer-centric culture is vital too. We continue to restructure our Sales and Marketing team in anticipation

CEO'S STATEMENT

of greater demands from our customers. We have been placing greater emphasis in building-up a much stronger, more dedicated and prouder sales force to promote and sell our existing projects, and to come front and center as ambassadors of our Group when we launch our new projects. It is only through our sales team on the ground that we can have a true appraisal of the market to develop the right products.

In FY 2019, we also embarked on a thorough review of our Group's internal policies and operating procedures. This allowed us to identify gaps and shortcomings in our business processes. We have since introduced various measures to bridge gaps such as introducing an improved limits of authority to serve as a guideline to the entire organisation when conducting its businesses. We have also deployed and enhanced our systems to automate information flow to increase efficiency and accuracy, reduce time and cost, and ultimately improve our performance and productivity.

CULTURE AND PEOPLE

Our people and our culture are our heart and soul. We strive to create a strong team - the One MCT team - that will drive our transformation and growth plans. Our culture and our people set us apart from other

2.

players in the market and our culture is defined by everyone in the organisation. Hence, as part of our restructuring and reorganising exercise, we sought to improve our operating model, human capital and systems to drive business success.

Given these imperative plans, one of the highlights for FY 2019 was the strengthening of our human capital. We invested in training and coaching our workforce to meet the requirements of today's dynamic, fast-evolving operating environment. We have also worked on a performance driven employee incentive programme to instill a high performance work culture in our Group.

BRAND AND INNOVATION

Supported by a strong team, we uphold our values of being Positive, Proactive and Innovative to create shareholder value and enhance customers' experience. This is achieved through constant improvement of quality in offerings and services, as aligned with the vision of our parent company, Ayala Land, of "Enhancing Land, Enriching Lives for more people".

As we move forward, innovation remains an important part of our strategy to sustain continuous improvement. We embarked on innovation efforts throughout FY 2019, and invested in systems, not only to drive short-term growth but also for the long run to create a seamless customer experience. We reorganised ourselves by leveraging on innovation, increasing cost efficiency and customer satisfaction to secure positive growth trajectories. We are intentional in adopting 'Customer Centric' policies in all of our organisation's touch points with external parties. Towards this end, we strive to provide exceptional customer service and our efforts are reflected by the refurbishment of our LakeFront @ Cyberjaya sales gallery and Alira sales gallery and the improvement of the defect rectification process via a new mobile application for customers.

3.

CEO'S STATEMENT

Moreover, during FY 2019, we continued to invest in our brands, not only to drive their short-term growth but more importantly, to continue nurturing them for the long term. We introduced a new initiative to standardise the look and feel of all our product offerings across different segments to build a consistent track record, manage cost and enhance product brand building.

In addition, we have the competitive advantage of being able to infuse our corporate culture and people with the best practices of our parent company to build a strong and positive brand image while upholding our vision to build sustainable communities. To that end, we have structured and aligned our induction programmes for employees to infuse Ayala Land's best practices with our local team.

OUTLOOK

Given the current volatile market outlook, we will be pushing for greater operating synergies, efficiencies and effectiveness to face the challenges and uncertainties that 2020 has to offer.

We are mindful that the economic situation in 2020 could get worst with the plunge in crude oil prices, slowdown in local and global economy and the domestic political uncertainties which continue to weigh on Malaysians' confidence in the housing market. This is further exacerbated by the impact of the COVID-19 outbreak on the global economy. The Movement Control Order ("MCO") has affected the property industry with construction and market activities at a standstill. Prospective buyers are adopting a wait-and-see approach compounded by uncertainties surrounding job security and stringent approval process implemented by financial institutions. As a result of the uncertainties, financial institutions are also cautious in providing end-financing to property developers.

From a recent online survey by the Real Estate and Housing Developers' Association Malaysia (REHDA) on the impact of COVID-19 and MCO on the property industry, more than half of the respondents, who are mainly property developers, have indicated that they would have to revise their sales target

1.

for 2020. More than half of the respondents also anticipate that the average percentage of decline in turnover, profit and business activity for 2020 against 2019 is within 53% to 57%. The survey involved 214 respondents of which 92% are developers while the rest are contractors, consultants, architects, property agents, manufacturers and bankers.

To mitigate the impact of the slowdown of the economy, the Government has taken various measures to stimulate the property market. Firstly, the Government has reintroduced the Home Ownership Campaign ("HOC"), which was a success when it was first introduced in 2019. Under the HOC, stamp duty exemption will be given on the instruments of transfer (e.g. sales and purchase agreement) – on the first RM1 million of the residential property value. There will also be a 100% stamp duty exemption on the loan agreement. In addition, gains arising from the disposal of residential properties by Malaysian citizens between 1 June 2020 and 31 December 2021 will be exempted from real property gains tax, which will help to stimulate the sub-sale housing market. We are optimistic that such measures would help to stimulate the Malaysian property market.

In terms of MCT's operations, we have adapted our strategy to one of austerity while remaining nimble enough to capitalise on growth and investment opportunities that may be presented by the weaker market. We will be focused on protecting all our employees and managing the disruptions caused by the COVID-19 containment efforts, and mitigating the risks to our businesses.

1.
CasaWood @ Cybersouth show unit.

2.
CasaWood @ Cybersouth unveils premium double storey terrace houses.

CEO'S STATEMENT

While we are in a fairly steady financial position, we will increase our pace in innovation to be agile enough to deal with the potential risks and challenges that lie before us, while seizing value-creating opportunities as we see them. These are times to embrace change such as tapping on technology, or going direct to consumers to ensure our businesses continue operating sustainably amidst present circumstances.

MOREOVER, DURING THE YEAR UNDER REVIEW, WE CONTINUED TO INVEST IN OUR BRANDS, NOT ONLY TO DRIVE THEIR SHORT-TERM GROWTH BUT MORE IMPORTANTLY, TO CONTINUE NURTURING THEM FOR THE LONG TERM

Despite the overall pessimistic sentiment, we are of the view that opportunities will continue to present themselves going forward. The issues weighing on the Malaysian economy will eventually be resolved and the nation will be back on track towards growth and development. The strong fundamentals in Malaysia's economy include a resilient currency, a predominantly young population that will continue to have demands for homes and a sizeable market in Klang Valley; these are the key backdrops underpinning our positive outlook for our industry and our organisation.

ACKNOWLEDGEMENTS

In closing, I would like to thank our management team and all employees, or in other words, the One MCT team, for their dedication and contribution towards another significant year for MCT. I would also like to thank the team for making the restructuring and reorganising exercise a success. The exercise involved a huge commitment from everyone across the organisation and marked a tremendous achievement for our Group.

Secondly, I would like to express my gratitude to our Board for their collective knowledge in strategy and policy setting – especially during the past year where we had to restructure and reorganise our Group. Their overall guidance has been integral to our success. I would also like to record our thanks to Tan Sri Dato' Sri Goh and Ms. Chiong who have resigned from our Board, for their valuable contributions to the Company. Ms. Chiong will be succeeded by Mr. Zobel who has joined us as a Non-Independent Non-Executive Director. With his experience in the utility and telecommunications industries, I am confident that Mr. Zobel will help the team steer MCT towards further success.

Thirdly, to all shareholders of MCT. I thank you all for the trust you continue to place on our vision and our mission. It is with your belief in us that we embark on our journey towards growth.

Finally, I believe we are well positioned to undertake new challenges and I am confident that with its strategic plans firmly in place, we will continue to grow our businesses in the medium to long term.

2.


CASAWOOD

In this year of restructuring, we reorganised ourselves by leveraging on

INNOVATION, INCREASING COST EFFICIENCY AND CUSTOMER SATISFACTION,

to secure positive growth trajectories.

MANAGEMENT DISCUSSION & ANALYSIS

1.

MCT was listed on the Main Market of Bursa Malaysia on 6 April 2015 following the completion of a reverse takeover exercise. As an integrated builder, our Group consists of three key segments, namely property development, construction and complementary businesses. MCT became a subsidiary of Ayala Land on 5 February 2018 and Ayala Land via Regent Wise Investment Limited currently owns a 66.3% stake in MCT.

In 2019, we witnessed a change in leadership, with the election of three new members to our Board – Ms. Chiong, Mr. Teh and Mr. Tanco. Our Board also appointed Mr. Teh as the CEO, Mr. Tanco as COO and Ms. Secreto as CFO. Mr. Teh will be supported by Mr. Tanco and Ms. Secreto, who were both previously employees of Ayala Land, in our management team. Through greater synergies with Ayala Land, fortified by appointments of leaders with vast experience in property development to the team, we have been proactive in reviewing our strategies to strengthen our fundamentals and place MCT on a stronger footing for sustainable growth.

On May 31, 2020, we bade farewell to Ms. Chiong and welcomed Mr. Zobel to our Board on 1 June 2020 as a non-independent non-executive director.

FINANCIAL REVIEW

MCT has come a long way from its early beginnings as a new home builder 20 years ago to become a key industry player today. Since our listing in 2015, our Group has consistently been strengthening its financial position, empowering its team and delivering positive results despite challenging market conditions. Even so, we believe that to stay ahead of the curve in today's fast-evolving business landscape, we have to constantly review our position and adapt to change. Given the positive performance we have delivered in FY 2019, we believe that we are certainly on the right track.

In FY 2019, we recorded revenue of RM459.1 million, as compared to the revenue for FPE 2018 of RM330.9 million. Our revenue was mainly supported by the sales from projects with high completion rates, as well as construction progress for our on-going projects as we gear up to hand-over 3,053 units with GDV of RM1.2 billion in 2020. Gross profit margin remained healthy at 37.7%, down from 39.7% in FPE 2018 as we declared savings from construction cost in FPE 2018 for the four projects that we completed during FPE 2018.

Direct operating expenses and general administrative expenses were at RM112.4 million, an increase from RM49.4 million in FPE 2018 due to the recognition of RM14.6 million of impairment losses for investment properties and RM2.8 million of realised losses on foreign exchange attributable to a loan from Ayala Land. We have since hedged

MANAGEMENT DISCUSSION & ANALYSIS

the foreign exchange exposure via cross-currency swap programme that we entered into in FY 2019.

Our direct operating expenses and general administrative expenses without the one-off items above would be RM7.9 million per month, which is lower as compared to the run rate of RM8.2 million per month for FPE 2018.

We recorded sales and marketing expenses of RM6.4 million, up from RM4.6 million in FPE 2018. The sales and marketing expenses were incurred on the back of the RM371.2 million in sales that we achieved in FY 2019 against the RM296.0 million in sales that we recorded for FPE 2018.

Our total borrowings of RM335.7 million from FPE 2018 were fully repaid in FY 2019 as we undertook a RM519.6 million loan from our holding company to refinance all our outstanding borrowings from financial institutions. The increase in borrowings were utilised to fund our working capital as we gear up for 2020. As such, our finance costs increased from RM5.9 million in FPE 2018 to RM19.7 million in FY 2019.

Accordingly, we recorded RM45.5 million in profit after tax for FY 2019, down from RM59.6 million in FPE 2018. Our Group's effective tax rate for FY2019 was 16.3%, lower than the statutory tax rate of 24%, which was due to utilisation of business losses arising from certain loss-making subsidiaries. We will continue with our tax planning exercise across our Group in efforts to further drive tax efficiency.

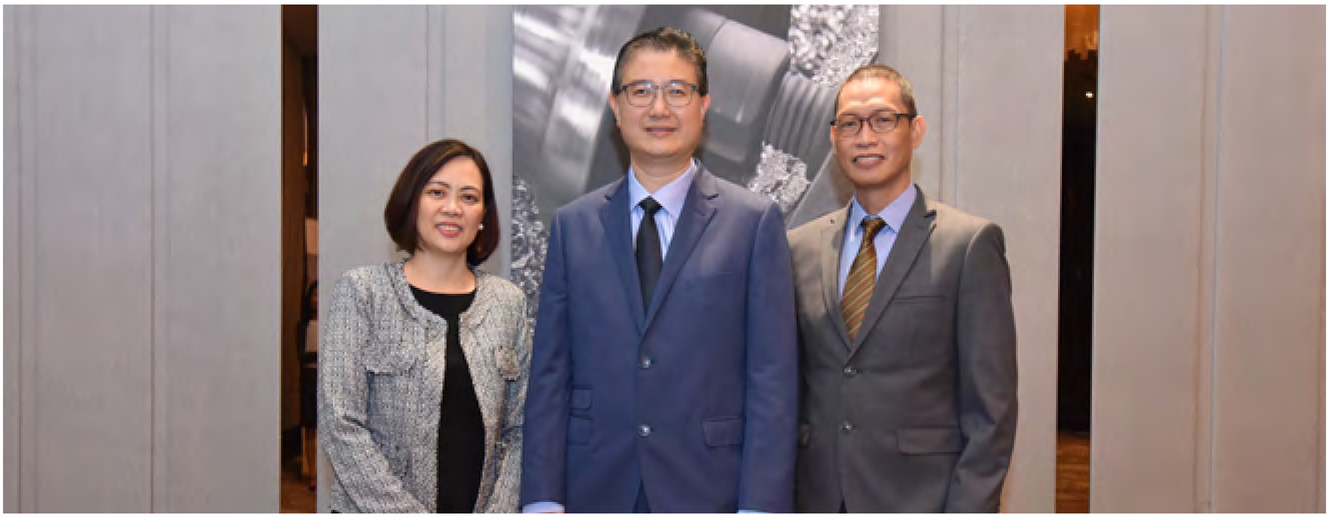
MCT HAS COME A LONG WAY FROM ITS EARLY BEGINNINGS AS A NEW HOME BUILDER 20 YEARS AGO TO BECOME A KEY INDUSTRY PLAYER TODAY. SINCE OUR LISTING IN 2015, OUR GROUP HAS CONSISTENTLY BEEN STRENGTHENING ITS FINANCIAL POSITION, EMPOWERING ITS TEAM AND DELIVERING POSITIVE RESULTS DESPITE CHALLENGING MARKET CONDITIONS.

Our Group's financial position continues to be steady to support our growth plans. We strengthened our cash position with cash and bank balances increasing from RM344.4 million in FPE 2018 to RM469.7 million in FY 2019. The increase was mainly due to the intercompany loan of RM519.6 million from Ayala Land which resulted in a net financing cash flow of RM156.1 million upon repaying outstanding bank borrowings as well as higher completion rates of our projects. The cash will be cycled back into our operations to sustain our transformation and growth plans.

1.
We continue to deliver stellar performance in a challenging market.

2.
The appointment of the key management team will strengthen our fundamentals and place us on a stronger footing for sustainable growth.

2.



MANAGEMENT DISCUSSION & ANALYSIS

1.

2.

BUSINESS REVIEW

Property Market

The property market as a whole, remained slow as the issue of oversupply of certain types of property, high household debt and price unaffordability remain unresolved. Uncertainties in both the Malaysian and global economy and rising living costs further impacted the purchasing power of many prospective homeowners, in particular those from the middle-income segment.

Many buyers, especially first-time homeowners continue to face issues such as lack of financing or insufficient funds to cover upfront payments. Buyers who could afford properties remained discerning and selective, given the ample choice of homes available in the market.

Nonetheless, the property sector saw a marginal uptick in transactions in the second half of 2019 pursuant to the HOC initiated by the Government to increase first-time homeownership. The HOC, which was planned to scale down unsold stocks, recorded sales of more than 28,000 units worth approximately RM17.7 billion.

To further curb supply overhang, the Government also introduced several favourable policies in FY 2019, including allocation of funds to build affordable houses, assistance for first-time homebuyers and stamp duty exemptions.

The Government also reduced the price threshold for foreign buyers in efforts to spur home ownership. Recognising the need to improve market sentiment and further drive home ownership amongst middle-income and first time homeowners, various rent-to-own and affordable home ownership schemes were launched by the Government, banks and private developers, such as the Rumah Selangorku by the Selangor Government and the Perbadanan PR1MA Malaysia ("PR1MA") housing programme.

PROPERTY DEVELOPMENT SEGMENT

Our strategy to capitalise on opportunities and positioning ourselves as an integrated property developer proved to be an effective means to thrive in the sector amidst challenging conditions. Evolving with the trends of the market, we strategically placed our focus on the affordable market segment which is well received by the general public despite the slow growth for the overall property sector. The property development segment remains the key revenue driver for our Group, contributing RM438.8 million in revenue, or 95.6% of our Group's revenue.

1.
Completed phases from our 417-acre Cybersouth township.

2.
We offer affordable properties designed for all generations.

3.
We build homes that enrich the lives of families.

MANAGEMENT DISCUSSION & ANALYSIS

EVOLVING WITH THE TRENDS OF THE MARKET, WE STRATEGICALLY PLACED OUR FOCUS ON THE AFFORDABLE MARKET SEGMENT WHICH IS WELL RECEIVED BY THE GENERAL PUBLIC DESPITE THE SLOW GROWTH FOR THE OVERALL PROPERTY SECTOR.

Our revenue in FY 2019 was mainly driven by sales from projects with high completion rates as well as by construction progress as we expect to complete and hand-over 3,053 units with GDV of RM1.2 billion in 2020 across four projects, namely Phase 2 of LakeFront Residence and PR1MA Homes from our LakeFront @ Cyberjaya development, CasaBluebell and CasaWood in Cybersouth.

Our marketing efforts were proven effective as our existing inventory was kept to a minimum with 859 units, amounting to a GDV of RM443.2 million as at 31 December 2019 of which 71.7%% is from Market Homes from our LakeFront @ Cyberjaya development. We sold 651 units with GDV of RM371.2 million during FY 2019, or an average of 54 units or GDV of RM30.9 million per month during FY 2019. This included sales from Park Place I @ Cybersouth that was launched in July 2019. It was our first commercial product in Cybersouth and we recorded a commendable take-up rate of 37.3% as at 31 December 2019.

The favorable take-up rates were reflected in the healthy unbilled sales of RM584.5 million as at 31 December 2019 which effectively secured our revenue stream for the coming financial years.

As part of our asset streamlining exercise and to diversify our portfolio of landbank across various growth centres, our Group completed the disposal of a parcel of development land in Cyberjaya for RM47.0 million and recorded a gain on disposal of RM4.7 million. We have utilised the proceeds from the disposal to finance our upcoming launches.

As at 31 December 2019, our Group holds a sizeable landbank of 317.3 acres from on-going and future development projects with an estimated GDV of RM12.6 billion. The landbank for future development projects accounted for 81.5% of our total landbank or 258.5 acres, while the landbank for current development projects made up the remainder of 59.8 acres.

3.

MANAGEMENT DISCUSSION & ANALYSIS

LAKEFRONT @ CYBERJAYA

Situated by the lake with lush greenery and beautiful landscaping, the development comes with resort-styled facilities such as themed recreational gardens, jogging paths, outdoor workout stations, rooftop infinity pool and a clubhouse which comes with complete amenities.

To add on to the numerous conveniences already found at LakeFront @ Cyberjaya is the first Chinese school in Cyberjaya, SJK(C) Union which was opened in 2018 and is situated within the LakeFront @ Cyberjaya development.

NESTLED ON A 60-ACRE FREEHOLD LAND IS LAKEFRONT @ CYBERJAYA, A MIXED DEVELOPMENT CONSISTING OF HIGH RISE CONDOMINIUMS, VILLAS AND COMMERCIAL OUTLETS.

MANAGEMENT DISCUSSION & ANALYSIS

ON-GOING PROJECTS

1 / LAKEFRONT HOMES

1.
LakeFront PR1MA Homes @ Cyberjaya.

Launch Year **2017**	GDV **RM1.1 Billion**
Type **Condominium (7 Towers)**	No. of Units **3,243**
Percentage of Sales	
PR1MA Homes **100%**	Market Homes **46.3%**

LakeFront Homes is a vertical development which caters to the affordable housing segment and comprises 3,243 units with a combined GDV of RM1.1 billion. Phase 1 of the LakeFront Homes development is PR1MA Homes which is a residential project carried out in collaboration with Perbadanan PR1MA Malaysia. With an average price tag of RM280,000, PR1MA Homes is targeted to be completed by 2020 and is 100% sold as at 31 December 2019. Phase 2 of the LakeFront Homes development is Market Homes which comprises 1,311 units with an average price tag of RM450,000. It was launched in November 2018 and we have achieved 46.3% sales as at 31 December 2019.

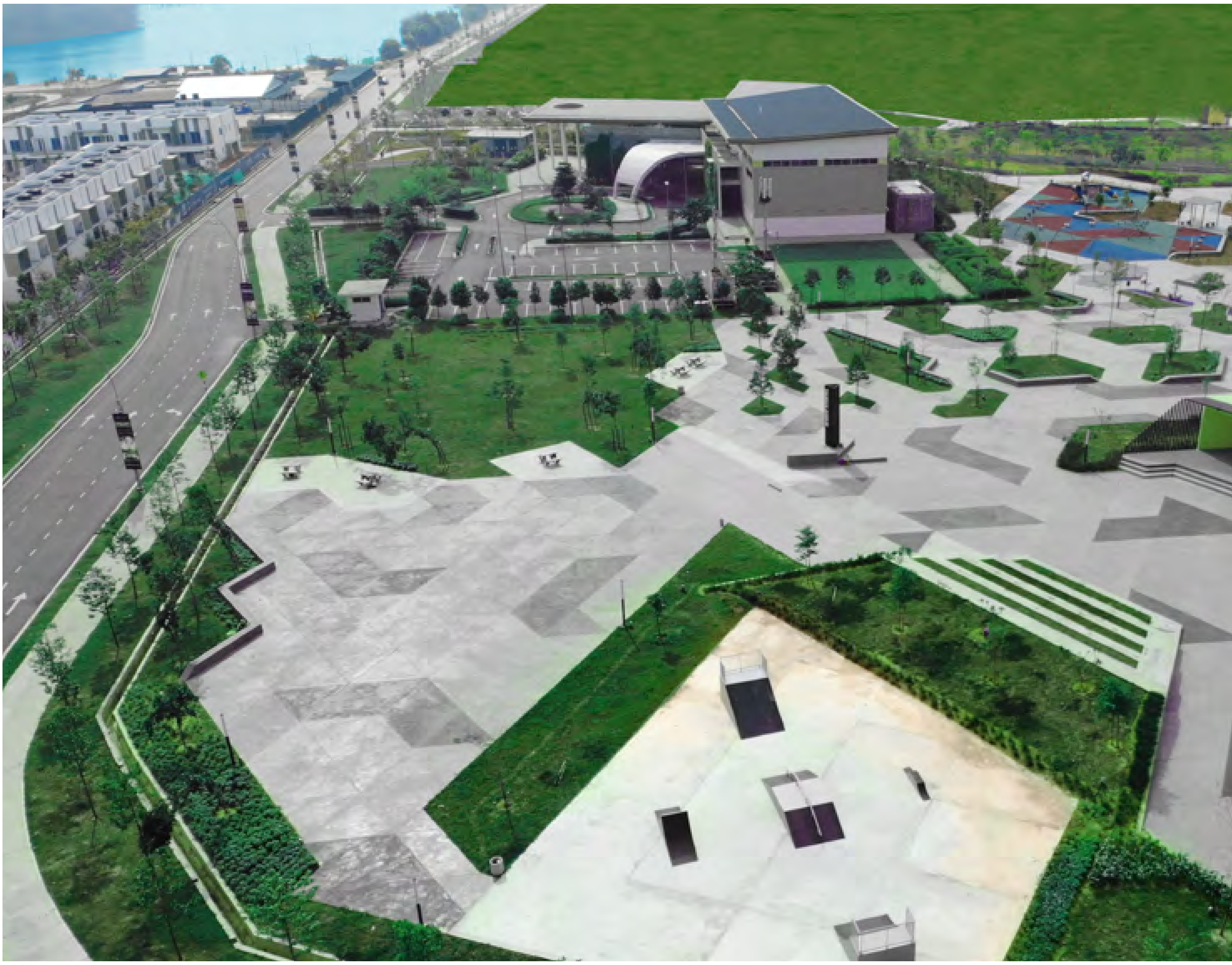
2 / LAKEFRONT RESIDENCE

1.
LakeFront Residence @ Cyberjaya.

Launch Year **2013**	GDV **RM1.4 Billion**
Type **Condominium (8 Towers)**	No. of Units **2,424**
Percentage of Sales	
T1 & T2 **99.6%**	T3 & T4 **94.7%**

LakeFront Residence is a high-rise condominium project fronting the lake with eight towers comprising 2,424 units with a combined GDV of RM1.4 billion. Phase 1 comprising the first two towers was launched back in 2013 is 99.6% sold as at 31 December 2019 and was handed-over to purchasers in November 2018. Phase 2 comprising towers 3 and 4 have received positive responses from the market as seen from its conversion status (as at 31 December 2019) of 94.7% and shall be completed and handed-over to purchasers in 2020.

MANAGEMENT DISCUSSION & ANALYSIS



CYBERSOUTH

CYBERSOUTH IS OUR MAIDEN TOWNSHIP DEVELOPMENT AND IS A SPRAWLING 417-ACRE TOWNSHIP LOCATED IN DENGKIL WHICH IS A MERE 6KM SOUTH OF CYBERJAYA.

Boasting beautiful homes with affordable prices and spacious built-up areas, it is suitable for families who are looking for properties with more space and lush greenery. At the heart of the integrated township is a 25-acre central park which features a jogging track that doubles as a cycling track surrounded by nature and a playground nestled within the grounds.

Given its strategic location, this development is well-connected to major highways such as the Maju Expressway (MEX), SILK Highway, ELITE, KLIA Expressway, South Klang Valley Expressway (SKVE), LDP and the Putrajaya-Cyberjaya Expressway. It is also serviced by the Express Rail Link (ERL) and the future MRT Line 2.

MANAGEMENT DISCUSSION & ANALYSIS

ON-GOING PROJECTS

3 / CASABLUEBELL @ CYBERSOUTH

1. *CasaBluebell @ Cybersouth*

Launch Year **2017**

GDV **RM136.0 Million**

Type **Townhouses**

No. of Units **264**

Percentage of Sales **100%**

CasaBluebell is a lake-fronting project targeted at families where all generations can live together under one roof. Each residence comes with a private roof garden for the upper unit and a 30-foot wide pedestrian-friendly back lane with landscaped gardens. Launched in May 2017, the project is 100% sold and will be handed-over to purchasers in 2020.

4 / CASAWOOD @ CYBERSOUTH

1. *CasaWood @ Cybersouth*

Launch Year **2018**

GDV **RM188.5 Million**

Type **Double-storey Link Homes**

No. of Units **251**

Percentage of Sales **81.6%**

CasaWood are double-storey link homes featuring a modern tropical garden concept within a luscious landscape of water and greenery in a low-density community. Launched in 2018, the project is 81.6% sold and will be handed-over to purchasers in 2020.

5 / PARK PLACE I @ CYBERSOUTH

1. *Park Place I @ Cybersouth*

Launch Year **2019**

GDV **RM63.0 Million**

Type **Shoplots**

No. of Units **68**

Percentage of Sales **37.3%**

Launched in July 2019, Park Place I is the first commercial development in Cybersouth. It features 68 units of shop-lots which will cater to the occupants for the four completed phases in Cybersouth as we expect to complete 1,463 units in Cybersouth by the end of 2020.

MANAGEMENT DISCUSSION & ANALYSIS

1.

CONSTRUCTION SEGMENT

Our construction arm has been servicing our Group's internal requirements either through full contractor or project management arrangements. An optimised mix between in-house contractors and outsourced services will be reviewed to keep up with the expected project pipeline with optimised capital and human resources requirements.

Looking ahead, we plan to move towards a pure developer model by engaging external contractors for new projects in line with our transformation and growth strategy complemented by our newly established in-house project management team.

BUSINESS RISKS

Identifying risks is a continual process. We review our risk management procedure every quarter to address and mitigate internal and external risks. We consider both external and internal risks from the business units through to the Group level, and this helps ensure that we are able to deliver on our committed growth plans and maintain our competitiveness in the property development segment over the longer term. As our Group moves forward, we recognise our vulnerability to three key anticipated or known risks that may have a material effect on our operations i.e. declining landbank size, economic outlook and market condition, political and regulatory outlook.

RISK AND IMPACTS

DECLINING LANDBANK SIZE

Geographical spread and size of landbank is paramount to us as development or monetisation of strategic landbank via saleable projects plays a key role in our future earnings growth.

ECONOMIC OUTLOOK AND MARKET CONDITIONS

The global and local economic climate and future movements in interest rates present risks and opportunities in property and financing markets and the businesses of our customers, which can impact both the delivery of our strategy and our financial performance.

POLITICAL AND REGULATORY OUTLOOK

Our Group's operations are subject to guidelines, laws and regulations of local authorities, government bodies and ministries, securities commission and listing requirements.

Significant political events and regulatory changes brings risks principally in two areas:

(i) Investment decisions are delayed whilst businesses and customers evaluate possible outcomes.

(ii) The impact of regulatory changes, especially those that directly affect real estate and construction on the case for investment of our Group.

MANAGEMENT DISCUSSION & ANALYSIS

2.

COMPLEMENTARY BUSINESS SEGMENT

We maintained our property management and utilities services operations to service completed developments. We are currently reviewing our operating plans for the remaining operations under the complementary business segment for operational efficiency and excellence.

1.
We strive to deliver quality products and services.

2.
LakeFront Residence @ Cyberjaya.

HOW WE MANAGE OUR RISKS	CHANGE IN FY 2019
We currently have 317.3 acres of landbank for our on-going and future projects throughout the Klang Valley with a GDV of RM12.6 billion that will sustain our project pipeline for the next 14 years.	We are actively scouting for suitable land acquisitions in prime areas of Klang Valley, either via direct acquisitions or joint ventures. Nevertheless, we acknowledge that land acquisition is capital intensive, hence we remain meticulous in strategising our land acquisition activities whilst performing indispensable due diligence to reduce risk and safeguard the interest of our Group.
Our Property Development and Strategic Corporate Finance department constantly monitors and evaluates the economic environment in which we operate to assess whether the changing economic outlook justifies a re-assessment of our Group's risk appetite. We stress test and revise our business plan against downturns in outlooks to ensure our financial position is sufficiently resilient. Our group also embraces change and strives for continuous innovation to create its advantage and remain competitive in the marketplace.	In FY 2019, we continued to face challenges of a subdued and soft property market due to dampened consumer sentiments as well as a global market slowdown. We remain vigilant about the outlook and potential uncertainties. However, as an integrated developer with a commitment to deliver, we have the flexibility to scale our development up or down to respond to market conditions.
While we are unable to influence the outcome of political and regulatory changes, the Management does take these uncertainties into account when making strategic investment and financing decisions. Internally we review and monitor proposals, policies and latest regulations to ensure compliance. We also engage subject matter experts to ensure we are briefed on the impacts of any regulatory changes.	Budget 2020 has several direct and indirect measures that are expected to have a positive impact to alleviate the overhang and subdued property market. We foresee direct measures that includes adjustments to real property gains tax and the lowering of the threshold for foreign buyers of high rise properties to boost interest of potential investors in the secondary property market. We anticipate that initiatives such as the extension of the BSN Youth Housing Scheme and the introduction of a Rent-to-Own scheme for first-time buyers will benefit the market, as buyers are now given more flexibility and aid in obtaining a mortgage to own their preferred home. In addition to the above, indirect measures comprising of abolishment and discount of tolls, introduction of electric buses and petrol subsidies would facilitate an improve connectivity across cities, further stimulating the property market.

MANAGEMENT DISCUSSION & ANALYSIS

STRATEGIC DIRECTION

2020: Prospects and Outlook

The year 2020 looks set to be another challenging year owing to uncertain market conditions. The issues that plagued the property market such as market overhang, price unaffordability and lack of financing are expected to persist in spite of the various measures introduced by the Government to stimulate the property market. The COVID-19 pandemic has affected all sectors, which will add more downward pressure on the property market. The MCO has resulted in a nationwide shutdown of all non-essential business premises, including property sales galleries. As a result, we have to find new ways to engage with customers by stepping up the use of technology and digital solutions.

Nonetheless, we remain positive as our Group is well positioned to navigate the challenges ahead and realise steady progress going forward. The optimism stems from our diverse property portfolios from township projects to high-rise developments at varying price points that meet real market demands. As the world adjusts to the new normal, we will continue to plan for our projects so that we can time the market and capitalise on any opportunities that may present itself in the future.

In 2020, we have earmarked to launch 990 units with a combined GDV of RM1.1 billion. One of the new launches would be CasaBayu @ Cybersouth with 80 units of low-rise apartments and 180 units of townhouses with a total GDV of RM160.0 million. It would be our Group's maiden vertical development in Cybersouth. As the township continues to mature and coupled with the completion of the 25-acre central park, we are optimistic that the product would be well received by the market.

THE OPTIMISM STEMS FROM OUR DIVERSE PROPERTY PORTFOLIOS FROM TOWNSHIP PROJECTS TO HIGH-RISE DEVELOPMENTS AT VARYING PRICE POINTS THAT MEET REAL MARKET DEMANDS.

Our Group's landbanking efforts from 2018 will also bear fruit in 2020 as we are targeting to launch the first phase of Alira, located at Subang Jaya. We are also in the midst of preparing for the launch of Aetas, located at Petaling Jaya. The estimated total GDV for both project is RM902.5 million.

1.

1.
Our Clubhouse @ Cybersouth is the ideal place for the community to meet, socialise and strengthen relationships.

MANAGEMENT DISCUSSION & ANALYSIS

Our main target market is still the affordable market segment, ranging from RM250,000 to RM750,000. However, we will continue to develop a mix of products consisting of townhouses, terraces, condominiums and serviced apartments, as well as commercial units, while exploring opportunities to develop new products in the future.

We will also continue to reap steady gains from our healthy landbank for ongoing and upcoming developments in new and different locations. Additionally, we plan to acquire suitable new landbanks situated in prime locations in the Klang Valley, to be new growth engines and serve as launch pads for future growth.

Looking ahead, especially with the transformation exercise to be undertaken within the organisation in the next financial year, we believe that our new management is best placed to properly position ourselves to be ahead of the curve and achieve a better growth trajectory in 2020 and the years ahead.

2020: Our organisation

In FY 2019, we restructured and reorganised our Group's overall operations as we set our strategic objectives to be achieved by 2025. We embarked on a restructuring and reviewing exercise by investing in talents and filled in key positions with personnel who have relevant industry knowledge.

In 2020, we remain focused on achieving our transformation and growth plans as we execute our development plans based on an enhanced organisational structure with the main focus being on strategic initiatives as follows:

MAIN FOCUS	STRATEGIC INITIATIVES
Shift in Operating Model	We plan to move to a pure developer model by engaging external contractors to tap into new market-facing ideas for new projects in line with our growth strategy. We will also establish a project management team for site monitoring to ensure better quality control, improved delivery processes and timely completion.
Strengthening Human Capital	We have taken measures to strengthen the MCT team by filling key positions with personnel with relevant industry knowledge to manage our Group, as well as by increasing the skill sets of our employees through training programmes to increase productivity and efficiencies.
Systems Improvements	We reviewed our current policies and operating procedures and identified gaps. We will embark on a drive to increase automation through the deployment of IT systems and automated information flows to increase efficiency, reduce time, cost and manual effort and ultimately improve the performance and productivity of our Group.
Cash Management	In FY 2019, we refinanced all our borrowings with financial institutions with a loan from our parent company. In 2020, our capital management strategy involves maintaining a robust balance sheet to secure favourable financing terms to support our Group's growth plans. In addition, our Group ensures that the sources of borrowings are well diversified and appropriately structured in terms of maturity to mitigate interest rate and liquidity risks.
Adopting Customer-Centric Policies	We seek to adopt customer-centric policies at all organisation touchpoints. Keeping these policies in mind, we will initiate the process with the standardisation of product offerings to build a consistent track record, manage costs and build a strong brand.
Corporate Governance	We will continuously review our operating procedures and remain committed to constantly improving our governance policies and practices and uphold prudent financial management practices and the highest governance standards, even as we embark upon our growth story.

Our Group's strategy remain focused on the

AFFORDABLE TO MID-TIER RESIDENTIAL MARKET IN THE GREATER KLANG VALLEY REGION

with high population catchment, where transport links and public facilities are well-provided for.

SUSTAINABILITY STATEMENT

BUILDING SUSTAINABLE COMMUNITIES

Our goal is to foster good lasting relationships with all of our stakeholders whilst striving for consistent excellence in our Economic, Environmental and Social ("EES") sustainability activities.

Aligned with our mission of ***'Embracing sustainable ecosystem ideas in our properties to make our communities healthier, safer, greener and more liveable'***, we are fully committed to develop a sustainable social and environmental ecosystem that would achieve our vision to ***'to build sustainable communities'***.

ABOUT THIS REPORT

In our Sustainability Statement, we declare our commitment to promote sustainability practices with accountability and transparency. This statement presents our EES initiatives and the actions that we have undertaken in our journey towards sustainable development.

SCOPE AND BOUNDARY

This sustainability statement covers all our domestic operations, including the subsidiaries that we have direct control of and holds a majority stake.

REPORTING GUIDELINE

Bursa Malaysia Sustainability Reporting Guide 2nd Edition

REPORTING PERIOD

This statement describes our EES activities from 1 January to 31 December 2019. Historical information from previous years were included to contextualise the data and display actionable patterns.

REPORTING CYCLE

Our Sustainability Statement coincides with our financial year-end.

ENGAGE WITH US

We would like to hear your feedback and comments. Please get in touch with us at corpcomm@mct.com.my

SUSTAINABILITY STATEMENT

OUR CORE VALUES

Proactive, Positive and Innovative are the core values that convey our attitude, unite our employees and shape our culture.

PROACTIVE

POSITIVE

INNOVATIVE

MATERIALITY

In 2018, we conducted our first materiality analysis which was based on the survey responses of our stakeholders, meetings with our management and mapping of our Group's material issues. In our materiality assessment, we identified the EES issues that present risks or opportunities to our Group while addressing the most pressing issues that concern external stakeholders.

MATERIALITY REVIEW

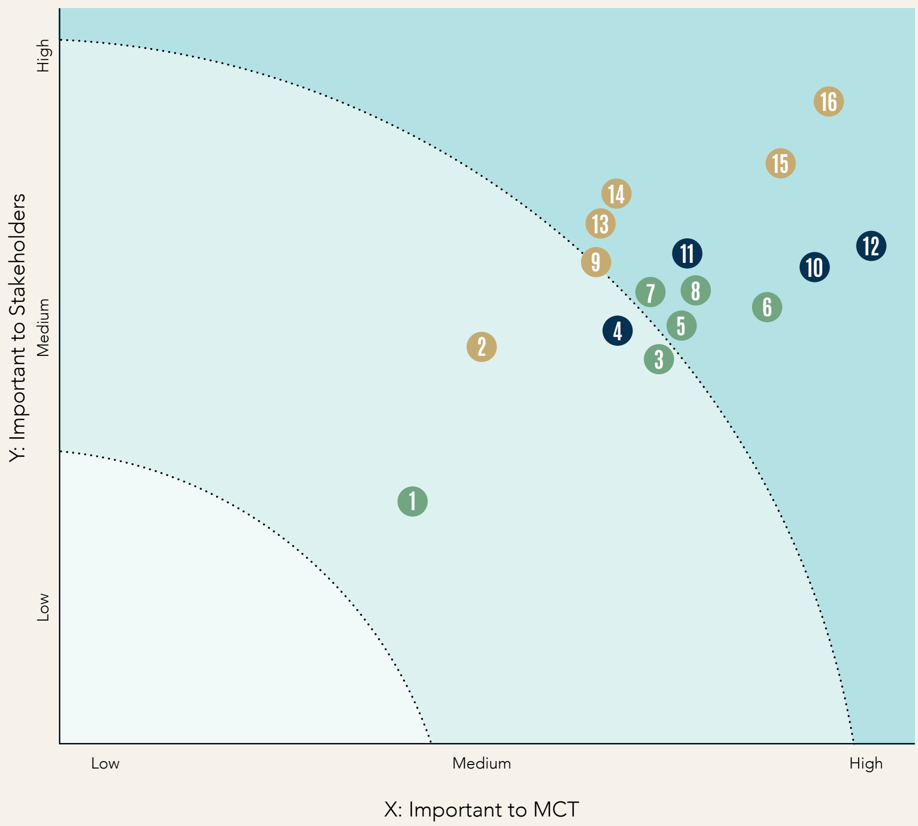
To ensure that our focus remains relevant, we reviewed the materiality of the issues identified in the previous year across the whole organisation. The reassessment concluded that our material aspects had no changes in FY 2019 and that the formerly identified issues are still applicable to our business and operations.

MATERIALITY MATRIX

The following diagram depicts the outcome of our materiality assessment. The aspects of the highest importance to our Group and our stakeholders are mapped on the upper right quadrant of the matrix.

The sustainable aspects that are most important to our stakeholders and our Group are Product Quality, People Development, and Legal Compliance & Transparency.

The least important issues are Biodiversity and Traffic & Pedestrian Mobility. Our current project sites exert neither a potential impact nor an onsite disturbance on the natural habitats of wildlife and plant species. Our current and completed projects are not located in populated areas. As such, Traffic & Pedestrian Mobility do not warrant much of our attention at the moment but are expected to be addressed as we expand our landbank in the future with anticipated projects of varying logistical needs.



ECONOMIC

4	Job Security
11	Inclusive Development & Accessible Pricing
12	Legal Compliance & Transparency
10	Employee Remuneration

SOCIAL

13	Great Employment Opportunity
14	Health & Social
9	Work-Life Balance
15	People Development
16	Product Quality
2	Traffic & Pedestrian Mobility

ENVIRONMENT

1	Biodiversity
3	Water Consumption
5	Energy Efficiency
6	Eco Friendly Materials
7	Storm Control
8	Waste Management

STAKEHOLDER ENGAGEMENT

We are involved in continuous engagement with our stakeholders to ensure that we are attuned to their needs. Such engagements help formulate strategies for cascading sustainability across our Group and to develop a more coherent plan.

Moreover, maintaining a good channel of communication with our stakeholder aids in addressing any concerns regarding the identified materiality matters.

The table below presents the list of our stakeholders, their concerns and our corresponding actions on the issues they raised.

OUR STAKEHOLDERS	CONCERNS	RESPONSE
Clients	Product quality Transparent information	- Reaffirming our Quality Certification - Timely defect management - Contract vetted by lawyers - Customer engagement via open house and one-on-one discussion - Property owner and tenant meetings
Shareholders	Timely company update Keep a good reputation	- Supplying comprehensive and timely information to shareholders and encouraging active participation at shareholders meetings
Government	Compliance with regulations	- Compliance and timely submission of reports and requirements - Site monitoring to avoid non-compliance issues - Meetings with and site inspections by regulators
Contractor and Suppliers	Health and Safety Fair contract conditions	- Conduct Health, Safety, Security and Environmental ("HSSE") training and monitoring - Contracts are negotiated fairly for both parties
Community and Neighbours	Safe environment Corporate social responsibility	- Training on Security Site Control and Patrolling - Actively participate in community associations - Philantrophic Activities
Employees	Remuneration, career advancement and work–life balance	- Creation of Employee Activities Committee - Performance reviews for assessing remuneration and training needs

SUSTAINABILITY STATEMENT

OUR CONTRIBUTION TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ("SDGS") 2030

In September 2015, all 193 United Nations member states adopted "Agenda 2030". It consists of 17 goals and 169 targets that cover a broad set of challenges in Economic, Environmental and Social areas.

Malaysia demonstrates its commitment to attain the SDGs by integrating the targets into Malaysia's Development Plans. In response to the government's call, MCT has likewise incorporated the SDGs in our sustainability reporting measures and monitoring tools.

The graphic presentation below captures our business contribution to the SDGs.

SDGs	MCT'S CONTRIBUTION
Ensure healthy lives and promote well-being for all at all ages	Provide employee health benefits, compassionate leave such as maternal and paternal leave. Encourage staff sports and recreational activities.
Achieve gender equality and empower all women and girls	Implemented equal opportunities for leadership at all levels of decision making, and encourage consistent increase of women across the organisation.
Ensure availability and sustainable management of water and sanitation for all	Carry out preventive measure to prevent effluents entering the water system during construction.
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Increase employment opportunities by local hiring and material procurement. Promoted safe and secure decent working environment for all.
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	Adopted Industrialised Building System (IBS).
Reduce inequality within and among countries	Equitable treatment and recruitment of migrant workers.
Make cities and human settlements inclusive, safe, resilient and sustainable	Integrated mixed development of high, medium and affordable homes with access to trains and buses. Implemented security measures within its integrated community.
Ensure sustainable consumption and production patterns	Reduced waste generation through prevention, reduction, recycling and reuse.
Take urgent action to combat climate change and its impacts	Adopted Green building concept in construction and rainwater harvesting for landscaping operations.
Conserve and sustainably use the oceans, seas and marine resources for sustainable development	Sustainable landscaping reduced the degradation of natural habitats, and chemical release to air, water and soil.

SUSTAINABILITY STATEMENT

SDGS		MCT'S CONTRIBUTION
15 LIFE ON LAND	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt reverse land degradation and halt biodiversity loss	Restored degraded land and soil, affected by tin mining, strive to achieve a land degradation-neutral world. Prevented the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Conduct stakeholder engagement between the public and private sectors. The Code of Ethics prevent corruption and bribery in all their forms.

SUSTAINABILITY GOVERNANCE

We are committed to achieve our sustainability Mission and Vision and being a responsible corporate entity. Our pledge for sustainability is to ensure and carry out the highest standard of sustainability management practices in our business strategies, compliance, policies, values and principles.

OUR BOARD

Our Board provides guidance and oversight to ensure that our Group is equipped with the appropriate strategies and risk processes to create sustainable value for all stakeholders. Our Board is updated regularly about the sustainability initiatives that are adopted by our Group.

As a subsidiary of Ayala Land, our sustainability practices are being aligned towards global standards, given that Ayala Land is one of the highly recognised sustainable companies in the world and is listed in the Sustainability Yearbooks. We conform to our parent company's promise to develop sustainable communities.

OUR MANAGEMENT

Our Management drives the operational responsibility matters and empowers the whole organisation in formulating and implementing sustainability policies across all departments. Our Management leads the organisation in raising awareness for safety and proactively enhancing the quality of our Group's safety, health and environmental practices.

The HSSE committee reports to our Management and our Board in regards to sustainability issues and recommends the best practices for implementation.

Our Company's internal control and risk management processes ensure that our shareholders' investments and assets are safeguarded by implementing a robust and comprehensive framework.

COMPLIANCE AND TRANSPARENCY

Our Code of Ethics ("COE") provides an ethical framework for our Group and all external stakeholders that are affected by our business operations.The COE includes policies governing supplier responsibility, conflicts of interest, regulatory compliance and confidentiality. The Whistleblowing Policy is our secure and confidential channel for reporting impropriety. It incorporates matters of health and safety, anti-bribery and anti-corruption. This policy covers all employees and serves as the reporting and enforcement tool of our COE.

SUSTAINABILITY STATEMENT

ECONOMY

Property development creates economic value in its inception, during construction and occupational stage. Property development generates direct and indirect economic impacts, both of which deliver value to the community and the nation.

MCT's on-going development at Cyberjaya is aligned with the government's programme to develop Cyberjaya, which is the main region forming a key part of the Multimedia Super Corridor and university campuses along with Putrajaya, Malaysia's seat of government.

We are leveraging a 417-acre township in Cybersouth, which includes a 25-acre central park. We closely collaborate with various agencies, such as the Urban Planning Centre (UPC) and the Sepang Local Government, and take advantage of the benefits in areas of connectivity and access to ERL and MRT rail public transportation.

DIRECT IMPACTS

Property development generates many jobs. Construction workers will be needed to build the properties, which generate employment opportunities. The salary of our employees, the revenue and profit from our property sales, and our alignment with the government's housing agenda exerts a direct economic impact on the community and the nation.

INDIRECT IMPACTS

Our commitment is to make a robust economic investment by incorporating sustainability measures into our purchasing decisions. To demonstrate our continued support for local businesses, we have consistently maintained our overseas-sourced materials at less than 10%, as shown in the table below.

We deliver economic benefits through our integrated mixed development of homes, offices, retail and commercial establishments, and hotels. These projects have attracted both investors and visitors, thereby creating more employment opportunities.

YEAR	LOCALLY SOURCED MATERIALS (RM MILLIONS)	PERCENTAGE (%)
2018	101.9	96.4%
2019	38.3	91.1%

SUPPLY CHAIN

Tender Awards Committee ("TAC")

Our supply chain management prides itself in going beyond the customary practice of simply obtaining goods and services to supply our needs.

To ensure that good ethical practices and transparency are enforced and to review and oversee our bidding process, we have established the TAC.

The TAC, which is composed of the heads of the various departments, performs checks and balances in terms of quality, supply specification, and pricing, amongst others. All purchased goods and services are then developed to provide the best value offering to our property buyers.

Environmental and Social Requirements

Prior to their accreditation to our supply chain, contractors must comply with our Environmental, Health and Safety ("EHS") requirements. Competing brands and products are meticulously compared with particular regard to the environmental effects of these products throughout their life cycles, such as recyclability, toxicity, energy efficiency, and durability. Contracted vendors who are found to be non-compliant will be issued a non- compliance letter, fined, or blacklisted depending on the severity of the offence.

Revenue
RM459,056,181
in FY 2019

Equity
RM904,823,955
in FY 2019

Number of Residential Units 7,529

Number of Affordable Units 3,243

Number of Commercial Units 1,580

Number of Construction Workers at Project Site 1,492

Number of Internal Employees 456

HEALTH, SAFETY, SECURITY AND ENVIRONMENT

MCT is committed to consistently abide by high **Health, Safety, Security and Environment** standards across our entire operations to promote the wellbeing of our stakeholders and environmental sustainability.

HSSE MANAGEMENT

All of our employees

from the top management to the construction workers

must recognise the importance of safety and health ("S&H") at the workplace, avoid any accidents or ill health as much as possible, and uphold environmental protection

In this light, we have established the HSSE committee, which is tasked with managing and monitoring the continual improvement of our environmental initiatives. The committee also evaluates whether all of our Group's activities adhere to Occupational Safety and Health Act ("OSHA") 1994, Environmental Quality Act 1974 and other legal requirements. The HSSE Committee reviews our Group's performance and strategies with respect to our HSSE practices. This committee comprises employer and employee representatives, including our management, the contractor's management and the workers' leader/supervisor.

The committee regularly conducts health risk identification and are in charge of various job-related activities which are vital in upholding our commitment to HSSE sustainability.

TRAINING AND AWARENESS

Our Environmental Safety and Health Officers and Site Safety Supervisors undergo regular training so that they can acquire the proper knowledge and skills on safety and health. Construction workers, contractors and visitors are required to participate in HSSE training.

We promote HSSE awareness amongst our employees during induction briefings for new workers and weekly toolbox meetings which are attended by all workers.

TOOLBOX MEETING

Standard operating principles ("SOP"), company policies and legal requirements with regard to:

Health & Safety
- Personal Protective Equipment
- Machine and Workplace Check
- Housekeeping
- Fire safety
- Access to Prohibited Areas
- Smoking and Alcohol Consumption
- Workplace behaviour
- Electrical

Environment
- No Open Burning
- Waste
- Chemical Handling and Spills

INDUCTION BRIEFING

Legal requirements, company Policies and manual with regard to:

Health & Safety
- Basic Behaviour Safety (BBS)
- 5S
- Electrical
- Working at heights
- Machine and Equipment Safety
- Noise Exposure
- Emergency Response Procedure (ERP)
- Dengue Prevention
- Other New Matters as They Arise

Environment
- Environmental SOP

MONITORING

HSSE officers regularly check the compliance with legal and company HSSE requirements at project sites, including directives relating to workers quarters, drugs, alcohol and occupational diseases. Non-compliance with regulations by contractors are subject to fines and, ultimately, termination of contract in the event of three (3) warnings issued. In addition, a WhatsApp group was created for all relevant officers for instant communication and update of HSSE matters.

Adhering to the prescribed requirements of Malaysian Construction Industry Development Board Act 1994 (Act 520) (Amendment 2011), all construction workers employed by MCT are registered with the Construction Industry Development Board ("CIDB") Green Card as at 30 September 2019.

RISK ASSESSMENT & CONTROL

Before our projects commence, we thoroughly examine and identify any foreseeable environmental and social impacts. We scrutinise key material issues and improve our implementation processes accordingly to avoid drawbacks during and after development.

We strictly abide by the rules, regulations, and international standards of environmental management. Our objectives are to improve our environmental and S&H initiatives and to reduce the impact of our operations and activities by implementing rigorous health, safety, and environmental standards.

SAFETY AND HEALTH PERFORMANCE

During the reporting period, we did not receive any environment-related non-compliance report from the local or national authorities. No accident was reported in compliance with the Department of Occupational Safety and Health (DOSH) Malaysia. We had a zero ('0') rate for recordable injury, lost time injury, lost day and fatal accident.

SUSTAINABILITY STATEMENT

ENVIRONMENT

'Creating long-term value for everyone'

A fundamental mission of our Group is attaining sustainability to deliver equitable growth for our stakeholders and consequently create long-term value for everyone. Our objective is to leave the least ecological footprint as possible at all stages of our business activities. In this light, we have incorporated an environmental criterion in our evaluation of projects, products, processes and purchases.

SUSTAINABLE LANDSCAPING

'Balanced ecosystem through sustainable landscaping'

We assess a comprehensive environmental criterion at all stages of project development to evaluate and forecast the current and future state of the flora and fauna thriving in the area of interest.

Balanced Flora and Fauna

In our landscaped designs, sustainability refers to prioritising local resources and utilising techniques that are sustainable, regenerative and environmentally responsible. Our designers have developed landscapes that support natural ecological functions where existing ecosystems are protected and lost ecological capacity is restored.

We employ a 'right plant – right place' strategy to conserve resources, prevent pollution and reduce heat. We do not introduce invasive plants so as not to disrupt the ecological community. In addition, we choose species that thrive in cohabitation to limit the need for maintenance and minimise the use of fertilisers, pesticides and water.

Haven for Birds and Birdwatchers

Part of our 417-acre Cybersouth development project is a 25-acre lake and central park. These old mining lakes have become havens for both resident and migratory birds. To preserve the natural wildlife and the bird migration cycle, the lake was left undeveloped and instead rehabilitated to attract not only birds but also birdwatchers.

Greeneries in Numbers

LOCATION	NUMBER OF TREES	NO. OF SHRUBS	TURFING (M^2)
CasaGreen	1,256	27,330	34,650
CasaWood	1,247	322,000	45,219
Sales Gallery	174	25,028	1,165
Cybersouth Central Park	2,500	130,032	52,126
Overall road	1,974	51,306	56,000

SUSTAINABLE GREEN BUILT SPACE

We are pleased to report that two of our completed projects, namely, Skypark @ One City and The Place @ Cyberjaya, have received a Green Building Index Certification on Design Assessment. The Green Building Index is Malaysia's industry-recognised green rating tool established for building assessment to promote sustainability in built environments and raise awareness amongst developers.

MATERIAL, WASTE AND RESOURCE MANAGEMENT

Material Control

We strictly monitor and control the materials used in our construction and operation activities to minimise wastage and damage of unused and offcut materials. We make use of prefabricated beams and walls, pre-sized steel, and timber products at our construction sites. Also, materials are purchased in bulk to reduce packaging.

MATERIALS USED	FY2019 (tns)
Sand	65,884.8
Aggregate	46,632.8
Steel Bars	2,288.3
Bulk Cement	18,794.7
Ordinary Portland Cement	2,680

To eliminate the waste associated with formworks and scaffoldings, durable modular form systems are demounted and reused in other projects. Scaffoldings are properly maintained through regular inspections for health and safety reasons and repaired as necessary for reuse in future projects.

Waste Management

Segregation and Recycling:

Our waste management strategy involves the efficient identification and sorting of materials. Recyclable waste is recycled by licensed waste contractors, who provide specific bins for each type of waste. Oil is disposed by the waste contractor in accordance with the scheduled waste regulation. Environmental awareness is promoted and recycling programmes are implemented through the close collaboration of our property management division with the property owners.

SUSTAINABILITY STATEMENT

Effluents:
To avoid the flooding and damaging of downstream water bodies, at our construction sites, we enforce the following preventive and monitoring measures:

Segregate domestic sewerage from construction wastewater and surface runoff
Instruct wastewater treatment facilities at wastewater treatment sites to abide by regulatory conditions before discharging
Protect drainage systems and discharge points to avoid blockage
Conduct regular self-monitoring checks to ensure that the quality of the discharged effluent meets the prescribed standard

Water Management

At our construction sites, we optimise and use alternative water sources to reduce our dependence on clean water. Examples of alternative sources used for our construction activities include stormwater run-off from temporary sedimentation tanks, groundwater and pond water. Moreover, a number of our built properties are installed with water-saving devices to minimise water use and are equipped with a water-harvesting technology, which traps rainwater for landscape and toilet use.

Energy and Emissions Management

Our Group is committed in reducing greenhouse gas emissions. As such, we implement various energy-saving schemes and initiatives during and after the construction of our development projects.

For efficient energy management, we have formulated the following guidelines:

1 **PRE-CONSTRUCTION PLANNING**
Meticulous planning is conducted in the pre-construction phase, during which energy profiling is created to identify the activities that consume energy and therefore predict the necessary allocation. Moreover, we developed a system that uses the least energy-intensive methods and materials for construction to maximise energy efficiency.

2 **REGULATING HEATING NETWORKS AND AIR-CONDITIONING (“AC”) SYSTEMS**
The heating and AC systems of our buildings were regulated by adjusting the functions of water and power circulations according to a scrupulous plan. In this way, sustainable temperatures are maintained whilst saving energy. We have successfully minimised energy use by engaging in various efforts, such as activating a building automation system and fine-tuning the chiller operations.

3 **PARTICULATE MATTER (“PM”) LEVEL**
Dust PM level is directly linked to potential health problems and must, therefore, be regulated to protect our workers and the neighbouring communities. For this reason, we have implemented the following preventive measures:

- Watering road surfaces
- Minimising traffic flows and relocating workstations on high wind days or during very dry weather
- Reducing land disturbance
- Covering the perimeters of high-rise buildings with dust filter nets
- Enforcing a strict no open burning policy
- Providing a ‘wash truck’ area for exiting and entering heavy vehicles
- Contracting a third party to carry out dust monitoring every three (3) months

4 **ECO-FRIENDLY PRODUCTS:**
We have eliminated or reduced the use or toxic chemicals at our sites. We use water-based cleaning agents at our sites, and our contractors are advised to use eco-friendly products. Most importantly, we discuss education management with our contractors as regards chemical regulations and the OSHA Act.

ENVIRONMENTAL DATA

PERIOD	FY 2018	FPE 2018	FY 2019
Waste Generated (Tn)	791	898	1,006
Water Consumption (m^3)	71,688	80,803	93,159
Energy Consumption at Construction Sites (KwH)	2,246,736	1,827,755	2,691,859
Number of Completed Units	2,397	2,392	2,475

CUSTOMERS

At MCT we have implemented various initiatives that will foster a harmonious and lasting relationship with our customers. We believe that we can become better equipped to build a rewarding and sustainable partnership with our customers if we have a clear understanding of their needs, wants and values.


CERTIFICATE


CERTIFICATE

QUALITY MANAGEMENT

Our policy is reflected in our key operational strategy to execute comprehensive quality management. We are dedicated in maintaining high standards in all aspects of our operations – from project inception to occupancy.

'Building excellence through quality'

Our commitment to quality management is reinforced by our International Organisation of Standardisation ("ISO") 9001 Quality Standards certification and Quality Policy.

Product Quality

Once again, we have retained our ISO 9001 certification in all of our companies that have active construction sites. In addition, all of our development projects have successfully passed the Quality Assessment System for Building Construction Works (QLASSIC) evaluation. We are aligned with CIDB's mission to develop the capacity and capability of the construction industry.

The companies and sites of our Group accredited with ISO 9001 certification are as follows:

- MCT Berhad
- Sky Park Properties Sdn. Bhd.
- Eco Green City Sdn. Bhd
- Modular Construction Technology Sdn. Bhd.
- Lakefront Residence Sdn. Bhd.

SUSTAINABILITY STATEMENT

SERVICE QUALITY

Our policy is to provide quality consumer experience. Thus, we have established measures that will guarantee that our customers receive the kind of service that not only satisfies their needs but hopefully exceeds their expectations.

'Quality consumer experience'

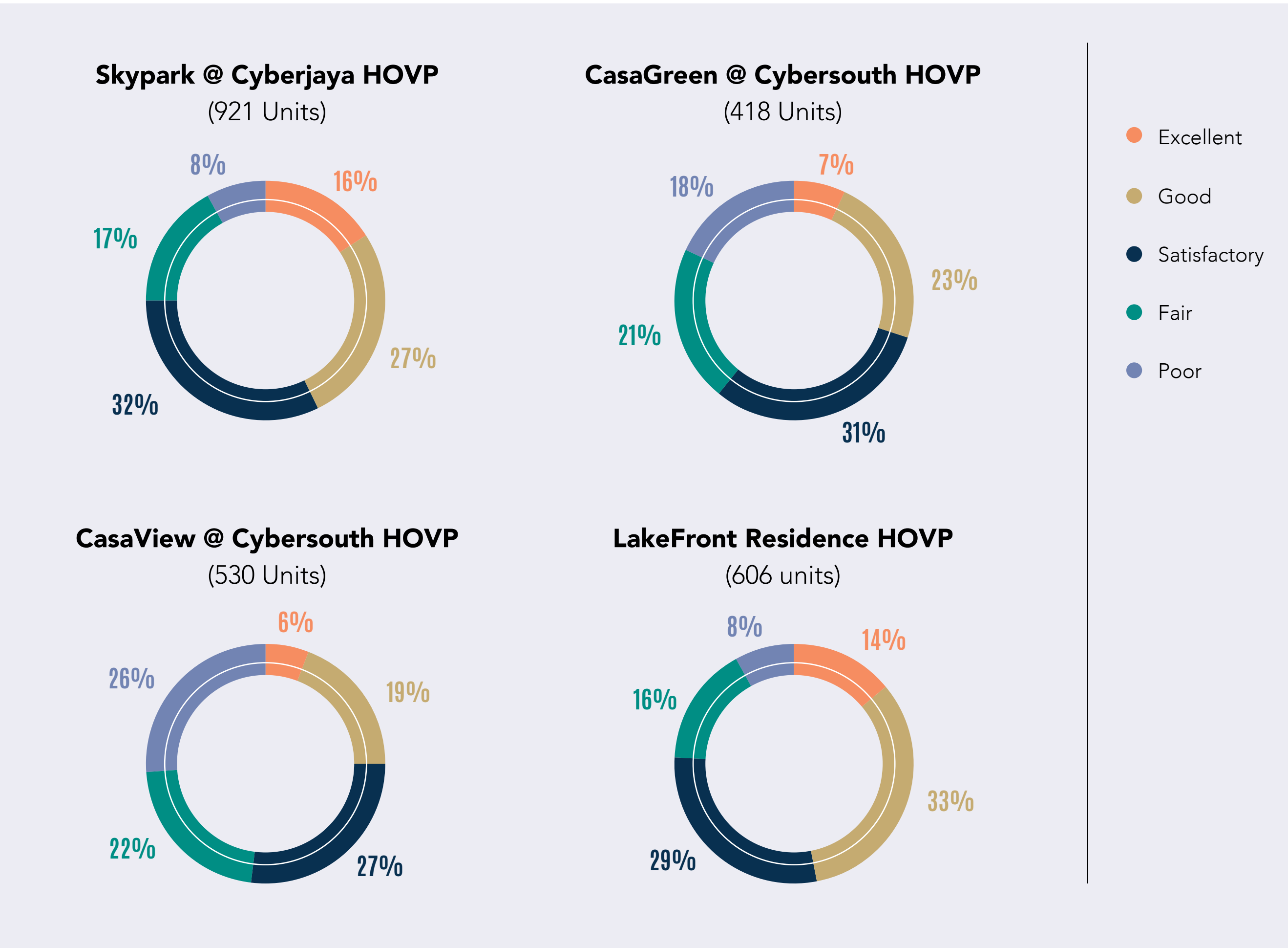
HANDING OVER OF VACANT POSSESSION ("HOVP"):

Owning a property and moving into a new home marks a major milestone in a buyer's life. We make it a point to ease the purchaser's anxiety by providing all necessary information and answering all customer queries during the HOVP.

CUSTOMER SATISFACTION SURVEY ("CSS"):

Our Group values customer satisfaction metrics because they aid in monitoring customer health, identifying weaknesses, correcting processes, and improving customer experience. Understanding how our customers perceive our products, services, and support team is critical in planning our growth trajectory as an organisation.

During FY 2019, we conducted four (4) HOPV CSSs of our products and services for 2,475 completed units. The surveyed categories included product quality, design, infrastructure, landscaping, site cleanliness, after-sales services, and efficiency of joint inspection. The diagrams below display the obtained results.



E- PORTAL:

We have created the E-rectification process for the immediate response and convenience of home buyers. Property owners can log a report through this platform. Updated reports are uploaded on the portal, and the rectification status is reflected so that owners can view the repair status.

CUSTOMER PRIVACY, LEGAL COMPLIANCE, TRANSPARENCY, AND REPUTATION

We consider legal compliance and transparency as utmost priorities to protect our reputation. All contracts are vetted by our legal advisors, and we comply with all of the regulations prescribed by the local council and the Ministry of Housing and Local Government (KPKT).

We abide by the Personal Data Protection Act ("PDPA") and implement measures that safeguard our customers' privacy. Aligned with the PDPA, we enforce a strict corporate policy and regularly update our measures regarding sensitive and confidential information.

During the year under review, we did not receive any non-compliance or complaint related to customer privacy against our Group.

SUSTAINABILITY STATEMENT

EMPLOYEE

Caring for our people a fundamental cornerstone of our Group, and ensuring their overall wellbeing is a key factor to our success.

At MCT, we provide great employment opportunities and support our employees in their journey towards their full potential. We realise this by focussing on three material aspects, namely, work–life balance, people development, and caring for health and social well-being.

CAREER MANAGEMENT

We recognise that harnessing talent and having a diverse workforce are vital in attaining sustainability and gaining a competitive advantage. Investing in people development contributes not only to our Group's growth but also to our employees' personal and professional advancement.

People Development

By upskilling and equipping our people with proper knowledge, we fulfil our long-term goals and aspirations of stable and sustainable growth. For this purpose, we have established a talent development programme that can enhance their competencies in various areas of technical, professional and general business knowledge and skills. Also, we conduct talent management exercise which includes manpower planning, talent profiling and succession planning.

The table below lists the external training that were conducted from 1 January to 31 December 2019.

SUBJECT	NUMBER OF ATTENDEES	NUMBER OF HOURS
Accounting & Finance	62	496
Property Management	19	152
Health & Safety	13	104
Engineering, Architecture, Electrical & Quality	33	264
Others	7	56
Total	**134**	**1,072**

Performance Review

Annual performance reviews are crucial for employee development. We conduct annual formal reviews using a set metrics as our way of communicating with our employees. In these talks, employees can share their goals and expectations as well as strategies that would stimulate not only their growth but also of the Group's.

It is the job of the managers to evaluate their subordinate's performance, identify strengths and weaknesses, offer constructive feedback, and set future performance goals.

COMPENSATION AND BENEFITS

MCT is committed to provide our people with merit-, performance- and qualification-based rewards schemes that encourage external competitiveness whilst ensuring internal fairness.

We adhere to the compensation and benefits laws mandated by the government and Malaysian Employment Act. In addition, the Group provides a wide range of benefits that cover hospitalisation, medical outpatient and special treatments, dental and optical treatments, and health screenings. Employees also enjoy other entitlements such as free parking, compassionate leave, marriage leave, and parental leave. Financial rewards are granted to employees who have displayed outstanding work ethic to achieve their performance targets, and site allowance are given to employees who are based at the construction sites.

WORK–LIFE BALANCE

To promote a work–life balance amongst our employees and care for their wellbeing, we have implemented various initiatives geared towards creating a conducive and healthy working environment.

Sports and Recreation

In FY 2019, we created the Sports and Recreation Committee. The committee launched a series of sports and recreational activities that promoted active lifestyle, friendly competition and camaraderie amongst employees.

Gatherings and Celebrations

Traditional celebrations of seasonal holidays inspire employees to bond over their shared love for food and laughter. These gatherings honour the diversity of employees and enrich relationships.

SUSTAINABILITY STATEMENT

Round Table Session

Our roundtable session served as opportunities for the management and our employees to connect. Senior leaders appear more visible during these meetings. They receive unfiltered feedback from the employees and announce first-hand updates to the entire team. In turn, employees can directly respond, ask questions and initiate discussions with the managers.

DIVERSITY

As a multicultural society, we appreciate the uniqueness of each culture, religion, race and individual. At MCT, we practise inclusive diversity by maximising the ability of each employee and providing everyone with equal opportunities to grow and contribute to the organisational goals.

We strongly believe that having employees with diverse backgrounds at all levels of management enhances our Group's talent pool, as solutions are generated from different points of view.

ETHNIC COMPOSITION	FY 2018	FPE 2018	FY 2019
Malay	236	269	246
Chinese	194	204	164
Indian	33	33	32
Others	19	18	14
Total	**482**	**524**	**456**
GENDER DISTRIBUTION			
Male	289	316	257
Female	193	208	199

EMPLOYEE GENDER BREAKDOWN BY ROLE						
Year	**FY 2018**		**FPE 2018**		**FY 2019**	
Position	Male	Female	Male	Female	Male	Female
Board of Directors	7	1	7	1	6	2
Managers	54	34	89	36	83	45
Executives	228	158	220	171	168	152

FY 2019 AVERAGE CONSTRUCTION WORKERS IN OUR PROJECT SITES	
Project Site	**No. of Workers**
Skypark @ Cyberjaya	45
LakeFront Residence	367
LakeFront Homes	550
Cybersouth	530
Total	**1,492**

AGE DIVERSITY FY 2019	
Age Category	**No. of Employees**
20 – 30 years old	123
31 – 40 years old	185
41 – 50 years old	96
51 years old and above	52

COMMUNITY

SUSTAINABLE URBANISATION

Forming strong relationships with the community is critical in all of our projects. Our objective is not only to deliver projects but also create sustainable communities that will support our customers for decades.

COMMUNITY HEALTH AND SAFETY

The issues and hazards that are inherent and occasionally inevitable in construction sites are dust, noise, soil erosion, waste, traffic congestion, flood, stagnant water and pedestrian accidents. Therefore, our first step in starting every project is to assess the community impacts during construction. We incorporate strategies that would ensure the safety and health of nearby communities to our construction sites to create positive impacts whilst reducing negative ones.

COMMUNITY CARE PROGRAMMES

Our community care programmes cultivate compassion amongst our employees while supporting and bringing joy to the recipients.

TREE PLANTING PROGRAMME

MCT initiated a tree planting programme as part of its sustainability efforts to create a greener community and raise awareness on the importance environmental protection. We commenced this project by planting 100 trees in the township of Cybersouth in Dengkil. The plants were planted at the township's clubhouse community park by our employees from various departments.

This programme coincides with the state government's initiative of planting more trees in Selangor. We will always support the government's initiatives as we share the same goals, which are to minimise carbon emissions and preserve nature.

WORLD KINDNESS DAY

The World Kindness Day donation drive is in celebration of World Kindness Day, the Human Capital Team organised a donation drive for the benefit of the homeless in Kuala Lumpur. Our staff donated a total of RM2,600.8. Thirty MCT staff, together with their families, gathered at the Central Market and then headed out to nearby areas for the distribution rounds. Each homeless person received a pack containing mixed rice, buns, apples, drinking water and a blanket to keep them warm.

We have the competitive advantage of being able to infuse our corporate culture and people with the best practices of our parent company, Ayala Land,

TO BUILD A MORE SUSTAINABLE COMMUNITY.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of MCT Berhad ("MCT" or "Company") acknowledges the importance and is committed to enhance by implementing good corporate governance practices at all levels within the daily business operations of MCT and all its subsidiaries ("Group") with the objective of fostering the long-term sustainability of the Group's business and safeguarding the interests of the shareholders and other stakeholders.

This statement sets out the extent of compliance applied to achieve the intended outcomes by the Company with the principles and recommendations of the new Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia which came into force on 26 April 2017 ("MCCG 2017") and paragraph 15.25(1) of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") for the financial year ended 31 December 2019 ("FY 2019").

The Company has disclosed its application with reference to the three (3) principles set out in the MCCG 2017 in a prescribed format of Corporate Governance Report ("CG Report") and the said CG Report is available on the Company's website at www.mct.com.my.

PRINCIPLE A

Board Leadership and Effectiveness

PRINCIPLE B

Effective Audit and Risk Management

PRINCIPLE C

Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board is responsible for the governance of the Group as well as the conduct of the Group's overall strategic direction. It has established clear functions reserved for the Board and those delegated to Management. These functions have been clearly described and understood by both parties to ensure accountability.

1.1 Clear functions reserved for Board and Delegation to Management

The role of the Chairman and the Chief Executive Officer ("CEO") are divided and separated from each other with clear scope of duties and responsibilities. The Chairman is responsible for ensuring the effectiveness of the Board's performanc whilst for the day-to-day management of the Group and implementation of the Board's policies, strategies and decisions is delegated to the CEO within the prescribed limits of authority as approved by the Board.

This formal structure of delegation is further cascaded by the CEO to the Management who is responsible and accountable for the day to day management of financial and operational matters of the Group in accordance with the strategic direction approved by the Board.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

I. BOARD RESPONSIBILITIES (CONTD.)

1.2 Clear roles and responsibilities

The roles and responsibilities of the Board are clearly described in the board charter of the Company ("Board Charter"). As the Board is entrusted with the role of safeguarding the interests of shareholders and other stakeholders as well as ensuring sustainability in the Group's business, every Director has a legal duty to act in the best interest of the Company. Thus, the Board assumes, amongst others, the following significant responsibilities:

- reviewing and adopting strategic plans, business direction and policies;
- reviewing the adequacy and integrity of the internal control systems and risk management framework and policy;
- adopting succession planning policies;
- adopting an investors relations programme; and
- reviewing financial performance and annual budget.

1.3 Separation of position of the Chairman and Executive Director cum CEO

The roles of the Chairman and CEO are undertaken by separate persons. The Chairman is an Independent Non-Executive Director.

1.4 Company Secretaries

The Directors have full and unrestricted access to the advice and dedicated support services of the Company Secretaries, as and when the need arises to enable them to discharge their duties effectively. The Company Secretaries are suitably qualified and experienced, are responsible to advise and update the Board on corporate governance matters, and matters related to procedural and regulatory requirements to ensure the Board adheres to policies, procedures and regulatory requirement to properly function in accordance to the Board charter and best practices, required of their roles.

1.5 Supply of information

The agenda and board papers are circulated to all Directors in advance to ensure that the Directors are given sufficient time to request additional information or seek clarification, where necessary. For matters that require Directors' approval, a clear and detail information will be given to the Board, in a timely basis, to enable them to discharge their duties.

The Directors have direct access to the Management to seek further information, explanations and updates on any aspect of the Group's operations and businesses as well as the advice and services of the Company Secretaries. In addition, the Directors may also seek independent professional advice, at the Company's expense, if required.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

1.6 Time Commitment

The Board meets at least four (4) times a year with additional meetings to be convened when necessary. During the FY 2019, the Board had held ten (10) meetings and details of the attendance of the Directors at the Board meetings are as follows:

NAME OF DIRECTOR	DESIGNATION	NO. OF MEETINGS ATTENDED / NO. OF MEETINGS HELD
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	Chairman, Independent Non-Executive Director	10/10
Tan Sri Dato' Hj. Abd Karim Bin Shaikh Munisar	Independent Non-Executive Director	9/10
Lao Chok Keang	Independent Non-Executive Director	10/10
Bernard Vincent Olmedo Dy	Non-Independent Non-Executive Director	9/10
Anna Maria Margarita Bautista Dy	Non-Independent Non-Executive Director	9/10
Ma. Luisa Dioquino Chiong [(1)]	Non-Independent Non-Executive Director	9/10
Teh Heng Chong [(2)]	Executive Director and Chief Executive Officer	6/10
Apollo Bello Tanco [(3)]	Executive Director and Chief Operating Officer	9/10

Notes:

(1) Appointed as a Non-Independent Non-Executive Director on 23 January 2019 and subsequently resigned on 31 May 2020.

(2) Appointed as an Executive Director and the CEO on 4 March 2019.

(3) Appointed as a Non-Independent Non-Executive Director on 23 January 2019 and subsequently, he was re-designated as an Executive Director and the Chief Operating Officer on 4 March 2019.

1.7 Directors' Training

The Director, namely Mr. Jaime Alfonso Antonio Eder Zobel de Ayala being appointed subsequent to FY 2019 has successfully attended and completed the Mandatory Accreditation Programme as required by Bursa Malaysia.

Every Director of the Company undergoes continuous training as an on-going process to equip himself/herself to effectively discharge his/her duties as a Director of the Company. For that purpose, he/she ensures that he/she attends such training programmes to continually develop and update himself/herself from time to time. The Company also provides induction programme for new members of the Board, to ensure that they have a comprehensive understanding of the operations of the Group and the Company.

The Directors are also encouraged to attend courses and seminars that are relevant to the Group's operations and businesses conducted by professionals.

All Directors have attended at least one (1) training session on the topics related to MCCG 2017, Companies Act, 2016 ("CA, 2016"), Common Offences & Pitfalls to avoid under the CA, 2016, Interactive Directors and Management Training – "The New Section 17A on Corporate Liability in the Malaysian Anti-Corruption Act" and other training on various topics that were relevant in keeping abreast with the general economic, industry and technical development.

In addition, the External Auditors and Company Secretaries have briefed the Board on the relevant updates on statutory and regulatory requirements from time to time during the Board meetings.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

I. BOARD RESPONSIBILITIES (CONTD.)

1.8 Board Charter

The Company has adopted a board charter to provide guidance and clarity on the Board's roles and responsibilities as well as the relationship between the Board and shareholders. The Board will review the Board Charter, where necessary, to ensure it remains consistent and relevant with the Board's objectives and practice. A copy of the Board Charter is available on the Company's website at www.mct.com.my.

1.9 Code of Ethics & Whistleblowing Policy

The Group is committed to upholding good corporate governance practices; thus, every Director is required to observe the Code of Ethics ("Code") set out by the Companies Commission of Malaysia as a guideline. The Code is formulated to enhance the standard of corporate governance and ethical behaviour with the intention of achieving the following aims:

i. To establish a standard of ethical behaviour for directors, including Executive and Non-Executive Directors, based on trustworthiness and values that can be accepted, are held or upheld by any one (1) person.
ii. To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating a company.

All Directors should at all times observe high ethical business standards in discharging their duties and responsibilities as a Director and to act in good faith and in the best interests of the Company and its shareholders.

The Company has also issued a separate business of the Code that applies to all Managers and Management ("Executives") of the Group to sustain the confidence and trusts of its customers and suppliers. The Code sets out the standards of business conduct and ethical behaviour, such as integrity, dealing with conflict of interests, proper use of Group's assets, compliance with all applicable laws, rules and regulations of the relevant regulatory/governmental authorities, confidentiality, fairness, etc. for all Executives in the performance and exercise of their responsibilities as Executives.

The Board has implemented a set of whistleblowing policy and procedures ("Whistleblowing Policy") to provide employees to raise genuine concerns related to possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, and in an appropriate way. The Management had outsourced its whistleblowing programme to a third party with a dedicated hotline and procedures to allow review and investigation of incidents reported with the approval from the Board. The Whistleblowing Policy is available on the Company's website at www.mct.com.my.

II. BOARD COMPOSITION

1.1 Board Composition

The Board currently consists of eight (8) members, comprising of three (3) Independent Non-Executive Directors ("INED"), Three (3) Non-Independent Non-Executive Directors ("NINED") and two (2) Executive Directors ("ED"). Hence, the composition of the Board fulfils the requirement that one-third (1/3) of the number of the Directors on the Board be independent. The board composition is in line with Paragraph 15.02 of the Main LR, which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent. In the event of any vacancy in the Board resulting in non-compliance with Paragraph 15.02(1) of the Main LR, the Company must fill the vacancy within three months.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. BOARD COMPOSITION (CONTD.)

1.1 Board Composition (Contd.)

The Board takes cognisance that the current board composition is not aligned with the best practices of MCCG 2017 which stipulating that at least half of the Board comprises independent directors. The Board is endeavours to seek for suitable and calibre candidates as additional independent directors of the Company so that it applies the best practices of the MCCG 2017.

The Board comprises a mixture of Directors from diverse professional backgrounds, skills and experiences in the areas of business, marketing and commercial management, economics, construction, management and finance, required for effective and independent decision-making at the Board level. The Board considers its current size adequate given the present scope and nature of the Group's business operations. The Directors of the Company have exercised independent and objective judgement, discharged their duties with reasonable care, skill and diligence and have the integrity and ethics that are essential indicators of independence.

1.2 Tenure of Independent Directors

The purpose of appointing independent directors is to ensure that the Board includes Directors who can effectively exercise their independence and objective judgement during the Board's deliberations, particularly during decision-making by the Board and its board committees ("Board Committees").

As at the date of approval of this statement, there were no independent directors serving the Board beyond 9 years.

However, the Board acknowledges that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, the independent director may continue to serve on the Board subject to the Directors' re-designation as a non-independent director. Otherwise, the Board must justify and seek shareholders' approval in the event such Director will be retained as an independent director.

As for the retention of an independent director above twelve (12) years, the Board shall seek shareholders' approval through the two-tier voting process.

1.3 Annual Assessment of Independence

The Board has set out policies and procedures to ensure the effectiveness of the INED. Assessment of the independence of the INED is carried out annually.

The Board and the Nomination Committee ("NC") have upon their annual assessment, concluded that each of the three (3) INED has fulfilled the criteria of independence as prescribed under the Main LR. They have exercised independent and objective judgement, discharged their duties with reasonable care, skill and diligence and have the integrity and ethics that are essential indicators of independence.

1.4 Board Committees

The Board has established and assigned specific responsibilities to three (3) Board Committees of the Board which are entrusted with specific responsibilities to oversee the Group's affairs, in accordance with their respective clearly defined written terms of reference ("TOR"). The Board reviews the Board Committees' authority and TOR from time to time to ensure their relevance. The Board Committees are responsible for examining particular issues within clearly defined TOR and reporting back to the Board with their recommendations. The activities of the Board Committees are further explained in this Statement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. BOARD COMPOSITION (CONTD.)

1.4 Board Committees (Contd.)

The Board Committees are:

- Audit and Risk Management Committee ("ARMC");
- Remuneration Committee ("RC"); and
- NC.

The minutes of Board Committees' meetings and circular resolutions passed are presented to the Board for information. The Chairman of the relevant Board Committees also reports to the Board on the key issues deliberated by the Board Committees at their respective meetings.

1.4.1 Audit and Risk Management Committee

The ARMC is responsible to assist the Board in discharging its duties and responsibilities relating to the accounting and reporting practices of the Group. The ARMC reviews the Group's accounting and risk management processes, internal controls and the independency of the Group's internal and external auditors. The activities during the FY 2019 have been laid out in the ARMC Report in this Annual Report. The full TOR of the ARMC is available on the Company's website at www.mct.com.my.

1.4.2 Nomination Committee

The NC was established by the Board with the responsibilities of overseeing the selection of new appointments to the Board and reviewing the effectiveness of the Board, through performance assessment of the Board, Board Committees and individual Directors. The full TOR of the NC is available on the Company's website at www.mct.com.my.

During the FY 2019, the NC comprises three (3) members and all of whom are non-executive Directors with a majority being independent directors. Their meeting attendances are set out below:

NAME	DESIGNATION	NO. OF MEETINGS ATTENDED / NO. OF MEETINGS HELD
Tan Sri Dato' Hj. Abd Karim Bin Shaikh Munisar	Chairman, Independent Non-Executive Director	2/2
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	Member, Independent Non-Executive Director and Chairman	2/2
Bernard Vincent Olmedo Dy	Member, Non-Independent Non-Executive Director	2/2

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. BOARD COMPOSITION (CONTD.)

1.4 Board Committees (Contd.)

1.4.2 Nomination Committee

(a) The duties and responsibilities of the NC are as follows:

i. identifying and recommending new nominees to the Board as well as committees of the Board of MCT and its subsidiaries;

ii. reviewing on an annual basis the required mix of skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board and to assess the effectiveness of the Board as a whole, the Board Committees, and the contribution of each individual Director. In the event of independent director(s) who is retained beyond nine (9) years, the NC should conduct an assessment of the independent director(s) and recommend to the Board whether the Director should remain as independent or be re-designated;

iii. to review the term of office and performance of an ARMC and each of its members annually to determine whether such ARMC and members have carried out their duties in accordance with the TOR of the ARMC; and

iv. recommending to the Board the re-election of Directors retiring in accordance with the provisions of the Company's Constitution, for approval by shareholders.

(b) Board Diversity

i. Gender Diversity

The Board acknowledges the need to enhance board gender diversity. Currently, there is one (1) female Director on the Board, namely Ms. Anna Maria Margarita Bautista Dy after the resignation of Ms. Ma. Luisa Dioquino Chiong as a NINED of MCT.

ii. Ethnicity Diversity

At present, the Board comprises two (2) Malay Directors, two (2) Chinese Directors and four (4) Philippine Directors.

iii. Age Diversity

The general age profile of the Directors is between twenty to seventy years of age.

In so far as board diversity is concerned, the Board does not discriminate on the basis of gender, ethnicity, age or religion. The evaluation of the suitability of candidate(s) for filing of casual vacancy, re-election or re-appointment is solely based on the competency, character, time commitment, integrity and experience of the candidate(s) in meeting the needs of the Company, including, where appropriate, the ability of the candidate(s) to act as INED, as the case may be. The NC has also taken this into consideration when assessing the performance of the Directors.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. BOARD COMPOSITION (CONTD.)

1.4 Board Committees (Contd.)

1.4.2 Nomination Committee

(c) Appointment to the Board

The NC is responsible for identifying and recommending new nominees to the Board as well as committees of the Board. The selection of candidates is facilitated through recommendation from the Directors and Management including the Company's contacts in related industries and professions. In evaluating the appointment of a Director, the NC will review the skills, experience, integrity and core competences of the candidate that is required by the Board.

(d) Board Effectiveness Assessment

During the FY 2019, the NC met twice (2) and carried out the following activities:

i. reviewed the effectiveness of the Board, Board Committees and contribution of each individual Director;

ii. reviewed the term of office and performance of the ARMC and each of its members to determine whether the ARMC and members have carried out their duties;

iii. assess the independence of each independent director in carrying out their respective functions during the year; and

iv. reviewed and recommended the re-appointment/re-election of Directors retiring pursuant to the Articles 81 and 88 of the Company's Constitution, whom were re-appointed and/or re-elected by the shareholders at the Tenth Annual General Meeting ("AGM") of the Company held on 26 June 2019.

The NC had assessed and recommended the appointments of the below named Directors and Officers of the Group vide passing resolutions at special NC meetings held on 23 January 2019 and 13 February 2019 respectively:

i. Ms. Ma. Luisa Dioquino Chiong and Mr. Apollo Bello Tanco as Directors of the Company and group of subsidiaries, in place of Mr. Jose Juan Z. Jugo, who has resigned as a Director of MCT and group of subsidiaries on 23 January 2019;

ii. Mr. Kogelevanan A/L Thinakaram as a Director of the wholly-owned subsidiary companies, in place of Ms. Maria Rochelle Siloterio Diaz, who has resigned as a Director of subsidiary companies on 23 January 2019;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. BOARD COMPOSITION (CONTD.)

1.4 Board Committees (Contd.)

1.4.2 Nomination Committee (Contd.)

(d) Board Effectiveness Assessment (Contd.)

iii. Mr. Aw Chong Seng as an additional Director of MCT Consortium Bhd., a wholly-owned subsidiary company of MCT;

iv. Mr. Teh Heng Chong as an Executive Director and the CEO of the Company; and

v. Ms. Susan Jacob Secreto as the Chief Financial Officer of the Company.

The criteria used in the performance assessment of the Board, Board Committees and individual Directors include:

i. appropriate size, composition, degree of independence, right mix of expertise, experience and skills within the Board and the Board Committees;

ii. open communication of information and active participation within the Board and Board Committees;

iii. clear understanding of the Board and Board Committees' roles and responsibilities and the Group's direction and strategy; and

iv. the characteristic, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties.

Subsequent to the FY 2019, the NC has conducted the following annual assessments in accordance with the TOR of the Company and the results were reported to the Board:

i. reviewed the effectiveness of the Board, Board Committees and contribution of each individual Director;

ii. reviewed the term of office and performance of the ARMC and each of its members to determine whether the ARMC and members have carried out their duties;

iii. assess the independence of each independent director in carrying out their respective functions during the year;

iv. reviewed and recommended the re-election of Directors retiring pursuant to the Clauses 97.1 and 104 of the Company's Constitution for the Shareholders' approval at the forthcoming Eleventh AGM of the Company; and

v. Reviewed and recommended the revised TOR of NC for the Board's approval.

The NC had also assessed and recommended the Board the appointment of Mr. Jaime Alfonso Antonio Eder Zobel de Ayala as a NINED of the Company with effect from 1 June 2020 in place of Ms. Ma. Luisa Dioquino Chiong, who has resigned as a NINED of the Company on 31 May 2020 vide passing a written resolution of NC on 1 June 2020.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. BOARD COMPOSITION (CONTD.)

1.4 Board Committees (Contd.)

1.4.2 Nomination Committee (Contd.)

(e) Re-election of Directors

Pursuant to Clause 97.1 of the Company's Constitution, at least one third (1/3) of the Directors of the Company shall retire and be eligible for re-election at the AGM of the Company provided that all Directors shall retire at least once in every three (3) years. Based on the chronology of Directors' appointment to the Board and upon recommendation by the NC, the Board takes pleasure in proposing the re-election of the following Directors, who have offered themselves for re-election, during the forthcoming Eleventh AGM:

i. Mr. Bernard Vincent Olmedo Dy; and
ii. Mr. Lao Chok Keang.

Pursuant to Clause 104 of the Company's Constitution, any Director so appointed shall hold office only until the next AGM, and shall then be eligible for re-election.

With the recommendation of the NC, the Board also takes pleasure in proposing the re-election of Mr. Jaime Alfonso Antonio Eder Zobel de Ayala who has offered himself for re-election during the forthcoming Eleventh AGM.

1.4.3 Remuneration Committee ("RC")

The RC was established by the Board to review matters on Directors' remuneration and make relevant recommendation to the Board. The Board recognises that levels of remuneration must be sufficient to attract, retain and motivate the Directors with the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders. The TOR for the RC is available on the Company's website at www.mct.com.my.

During the FY 2019, the RC comprises the following three (3) non-executive Directors, the majority of whom are independent directors:

NAME	DESIGNATION	NO. OF MEETINGS ATTENDED / NO. OF MEETINGS HELD
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	Chairman, Independent Non-Executive Director and Chairman	2/2
Tan Sri Dato' Hj. Abd Karim Bin Shaikh Munisar	Member, Independent Non-Executive Director	2/2
Bernard Vincent Olmedo Dy	Member, Non-Independent Non-Executive Director	2/2

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

III. REMUNERATION

1.1 Directors' Remuneration

In compliance with the Main LR and MCCG practice, the details of the remuneration of the Directors for the FY 2019, are as follows:

	DIRECTORS' FEES (RM)	ALLOWANCES (RM)	SALARIES/ BONUSES (RM)	BENEFITS-IN-KIND (RM)	OTHER EMOLUMENTS (RM)	TOTAL (RM)
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	127,200.00	20,000.00	-	-	-	147,200.00
Tan Sri Dato' Hj. Abd Karim Bin Shaikh Munisar	91,200.00	18,000.00	-	-	-	109,200.00
Lao Chok Keang	74,400.00	20,000.00	-	-	-	94,400.00
Bernard Vincent Olmedo Dy	79,200.00	16,000.00	-	-	-	95,200.00
Anna Maria Margarita Bautista Dy	69,600.00	18,000.00	-	-	-	87,600.00
Ma. Luisa Dioquino Chiong [1]	56,383.56	18,000.00	-	-	-	74,383.56
Teh Heng Chong [2]	-	-	806,122.58	44,006.85	96,735.00	946,864.43
Apollo Bello Tanco[3]	6,575.34	6,000.00	348,377.13	4,950.00	-	365,902.47
Jose Juan Z. Jugo [4]	-	-	44,390.21	-	-	44,390.21
Tan Sri Dato' Sri Goh Ming Choon [5]	17,260.27	6,000.00	-	-	-	23,260.27
Ching Hong Seng [6]	-	-	-	-	-	-

Notes:

(1) Appointed as a Non-Independent Non-Executive Director on 23 January 2019 and subsequently resigned on 31 May 2020.
(2) Appointed as an Executive Director and the CEO on 4 March 2019.
(3) Appointed as a Non-Independent Non-Executive Director on 23 January 2019 and subsequently, he was re-designated as an Executive Director and the Chief Operating Officer on 4 March 2019.
(4) Resigned as an Executive Director and the CEO on 23 January 2019.
(5) Resigned as a Non-Independent Non-Executive Director on 15 April 2019.
(6) Ceased as the Alternate Director to Tan Sri Dato' Sri Goh Ming Choon on 15 April 2019.

The Board is of the opinion that the disclosure on the remuneration of the Key Senior Management on a named basis would not be in the best interest of the Group due to confidentiality and sensitivity concerns as well as the issue of competitiveness of the Company in engaging its employees.

The Board will ensure that the remuneration of the Key Senior Management commensurate with their duties and responsibilities, the performance of the Company and without excessive remuneration payouts. The aggregate remuneration paid to the Key Senior Management was RM1,578,692.56 which comprises their annual salary, allowances, bonus and benefits-in-kind.

In addition, the Company also provides Directors' and Officers' Liability Insurance Policy for Directors of the Group. However, the said insurance policy will not indemnify the Director against, any liability which by law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT AND RISK MANAGEMENT COMMITTEE

The composition and details of activities carried out by the ARMC during the FY 2019 are set out in the ARMC Report of this Annual Report.

1.1 Compliance with Applicable Financial Reporting Standards

The Board, which is assisted by the ARMC, aims to present a balanced and understandable assessment of the Group's position and prospects through the annual financial statements and quarterly announcements of results to Bursa Malaysia. The composition of the ARMC, including its roles and responsibilities, are set out in the TOR of the ARMC which is available on the Company's website.

The Directors are responsible for ensuring that the annual financial statements are prepared in accordance with the provisions of the CA, 2016 and applicable approved accounting standards in Malaysia which gives a true and fair view of the Group and of the Company's state of affairs, results and cash flows.

A statement by the Directors of their responsibilities in preparing the financial statements is set out in this Annual Report.

1.2 Assessment of Suitability and Independence of External Auditors

Subsequent to the financial period ended 31 December 2018, the ARMC has discussed the suitability of the proposed new External Auditors who are to be appointed in place of the retiring External Auditors, Messrs. Deloitte PLT and has made recommendation to the Board to seek the approval of the shareholders of the Company at the Tenth Annual General Meeting for the appointment of Messrs. Ernst & Young as the External Auditors of the Company and Group for FY 2019.

1.3 Related Party Transactions ("RPT")

The Board approved the revised policies and procedures on RPT of the Group and through its ARMC, to review all related party transactions and conflicts of interest situations, if any, on a quarterly basis.

A Director, who has an interest in a transaction, must abstain from deliberating and voting on the relevant resolution, in respect of such transaction at the meeting of the Board and at the AGM or extraordinary general meeting convened to consider the said matter.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

1.1 Sound risk management framework

In recognising the importance of risk management and internal controls, the Board outsourced its risk management function to an independent consulting firm, KPMG Management & Risk Consulting Sdn. Bhd.

The role of the external risk management consultant is to enhance the Enterprise Risk Management ("ERM") Framework of the Group to facilitate systematic application of risk management practices and reporting on risk management results effectively. The Board noted the update on the ERM framework which was assessed, reviewed and recommended by the ARMC.

Full details of the risk management framework are set out in the Statement on Risk Management and Internal Control in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTD.)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTD.)

1.2 Internal Audit Function

The Group's Internal Audit Department continues to undertake regular and systematic reviews of the Group's internal controls to provide reasonable assurance to the ARMC, the Board and the Management that the system of internal controls is effective in addressing the risks identified and improving the Group's operational efficiency. The internal audit function is independent of the Management and has full access to all of the Group's entities, records and personnel. The scope and activities of the Company's internal audit function as well as the cost incurred in maintaining it are reported in the Report of the ARMC and the Statement on Risk Management and Internal Control in this Annual Report.

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

1.1 CORPORATE DISCLOSURE POLICY AND PROCEDURE

The Company values the importance of dissemination of relevant and material information on the development of the Group to its shareholders and stakeholders in a timely and equitable manner. The Company's corporate website at www.mct.com.my serves as one (1) of the most convenient ways for the shareholders and members of the public to gain access to corporate information, announcements, quarterly results, annual reports, media releases, etc. There is also a section focusing on Corporate Governance that comprised the Company's Board Charter, Code of Ethics, Whistleblowing Policy, TOR for ARMC, NC and RC.

1.2 ENCOURAGE SHAREHOLDERS PARTICIPATION AT GENERAL MEETINGS

The AGM is the principal forum for dialogue and interaction with all shareholders, who are given the opportunity to enquire and seek clarification on the operations and financial performance of the Company.

The Board will ensure that the general meetings of the Company are conducted in an efficient manner and serve as a mode of shareholder communication. This includes the supply of comprehensive and timely information to shareholders and encouraging active participation at the general meetings.

1.3 POLL VOTING

In line with the recent amendments to the Main LR of Bursa Malaysia, the Company will implement poll voting for all the resolutions set out in the Notice of AGM. An Independent Scrutineer will be appointed to validate the votes cast at the AGM.

This Statement is made in accordance with the resolution of the Board dated 18 June 2020.

ADDITIONAL COMPLIANCE INFORMATION

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The effective date of implementation of the Company's ESOS was 3 May 2016 ("Implementation Date") and shall be in force for five (5) years from the Implementation Date.

No options or shares were granted between the Implementation Date and 31 December 2019.

AUDIT AND NON-AUDIT FEES

The details of the fees paid or payable for audit and non-audit services rendered to the Company and the Group by the External Auditors during the FY 2019 are as follows:

FEES PAID/PAYABLE	GROUP (RM)	COMPANY (RM)
Audit	600,765	85,276
Non-Audit	31,311	20,069

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or the Group, which involve the interest of Directors and major shareholders of the Company during the FY 2019.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE OR TRADING NATURE:

The Company did not enter into any RRPT which requires the shareholders' mandate during the FY 2019.

UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposal during the FY 2019.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STATUTORY FINANCIAL STATEMENTS

The Directors have the responsibility to prepare financial statements for the financial year which have been made out in accordance with applicable approved accounting standards and the requirements of the Companies Act, 2016 ("CA, 2016") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which provide a true and fair view of the state of affairs of the Group and the Company as at the end of 31 December 2019, and of the financial results and cash flows of the Group and the Company for the year then ended.

In preparing the statutory financial statements for the financial year ended 31 December 2019 ("FY 2019"), the Directors have:

a) adopted appropriate accounting policies and applied them consistently;
b) made judgements and estimates that are reasonable and prudent; and
c) prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company maintain accounting records which disclose with reasonable accuracy the financial position of the Group and the Company. These financial records are used to ensure that the financial statements comply with the provision of the Act and the applicable approved accounting standards in Malaysia.

The Directors are responsible for taking such steps as are reasonably open to them to preserve the interests of stakeholders and to safeguard the assets of the Group and the Company, and to detect and prevent fraud and other irregularities.

The statutory financial statements of the Company and the Group for the FY 2019 are set out in this annual report.

This statement is made in accordance with a resolution passed on 18 June 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") of MCT Berhad ("Company") is committed to nurture and maintain sound risk management processes and systems of internal control throughout its group of companies ("Group"). The Board's Statement on Risk Management and Internal Control ("Statement") featuring the Group's risk management process and its state of internal control systems is outlined below.

The Statement is made in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers pursuant to Practice Note 9 of Main LR and Principle B (II) of the Malaysian Code on Corporate Governance 2017.

THE BOARD'S RESPONSIBILITY

The Board affirms its overall responsibility for the Group's systems of internal control and risk management process in order to safeguard shareholders' investment and the Group's assets. The Board is responsible to determine the Group's level of risk tolerance as well as articulating, implementing and reviewing the Group's risk management and internal control framework.

Board Committees have been established to carry out duties and responsibilities delegated by the Board, governed by the respective written Terms of Reference. The Meetings of the Board and Board Committees are carried out to review the performance of the Group, from financial to operational perspectives. The Board's role is to discuss the business plans and strategies after taking into consideration the risk factors.

The Board must ensure the adequacy, effectiveness and integrity of the internal control systems through regular reviews, accompanied by ongoing risk management processes.

It should be noted that such systems are designed to manage rather than eliminate the risk of failure so as to achieve business objectives and therefore, can provide only reasonable and not absolute assurance against material misstatement or loss.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT

The Company has outsourced its risk management activities to a third-party consulting firm, namely KPMG Management & Risk Consulting Sdn. Bhd. Key features of the activities undertaken for the financial year 2019 are as follows:

(a) Facilitating quarterly update reviews. The main activities under this phase of work include:
- review the adequacy and relevancy of the risk profile and registers, where appropriate, on the risk description, causes of risk, controls and risk rating of consequence/impact and likelihood of occurrence;
- review the risk indicators provided by the risk owners and update the risk registers once the Management has agreed to the risk indicators;
- review implementation status of action plans committed by risk owners;
- identify action plans for top 30 principal business risks, which include persons in charge and timelines; and
- conduct interview sessions with owners of the top 30 principal business risks to moderate risk ratings before the finalisation of the Company's risk profile.

(b) Review and ensure that the Company's risk management policies and procedures meet ISO 31000:2018 Risk Management Standard.

The Assistant Risk Management Manager, who joined the Company in September 2019, assists the consulting firm in carrying out the above-mentioned activities.

INTERNAL CONTROL

The key processes that the Group has established in reviewing the adequacy and integrity of the Group's systems of internal control include the following:

(a) Internal policies and procedures which are set out in a series of clearly documented standard operating manuals covering a majority of areas within the Group are maintained and subject to review as considered necessary.

(b) Clearly defined and documented responsibility and accountability have been established through the relevant terms of reference and organisational structures, including matters requiring the Board's approval. The corporate structure further enhances the ability of each subsidiary or division, as the case may be, to focus on its assigned core or support functions within the Group. Lines and limits of authority are put in place to monitor and control the Group's business activities.

(c) Appropriate business plans are established where the Group's business objectives, strategies and targets are articulated. Business planning and budgeting are undertaken annually to establish plans and targets against which performance is monitored on an ongoing basis.

(d) The Group's management team monitors and reviews financial and operational results, including monitoring and reporting of performance against the operating plans. The management team formulates and communicates action plans to address areas of concern.

(e) The Board has set the tone at the top for corporate behavior and corporate governance. All employees of the Group shall adhere to the Code of Ethics and Conduct of the Group which sets out the principles and standard to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing within the Group and with external parties.

(f) The Group takes continuous efforts in maintaining the quality of its products and services. Accordingly, the Group has a process to enable timely adherence to safety and health regulations, environmental requirements and relevant legislations affecting the Group's operations.

(g) Sufficient insurance coverage and physical safeguards over major assets of the Group are in place to enable assets to be adequately covered against calamities and/or theft that may result in material losses to the Group.

(h) Regular internal audit visits to assess and provide independent reports and assurance on the state of internal control systems of the Group's various operations.

(i) A whistleblowing process has been established to provide an avenue for employees to communicate their concerns on matters of integrity in a confidential manner. The Whistleblowing Policy has been reviewed and updated, where the protection afforded to whistleblowers has been further enhanced.

(j) Continuous training and development programmes covering all levels of the Group's employees have been designed to ensure and maintain the competency and efficiency of the employees.

(k) Undertakes the compliance review functions to ensure adherence to rules and regulations laid down by the various regulators and authorities.

During the period under review, the internal auditors highlighted some areas for improvement in the internal control systems, and the Management has taken appropriate measures to address them accordingly. The internal control enhancements highlighted were mainly operational in nature and does have an impact on the operational results of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed the Statement pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the annual report of the Company for the year ended 31 December 2019, and reported to the Board that nothing has come to their attention that cause them to believe that the Statement intended to be included in the annual report of the Company, in all material respects: has not been prepared in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers or is factually inaccurate. The external auditors' report was made solely for, and directed solely to the Board in connection with their compliance with the Main LR of Bursa Malaysia and for no other purpose or parties. As stated in their report, the external auditors do not assume responsibility to any person other than the Board in respect of any aspect of this report.

AAPG 3 does not require the external auditors to consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon.

THE BOARD'S CONCLUSION AND ASSURANCE PROVIDED BY THE MANAGEMENT

The Board has reviewed the risk management process and internal control systems and believes that the risk management process and internal control systems of the Group are in place for the period under review. The Board also believes that up to the date of issuance of the financial statements, they are effective and adequate to safeguard the shareholders' investment as well as the interests of regulators and employees.

The Board has also received reasonable assurance from Teh Heng Chong, the Chief Executive Officer, Apollo Bello Tanco, the Chief Operating Officer, and Susan Jacob Secreto, the Chief Financial Officer, that the Group's risk management process and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management process and internal control systems of the Group.

Moving forward, the Group will continue to improve and enhance the existing risk management process and internal control systems, taking into consideration the changing business environment.

The Statement was approved by the Board on 18 June 2020.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors ("Board") of MCT Berhad is pleased to present the report of the Audit and Risk Management Committee ("ARMC") and its activities for the financial year ended 31 December 2019 ("FY 2019").

COMPOSITION

The ARMC currently comprises of four (4) members and all of whom are non-executive Directors with majority being independent directors. All the members of the ARMC are financially literate and able to analyse and interpret financial statements in order to effectively carry out their duties and responsibilities as members of the ARMC.

Mr. Lao Chok Keang, Chairman of the ARMC, is a member of the Malaysian Institute of Accountants. As such, the composition of the ARMC is in compliance with Paragraph 15.09(1) of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Details of the ARMC members are set out in the Directors' Profile in this Annual Report.

The ARMC who served during the FY 2019 and their attendance are set out below:

NAME OF AUDIT AND RISK MANAGEMENT COMMITTEE	DESIGNATION	NO. OF MEETINGS ATTENDED / NO. OF MEETINGS HELD
Lao Chok Keang	Chairman, Independent Non-Executive Director	8/8
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	Member, Independent Non-Executive Director and Chairman	8/8
Tan Sri Dato' Hj. Abd Karim Bin Shaikh Munisar	Member, Independent Non-Executive Director	8/8
Anna Maria Margarita Bautista Dy	Member, Non-Independent Non-Executive Director	7/8

MEETINGS

The ARMC convened a total of eight (8) meetings during the FY 2019. The meetings were held on 13 February 2019, 25 February 2019, 27 February 2019, 22 April 2019, 29 April 2019, 28 May 2019, 30 August 2019 and 21 November 2019.

The Chief Financial Officer and Head of Internal Audit were invited to attend all the ARMC meetings. Other persons were invited to attend the ARMC meeting, upon invitation, as and when necessary.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The ARMC met with the External Auditors six (6) times during the FY 2019 to discuss their audit plan, professional service planning memorandum, audit findings and the Company's financial statements. In addition to that, the External Auditors had a private session with the ARMC without the presence of the Executive Directors or Senior Management. The Chairman of the ARMC engaged directly with the Head of Internal Audit and External Auditors, and vice versa, including Senior Management, for discussion on issues of concern during the FY 2019.

TERMS OF REFERENCE

The terms of reference ("TOR") of the ARMC which was reviewed, revised and adopted on 30 August 2019 in accordance with the amendments to the Main LR of Bursa Malaysia is available on the Company's website at www.mct.com.my.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the FY 2019, the ARMC carried out the following activities:

(a) Reviewed the unaudited quarterly financial reports before they were presented to the Board for approval.
(b) Reviewed the annual audited financial statements of the Group and obtained assurance that the financial reporting and disclosure requirements of the relevant authorities had been duly complied with.
(c) Reviewed with the External Auditors, focusing on changes in accounting policies and practices, major judgemental and risk areas, significant adjustments resulting from the audit, unusual events, the going concern assumption, compliance with accounting standards, compliance with the Main LR and other legal requirements.
(d) Reviewed with the External Auditors, their audit planning memorandum covering the audit objectives and approach, key audit areas and the relevant accounting standards issued by the Malaysian Accounting Standard Board and other relevant technical pronouncements that are relevant to the Group, as well as, the impact of any changes to the accounting policies.
(e) Reviewed with the External Auditors, their audit report and findings on financial reporting matters, and reported such matters to the Board.
(f) Met with the External Auditors without the presence of the Executive Directors and Senior Management.
(g) Reviewed, assessed and monitored the performance, suitability and independence of the external auditors. The external auditors had provided an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements.
(h) Discussed the suitability of the proposed new External Auditors, Messrs. Ernst & Young who are to be appointed in place of the retiring External Auditors, Messrs. Deloitte PLT and made recommendation to the Board to seek the approval of the shareholders of the Company at the Tenth Annual General Meeting held on 26 June 2019 for the appointment of Messrs. Ernst & Young as the External Auditors of the Company and Group for the FY 2019.
(i) Reviewed and approved the Internal Audit Planning Memorandum for the Group for FY the financial year ending 31 December 2020 and coverage of the Group's activities based on identified and assessed key risk areas.
(j) Reviewed the adequacy of resources to complete the audit plan.
(k) Reviewed the internal auditors' observations, recommendations for improvements and management's response thereto.
(l) Reported major findings to the Board and made recommendations to the Board for consideration and approval based on the internal audit reports.
(m) Approved the Risk Management Framework and Policy including the Business Continuity Plan and Crisis Management for the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(n) Recommendation to the Board to engage an external party to carry on with the Risk Management function and reviewing the revised Enterprise Risk Management programme for the Group.
(o) Quarterly reviewed and verified the related party transactions and conflicts of interest the Board.
(p) Reviewed and recommended the Statement on Risk Management and Internal Control and ARMC Report for Board's approval for inclusion in the Annual Report.

The Board is satisfied that the ARMC and its members have carried out their responsibilities and duties in accordance with the ARMC's TOR.

INTERNAL AUDIT FUNCTION

The Company has an in-house Internal Audit Department ("IAD") led by a qualified and experienced Senior Manager with three (3) assistants to carry out its appraisal function independently from the Management, with the Head of Internal Audit who directly reports to the ARMC. The function of the IAD is to assist the ARMC, Board and Management in discharging their governance responsibilities, to provide the assurance on the adequacy and effectiveness of the internal control systems, risk management and recommending improvements to add value to the Group's operational efficiency.

The Board has put in place an Internal Audit Charter recommended by the ARMC as a guide to the IAD in its objectives and scope of authority. The internal audit function fully abides by the provisions of its charter.

The activities undertaken by the IAD during the financial year under review included the following:

(a) assisted the Management in coordinating risk management activities;
(b) assisted the Management in investigating suspected frauds, i.e. alleged swindling on proceeds from selling scrap metals from LakeFront Homes project and theft of electricity from construction site of LakeFront Homes project;
(c) prepared a risk-based annual internal audit plan for the review and approval by the ARMC; and
(d) reviewed operations of the Sales Admin Section, operations of the aluminium window fabricator, operations of the Inventory Management Section of the Construction Group, operations of the Customer Service Department of the Sales & Marketing Group, compliance with the Housing Development (Control and Licensing) Act 1966 and the management of petty cash funds. Carried out follow-up review of operations of the Sales Admin Section and follow-up review of sales and marketing expenses for property development projects. Reported findings from the reviews and the follow-up reviews to the Management and the ARMC for necessary action.

The total cost incurred for the internal audit function of the Group for the financial year under review was approximately RM502,540.00.

This ARMC Report is made in accordance with the resolution of the Board dated 18 June 2020.

LIST OF PROPERTIES

Company/Address	Land area (acres)	Existing use	Tenure	Remaining useful life (years)	Year of acquisition/ Year of completion*	Net book value as at 31 December 2019 (RM)
Next Delta Sdn Bhd						
Lot 72024, Pekan Country Height, Daerah Petaling, Selangor Darul Ehsan	5.6	Alira (Land held for development)	Freehold	NA	9.11.2018	143,000,000
Lot 72025, Pekan Country Height, Daerah Petaling, Selangor Darul Ehsan	3.5	Alira (Land held for development)	Freehold	NA	9.11.2018	
One City Development Sdn Bhd						
Pt 35474, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan	1.0	One City Phase 3 (Land held for development)	99 years	91	1998	13,500,000
Pt 567, Pekan Subang Jaya, Daerah Petaling, Selangor Darul Ehsan	1.0	One City Phase 3 (Land held for development)	99 years	91	1998	
Lot 92353, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan	17.3	One City Phase 3 (Land held for development)	Freehold	NA	2012	
The Place Properties Sdn Bhd						
The Place@Cyberjaya, Jalan Teknokrat 1/1, Cyberjaya, 63000 Selangor Darul Ehsan	10.5	Basement carpark and retail lots	Freehold	NA	31.03.2015*	29,391,933
Sky Park@One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan	2.2	Retail lots	Freehold	NA	16.12.2013*	45,000,000
Timeless Hectares Sdn Bhd						
Lot 108632, Mukim Dengkil, Sepang, Selangor Darul Ehsan	23.1	LakeFront (Land under development)	Freehold	NA	25.03.2011	34,506,960
Lot 108633, Mukim Dengkil, Sepang, Selangor Darul Ehsan	16.0	LakeFront (Land under development)	Freehold	NA	25.03.2011	
Lot 108634, Mukim Dengkil, Sepang, Selangor Darul Ehsan	18.8	LakeFront (Land under development)	Freehold	NA	25.03.2011	24,845,000
Lot 108636, Mukim Dengkil, Sepang, Selangor Darul Ehsan	2.2	LakeFront (Land under development)	Freehold	NA	25.03.2011	

LIST OF PROPERTIES

Company/Address	Land area (acres)	Existing use	Tenure	Remaining useful life (years)	Year of acquisition/ Year of completion*	Net book value as at 31 December 2019 (RM)
Solid Benefit Sdn Bhd						
Lot 104161, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	73.8	Cybersouth (Land held for development)	Leasehold expiring 1.2.2104	85	2008	5,259,154
Lot 104162, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	124.5	Cybersouth (Land held for development)	Leasehold expiring 1.2.2104	85	2008	8,866,407
Lot 104163, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	54.5	Cybersouth (Land held for development)	Leasehold expiring 1.2.2104	85	2008	3,882,214
Lot 104164, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	48.7	Cybersouth (Land held for development)	Leasehold expiring 1.2.2104	85	2008	3,465,500
Lot 47955, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	115.5	Cybersouth (Land held for development)	Leasehold expiring 1.2.2104	85	2009	8,226,733
Solid Recommendation Sdn Bhd						
Lot 47336, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	11.1	Skypark@ Cyberjaya (Land under development)	Freehold	NA	22.09.2010	43,160,000
One Residence Sdn Bhd						
PN 92831, Lot 89553, Bandar Damansara, Daerah Petaling, Selangor Darul Ehsan	1.8	Aetas (Land held for development)	Leasehold expiring 4.4.2109	90	21.08.2018	42,287,000

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MAY 2020

SHARE CAPITAL

Issued Share Capital : 1,456,995,471 ordinary shares
Types of Shares : Ordinary share
Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	No. of Holders	% of Holders	No. of Holdings	% of Issued Share Capital
Less than 100	73	1.82	1,882	0.00
100 to 1,000	568	14.16	195,048	0.01
1,001 to 10,000	1,322	32.97	8,547,571	0.59
10,001 to 100,000	1,715	42.77	67,461,094	4.63
100,001 to less than 5% of issued shares	329	8.21	415,587,461	28.52
5% and above of issued shares	3	0.07	965,202,415	66.25
TOTAL	**4,010**	**100.00**	**1,456,995,471**	**100.00**

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS PER THE RECORD OF DEPOSITORS

No.	Name of Shareholder	No. of Shares Held	% of Issued Share Capital
1	Regent Wise Investments Limited	439,809,059	30.19
2	Regent Wise Investments Limited	295,277,782	20.27
3	CGS-CIMB Nominees (Asing) Sdn Bhd - Pledged Securities Account for Regent Wise Investments Limited	230,115,574	15.79
4	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB Bank for Tan Sri Dato' Sri Goh Ming Choon (PBCL-0G0264)	66,700,000	4.58
5	Goh Meng Keong	48,667,000	3.34
6	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Dato' Sri Tong Seech Wi	42,776,425	2.94
7	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Ng Lee Ling (PB)	25,050,000	1.72
8	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Lai Ming Chun @ Lai Poh Lin (PB)	22,340,790	1.53
9	Gan Jin Wei	20,847,900	1.43
10	Citigroup Nominees (Tempatan) Sdn Bhd - Urusharta Jamaah Sdn Bhd (Franklin 1)	12,712,382	0.87
11	Maybank Nominees (Tempatan) Sdn Bhd - Linbaq Holding Sdn. Bhd.	11,666,667	0.80
12	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Rickoh Corporation Sdn Bhd (MY0507)	7,134,000	0.49
13	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Koh Kin Lip (7003423)	7,125,000	0.49
14	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Susy Ding (CEB)	7,000,000	0.48
15	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An for AIA Bhd.	6,962,500	0.48
16	Susy Ding	6,700,000	0.46
17	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wong Yee Hui	5,500,000	0.38
18	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Loong Ding Tong (MY3120)	5,260,000	0.36

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MAY 2020

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS PER THE RECORD OF DEPOSITORS (CONTD.)

No.	Name of Shareholder	No. of Shares Held	% of Issued Share Capital
19	On Thiam Chai	3,500,000	0.24
20	Ung Yoke Hong	3,000,000	0.21
21	Yong Choo Kiong	3,000,000	0.21
22	47 Capital Sdn Bhd	2,400,000	0.16
23	Wan Yu Jin	2,200,000	0.15
24	RHB Nominees (Tempatan) Sdn Bhd - Amara Investment Management Sdn Bhd for Wong Yee Hui	2,036,000	0.14
25	Lee Eng Hock & Co. Sendirian Berhad	2,000,000	0.14
26	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Beng Hoo	2,000,000	0.14
27	Wong Kia Hong	1,900,000	0.13
28	Tan Eng Hsien	1,500,800	0.10
29	Goh Meng Keong	1,500,000	0.10
30	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yen Soon Ai	1,500,000	0.10

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	No. of Shares Held			
		Direct Interest	%	Indirect Interest	%
1	Regent Wise Investments Limited	965,202,415	66.246	-	-
2	Ayala Land, Inc.[1]	-	-	965,202,415	66.246

Note:

[1] Deemed interested in the shares held by Regent Wise Investments Limited pursuant to Section 8(4) of the Companies Act, 2016.

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct Interest		Indirect Interest	
		No. of Shares	% of Shares	No. of Shares	% of Shares
1.	Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	-	-	-	-
2.	Tan Sri Dato' Hj. Abd Karim Bin Shaikh Munisar	-	-	-	-
3.	Lao Chok Keang	-	-	-	-
4.	Bernard Vincent Olmedo Dy	-	-	-	-
5.	Anna Maria Margarita Bautista Dy	-	-	-	-
6.	Ma. Luisa Dioquino Chiong	-	-	-	-
7.	Teh Heng Chong	-	-	-	-
8.	Apollo Bello Tanco	-	-	-	-

FINANCIAL STATEMENTS

MCT Berhad

Registration No.: 200901038653
(Company No.: 881786-X)
(Incorporated in Malaysia)

Directors' Report and
Audited Financial Statements
31 December 2019

Registration No.: 200901038653 (Company No.: 881786-X)

MCT Berhad
(Incorporated in Malaysia)

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are described in Note 16 to the financial statements.

Results

	The Group RM	The Company RM
Profit/(Loss) net of tax	45,519,919	(3,989,370)
Profit/(Loss) attributable to:		
Equity holders of the Company	46,032,747	(3,989,370)
Non-controlling interests	(512,828)	-
	45,519,919	(3,989,370)

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

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial period. The directors also do not recommend any dividend payment in respect of the current financial year.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

Issue of shares

There were no new ordinary shares issued during the financial year.

Holding Companies

The immediate holding company is Regent Wise Investments Limited, a company incorporated in Hong Kong and ultimate holding company is Ayala Land, Inc. which is incorporated in Philippines.

Directors

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

Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor
Tan Sri Dato' Hj. Abd Karim Bin Shaikh Munisar
Bernard Vincent Olmedo Dy
Anna Maria Margarita Bautista Dy
Lao Chok Keang
Apollo Bello Tanco
Teh Heng Chong
Jaime Alfonso Antonio Eder Zobel de Ayala (appointed on 1.6.2020)
Ma. Luisa Dioquino Chiong (resigned on 31.5.2020)

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

Tuan Haji Ahmad Khalif bin Mustapha Kamal
Lyle Aguilar Abadia
Kogelevanan A/L Thinakaram
Aw Chong Seng
Heng Aik Chan (resigned on 3.1.2020)
Li Wai Chee (alternate director to Tuan Haji Ahmad
Khalif bin Mustapha Kamal - appointed on 11.6.2019)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial period, no directors have received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as disclosed in Note 9) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for certain director who received remuneration of a fixed salary of a full-time employee from a related corporation.

The directors' benefits are as follows:

	The Group RM	The Company RM
Salaries and other emoluments	1,466,542	122,000
Fees	521,819	521,819
	1,988,361	643,819

Directors' interests

None of the directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

Directors' indemnity

The directors and officers of the Company are covered by Directors and Officers Liability Insurance which is maintained on a group basis by the Company in respect of liabilities arising from acts committed in their respective capacity as, inter alia, directors and officers of the Group subject to the terms of the policy. The total amount Directors and Officers Liability Insurance premium paid for the directors and officers of the Group during the year was RM60,845.

Other statutory information

(a) 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:

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

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

Other statutory information (continued)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

(e) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Subsequent event

Subsequent event is disclosed in Note 44 to the financial statements.

Auditors

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

The auditors' remuneration are disclosed in Note 8 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2019.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 June 2020.

Teh Heng Chong

Apollo Bello Tanco

Registration No.: 200901038653 (Company No.: 881786-X)

MCT Berhad
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Teh Heng Chong and Apollo Bello Tanco, being two of the directors of MCT Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 14 to 121 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 June 2020.

Teh Heng Chong

Apollo Bello Tanco

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Susan Jacob Secreto, being the officer primarily responsible for the financial management of MCT Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 14 to 121 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Susan Jacob Secreto
on 30 June 2020.

Susan Jacob Secreto

Before me,

Registration No.: 200901038653 (Company No.: 881786-X)

Independent auditors' report to the members of MCT Berhad
(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of MCT Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and 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 14 to 121.

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 audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there were no key audit matters to communicate in our report on the financial statements of the Company. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Revenue and cost of sales from property development activities

For the financial year ended 31 December 2019, revenue of RM438,785,616 and cost of sales of RM268,752,884 from property development activities (including sale of completed properties) account for approximately 96% and 94% of the total Group's revenue and cost of sales respectively.

The Group recognises revenue and profit from its property development activities by reference to the progress towards completion of a performance obligation that is satisfied over time. The amount of revenue and profit recognised are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive at the percentage of completion, the actual number of units sold and the estimated total revenue for each of the respective projects.

We identified revenue and cost of sales from property development activities recognised by reference to the progress towards completion as matters requiring audit focus as these are areas which involved significant management's judgement and estimates in estimating the total property development costs (which is used to determine the progress towards completion and gross profit margin of property development activities undertaken by the Group).

Key audit matters (continued)

Revenue and cost of sales from property development activities (continued)

In assessing the appropriateness of the extent of costs incurred, total estimated costs of construction and total estimated revenue collectively, we have:

- Reviewed samples of sales and purchase agreements entered into with customers to obtain an understanding of the significant performance obligations, terms and conditions to be satisfied;
- Obtained an understanding of management's internal control over the revenue recognition process, including controls over the timing of revenue recognition and the estimation of property development costs, profit margin and progress towards completion of property development activities;
- Evaluated the assumptions applied in estimating the total property development costs including the provisions and allocations of common infrastructure costs for each property development phase by examining documentary evidence such as letters of award issued to contractors to support the total budgeted costs and assessed the progress towards completion by examining supporting evidence such as contractors' progress claims and suppliers' invoices;
- Observed the progress of the property development phases by performing site visits and discussed the status of on-going property development phases with management; and
- Assessed the mathematical accuracy of the calculation of progress towards completion in respect of revenue and profit recognised.

The Group's accounting policies and disclosures on property development activities based on progress towards completion are disclosed in Notes 2.11, and 19 to the financial statements.

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 Director's Report and other information included in the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. We obtained Director's Report prior to the date of this auditors' report and the other information included in Annual Report is expected to be made available to us after the date of this auditors' report.

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

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

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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 skepticism throughout the audit. We also: (continued)

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

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

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

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

Other matters

The financial statements of the Company for the period ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 30 April 2019.

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

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

H'ng Boon Keng
03112/08/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
30 June 2020

Registration No.: 200901038653 (Company No.: 881786-X)

MCT Berhad
(Incorporated in Malaysia)

Statements of profit or loss and other comprehensive income
For the financial year ended 31 December 2019

	Note	The Group 01.01.2019 to 31.12.2019 (12 months) RM	The Group 01.07.2018 to 31.12.2018 (6 months) RM Restated	The Company 01.01.2019 to 31.12.2019 (12 months) RM	The Company 01.07.2018 to 31.12.2018 (6 months) RM
Revenue	4	459,056,181	330,879,384	-	-
Cost of sales	5	(285,981,986)	(199,481,807)	-	-
Gross profit		173,074,195	131,397,577	-	-
Other income		19,725,959	6,514,007	12,257,323	2,494,853
Direct operating and general administrative expenses	6	(112,366,797)	(49,385,851)	(5,625,320)	(1,641,886)
Selling and marketing expenses		(6,403,290)	(4,568,526)	-	(250,000)
Finance costs	7	(19,652,222)	(5,935,932)	(10,621,373)	(1,342,162)
Profit/(Loss) before tax	8	54,377,845	78,021,275	(3,989,370)	(739,195)
Income tax expense	10	(8,857,926)	(18,412,592)	-	-
Profit/(Loss) for the year/period		45,519,919	59,608,683	(3,989,370)	(739,195)
Other comprehensive income/(loss), net of tax					
Items that will be reclassified subsequently to profit or loss					
Change in fair value of cash flow hedge		(3,022,132)	-	(3,022,132)	-
Ineffective portion of change in cash flow hedge reclassified to profit or loss		1,171,715	-	1,171,715	-
		(1,850,417)	-	(1,850,417)	-
Total comprehensive income/(loss) for the year/period, net of tax		43,669,502	59,608,683	(5,839,787)	(739,195)

Registration No.: 200901038653 (Company No.: 881786-X)

MCT Berhad
(Incorporated in Malaysia)

Statements of profit or loss and other comprehensive income
For the financial year ended 31 December 2019 (continued)

	Note	The Group		The Company	
		01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM Restated	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM
Profit/(Loss) for the year/period attributable to:					
Owners of the Company		46,032,747	59,623,316	(3,989,370)	(739,195)
Non-controlling interests		(512,828)	(14,633)	-	-
		45,519,919	59,608,683	(3,989,370)	(739,195)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		44,182,330	59,623,316	(5,839,787)	(739,195)
Non-controlling interests		(512,828)	(14,633)	-	-
		43,669,502	59,608,683	(5,839,787)	(739,195)
Earnings per share attributable to equity holders of the Company (sen per share)					
Basic	11	3.16	4.09		

The accompanying notes form an integral part of the financial statements.

Registration No.: 200901038653 (Company No.: 881786-X)

MCT Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2019

	Note	The Group 31.12.2019 RM	31.12.2018 RM Restated	01.07.2018 RM Restated
Assets				
Non-Current Assets				
Property, plant and equipment	13	269,554,409	272,081,941	128,044,376
Investment properties	14	248,477,691	251,881,846	388,589,297
Deferred tax assets	30	2,873,528	-	4,351,697
Inventories - Land held for property development	15	275,293,373	397,861,558	101,519,812
Goodwill on consolidation	17	-	-	-
Total Non-Current Assets		796,199,001	921,825,345	622,505,182
Current Assets				
Inventories	18	16,802,333	5,461,139	4,671,474
Inventories - Property development costs	19	302,066,974	177,868,500	288,134,940
Contract assets	20	75,688,305	50,599,742	286,594,311
Trade receivables	21	104,775,050	129,467,611	58,333,465
Other receivables and prepaid expenses	22	48,786,267	74,594,244	97,921,058
Tax recoverable		28,577,342	32,013,999	28,341,347
Cash and bank balances	24	469,659,891	344,354,396	186,696,413
		1,046,356,162	814,359,631	950,693,008
Non-current assets held for sale	12	-	39,000,393	11,931,911
Total Current Assets		1,046,356,162	853,360,024	962,624,919
Total Assets		1,842,555,163	1,775,185,369	1,585,130,101

Registration No.: 200901038653 (Company No.: 881786-X)

MCT Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2019 (continued)

			The Group	
	Note	31.12.2019	31.12.2018	01.07.2018
		RM	RM	RM
			Restated	Restated
Equity and Liabilities				
Equity				
Share capital	25	1,541,092,425	1,541,092,425	1,541,092,425
Reserves	26	(1,064,477,140)	(1,062,626,723)	(1,062,626,723)
Retained earnings		427,264,478	381,231,731	321,608,415
Equity attributable to equity holders of the parent		903,879,763	859,697,433	800,074,117
Non-controlling interests		944,192	1,457,020	1,471,653
Total Equity		904,823,955	861,154,453	801,545,770
Non-Current Liabilities				
Borrowings	27	-	212,531,985	167,508,168
Deferred tax liabilities	30	-	5,653,899	-
Other payables and accrued expenses	32	7,905,855	16,697,526	42,858,443
Provisions	33	-	8,733,796	15,433,975
Contract liabilities	20	3,135,790	5,271,412	5,402,863
Amount owing to ultimate holding company	34	515,221,184	-	-
Derivative financial liabilities	35	10,967,632	-	-
Hire purchase payables	28	-	327,575	1,246,759
Lease liabilities	29	6,218,611	-	-
Total Non-Current Liabilities		543,449,072	249,216,193	232,450,208
Current Liabilities				
Contract liabilities	20	164,516,230	150,782,097	199,534,346
Trade payables	31	104,622,236	166,129,152	116,641,535
Other payables and accrued expenses	32	112,939,189	211,533,564	167,853,013
Provisions	33	-	5,493,501	1,146,234
Borrowings	27	-	123,138,506	63,774,388
Tax liabilities		3,465,156	6,196,860	22,818
Hire purchase payables	28	-	1,541,043	2,161,789
Lease liabilities	29	8,739,325	-	-
Total Current Liabilities		394,282,136	664,814,723	551,134,123
Total Liabilities		937,731,208	914,030,916	783,584,331
Total Equity and Liabilities		1,842,555,163	1,775,185,369	1,585,130,101

The accompanying notes form an integral part of the financial statements.

Registration No.: 200901038653 (Company No.: 881786-X)

MCT Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2019 (continued)

	Note	31.12.2019 RM	The Company 31.12.2018 RM	01.07.2018 RM
Assets				
Non-Current Asset				
Investment in subsidiaries	16	1,154,639,226	1,154,639,226	1,154,639,226
Current Assets				
Other receivables and prepaid expenses	22	5,516	95,286	5,094
Amount owing by subsidiaries	23	896,014,430	437,366,203	422,122,314
Cash and bank balances	24	10,837,030	19,843,512	381,667
Total Current Assets		906,856,976	457,305,001	422,509,075
Total Assets		2,061,496,202	1,611,944,227	1,577,148,301
Equity and Liabilities				
Equity				
Share capital	25	1,541,092,425	1,541,092,425	1,541,092,425
Reserves	26	(1,850,417)	-	-
Accumulated losses		(4,886,278)	(896,908)	(157,713)
Total Equity		1,534,355,730	1,540,195,517	1,540,934,712
Non-Current Liabilities				
Amount owing to ultimate holding company	34	515,221,184	-	-
Derivative financial liabilities	35	10,967,632	-	-
Total Non-Current Liabilities		526,188,816	-	-
Current Liabilities				
Other payables and accrued expenses	32	951,656	1,748,710	1,213,589
Borrowings	27	-	70,000,000	35,000,000
Total Current Liabilities		951,656	71,748,710	36,213,589
Total Liabilities		527,140,472	71,748,710	36,213,589
Total Equity and Liabilities		2,061,496,202	1,611,944,227	1,577,148,301

The accompanying notes form an integral part of the financial statements.

MCT Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2019

		<---------- Attributable to owners of the Company				---------->		
			<---------- Non-distributable reserve	-------->	Distributable reserve			
The Group	**Note**	**Share capital RM (Note 25)**	**Reverse acquisition reserve RM (Note 26)**	**Cashflow hedge reserve RM (Note 26)**	**Retained earnings RM**	**Attributable to owners of the Company RM**	**Non-controlling interests RM**	**Total equity RM**
As at 1 July 2018 (restated)		1,541,092,425	(1,062,626,723)	-	343,137,025	821,602,727	1,471,653	823,074,380
Prior year adjustments	42	-	-	-	(21,528,610)	(21,528,610)	-	(21,528,610)
As restated		1,541,092,425	(1,062,626,723)	-	321,608,415	800,074,117	1,471,653	801,545,770
Total comprehensive income for the period		-	-	-	59,623,316	59,623,316	(14,633)	59,608,683
As at 31 December 2018 (restated)		1,541,092,425	(1,062,626,723)	-	381,231,731	859,697,433	1,457,020	861,154,453
As at 1 January 2019 (restated)		1,541,092,425	(1,062,626,723)	-	381,231,731	859,697,433	1,457,020	861,154,453
Total comprehensive income for the year		-	-	(1,850,417)	46,032,747	44,182,330	(512,828)	43,669,502
As at 31 December 2019		1,541,092,425	(1,062,626,723)	(1,850,417)	427,264,478	903,879,763	944,192	904,823,955

The accompanying notes form an integral part of the financial statements.

Registration No.: 200901038653 (Company No.: 881786-X)

MCT Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2019 (continued)

The Company	Share capital RM (Note 25)	<---Non-distributable reserve---> Cashflow hedge reserve RM (Note 26)	Accumulated losses RM	Total equity RM
As at 1 July 2018	1,541,092,425	-	(157,713)	1,540,934,712
Total comprehensive loss for the period	-	-	(739,195)	(739,195)
As at 31 December 2018/ 1 January 2019	1,541,092,425	-	(896,908)	1,540,195,517
Total comprehensive loss for the year	-	(1,850,417)	(3,989,370)	(5,839,787)
As at 31 December 2019	1,541,092,425	(1,850,417)	(4,886,278)	1,534,355,730

The accompanying notes form an integral part of the financial statements.

Registration No.: 200901038653 (Company No.: 881786-X)

MCT Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2019

	The Group		The Company	
	01.01.2019 to 31.12.2019 RM	01.07.2018 to 31.12.2018 RM Restated	01.01.2019 to 31.12.2019 RM	01.07.2018 to 31.12.2018 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit/(Loss) before tax:	54,377,845	78,021,275	(3,989,370)	(739,195)
Adjustments for:				
Depreciation of:				
Property, plant and equipment	9,671,301	3,009,579	-	-
Investment properties	434,533	322,986	-	-
Impairment loss on property, plant and equipment	-	848,001	-	-
Ineffective cash flow hedge	1,171,715	-	1,171,715	-
Impairment loss on investment properties	14,621,674	-	-	-
Finance costs	19,090,234	5,865,715	10,621,373	1,342,162
Lease interests	561,988	70,217	-	-
Net allowance for impairment (reversal)/loss:				
Trade receivables	(1,396,303)	3,084,740	-	-
Bad debts written off	4,059	5,409	-	-
Gain on disposal of property, plant and equipment	(2,119,291)	(271,444)	-	-
Gain on disposal of assets held for sale	(4,720,977)	(2,568,089)	-	-
Property, plant and equipment written off	508,374	86,140	-	-
Interest income	(8,291,244)	(2,609,162)	(310,707)	(15,968)
Right-of-use asset amortisation	474,678	-	-	-
Unrealised loss/(gain) on foreign exchange	139,445	(34,273)	-	-
Operating Profit Before Working Capital Changes	84,528,031	85,831,094	7,493,011	586,999

Registration No.: 200901038653 (Company No.: 881786-X)

MCT Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2019 (continued)

	The Group		The Company	
	01.01.2019 to 31.12.2019 RM	01.07.2018 to 31.12.2018 RM Restated	01.01.2019 to 31.12.2019 RM	01.07.2018 to 31.12.2018 RM
(Increase)/Decrease in:				
Inventories	(11,341,194)	(789,665)	-	-
Inventories - Property development costs	36,012,441	(78,384,229)	-	-
Contract assets	(25,088,563)	235,994,569	-	-
Trade receivables	26,084,806	(68,043,997)	-	-
Other receivables and prepaid expenses	30,649,679	23,326,814	89,770	(90,192)
Contract liabilities	25,825,808	(48,883,700)	-	-
Trade payables	(61,646,361)	49,453,344	-	-
Other payables and accrued expenses	(90,143,737)	17,519,634	(797,054)	535,121
Provisions	(14,227,297)	(2,352,912)	-	-
Cash Generated From Operations	653,613	213,670,952	6,785,727	1,031,928
Tax paid	(16,680,401)	(5,905,606)	-	-
Net Cash (Used In)/Generated From Operating Activities	(16,026,788)	207,765,346	6,785,727	1,031,928

Registration No.: 200901038653 (Company No.: 881786-X)

MCT Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2019 (continued)

	The Group		The Company	
	01.01.2019 to 31.12.2019 RM	01.07.2018 to 31.12.2018 RM Restated	01.01.2019 to 31.12.2019 RM	01.07.2018 to 31.12.2018 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	350,645	911,499	-	-
Proceeds from disposal of assets held for sale	47,000,000	14,500,000	-	-
Interest received	8,291,244	2,609,162	310,707	15,968
Additions to:				
Investment properties	(605,536)	(7,553,791)	-	-
Property, plant and equipment	(16,187,911)	(6,645,785)	-	-
Land held for property development	(53,572,779)	(151,341,759)	-	-
Fixed deposits with maturity period more than 90 days	1,121	(12,043)	-	-
Amount owing by subsidiaries	-	-	(458,648,227)	(15,243,889)
Net Cash Used In Investing Activities	(14,723,216)	(147,532,717)	(458,337,520)	(15,227,921)

Registration No.: 200901038653 (Company No.: 881786-X)

MCT Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2019 (continued)

	The Group		The Company	
	01.01.2019 to 31.12.2019 RM	01.07.2018 to 31.12.2018 RM Restated	01.01.2019 to 31.12.2019 RM	01.07.2018 to 31.12.2018 RM
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Drawdown of term loans	-	113,963,676	-	-
Proceeds from bank borrowings	19,950,415	55,000,000	-	55,000,000
Proceeds from lease liabilities	166,400	-	-	-
Payments for:				
Term loans	(355,620,906)	(44,575,741)	-	-
Bank borrowings	-	(20,000,000)	(70,000,000)	(20,000,000)
Lease liabilities	(10,887,963)	-	-	-
Hire-purchase payables	-	(1,539,930)	-	-
Finance costs paid	(17,121,826)	(5,434,694)	(7,025,189)	(1,342,162)
Advances from amount owing to ultimate holding company	519,570,500	-	519,570,500	-
Net Cash Generated From Financing Activities	156,056,620	97,413,311	442,545,311	33,657,838
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVLENTS	125,306,616	157,645,940	(9,006,482)	19,461,845
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR/PERIOD	343,940,432	186,294,492	19,843,512	381,667
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD (NOTE 24)	469,247,048	343,940,432	10,837,030	19,843,512

The accompanying notes form an integral part of the financial statements.

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur. The principal place of business is located at Lot D-02, Level 2M, SkyPark @ One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 16.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 June 2020.

The immediate holding company is Regent Wise Investments Limited, a company incorporated in Hong Kong and ultimate holding company is Ayala Land, Inc. which is incorporated in Philippines.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), except when otherwise indicated.

2. Summary of significant accounting policies (continued)

2.2 Effects of adopting new and amended Malaysian Financial Reporting Standards

In the current financial year, the Group and the Company have adopted all the MFRS and amendments to MFRS issued by Malaysian Accounting Standards Board effective for annual periods beginning on or after 1 January 2019 as follows:

MFRS 16	Leases
Amendments to:	
MFRS 9	Prepayment Features with Negative Compensation
MFRS 119	Plan Amendment, Curtailment or Settlement
MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2015 – 2017 Cycle	

The adoption of these revised standards and amendments has not affected the amounts reported on the financial statements of the Group and of the Company in the current year and previous financial period except as discussed below:

MFRS 16 Leases

MFRS 16 has replaced MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Subject to certain exceptions, the right-of-use asset is initially measured at cost and subsequently measured at cost, less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows has also been affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal and an interest portion.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

2. Summary of significant accounting policies (continued)

2.2 Effects of adopting new and amended Malaysian Financial Reporting Standards

MFRS 16 Leases (continued):

The Group adopted MFRS 16 using the modified retrospective approach and the Group also elected to use the practical expedient for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The effects of adopting MFRS 16 are as follows:

	As at 1 January 2019 RM	Effects of adoption of MFRS 16 RM	Restated As at 1 January 2019 RM
Assets			
Inventories - Land held for	251,881,848	7,626,928	259,508,776
Liabilities			
Hire purchase payables	1,868,618	(1,868,618)	-
Provision for onerous contract	14,227,297	(14,227,297)	-
Total Non-Current Liabilities	-	23,415,293	23,415,293

Reconciliation for the differences between operating lease commitments disclosed as at 31 December 2018 and lease liabilities recognised at the date of initial application of 1 January 2019 is as follows:-

	Group RM
Operating lease commitments at 31 December 2018	25,210,097
Discounting using lessee's incremental borrowing rate at the date of initial application	22,323,639
Recognition exemption for short-term leases	(776,964)
Hire purchase payables at 31 December 2018	1,868,618
	23,415,293

The weighted average lessees' incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.875% per annum.

2.3 Standards issued but not yet effective

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

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

Standards/Amendments/Interpretations	Effective date
Amendments to MFRS 3, Business Combinations - Definition of a Business	1 January 2020
Amendments to MFRS 101, Presentations of Financial Statements (Definition of Material)	1 January 2020
Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)	1 January 2020
Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures - Interest Rate Benchmark Reform	1 January 2020
Covid-19-Related Rent Concessions (Amendment to MFRS 16 Leases)	1 June 2020
MFRS 17, Insurance Contracts	1 January 2021
Amendments to MFRS 101, Presentations of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2022
Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020"	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)	1 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022
Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sales or Contributions of Asset between an Investor and its Associates or Joint Venture	Yet to be Confirmed

The Group and the Company plan to adopt the abovementioned accounting standards or amendments when they become effective in the respective financial periods. The Group and the Company expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively the "Group") as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation (continued)

The Group controls an investee if and only if the Group has:

(i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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

(i) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Group, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities. Non-controlling interests and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred in profit or loss.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

2.5 Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Property, plant and equipment under construction are not depreciated.

Depreciation of other property, plant and equipment is computed on the straight-line method to write off the cost of the various property, plant and equipment over their estimated useful lives at the following annual rates:

Office equipment	12.5%
Furniture and fittings	10.0 - 12.5%
Computer equipment	20.0 - 33.3%
Plant and machinery	3.3 - 10.0%
Construction equipment	12.5 - 20.0%
Tools and equipment	12.5%
Motor vehicles	20.0%
Renovation	10.0%
Buildings	2.0%

2. Summary of significant accounting policies (continued)

2.6 Property, plant and equipment (continued)

The residual values, estimated useful lives and depreciation method of the property, plant and equipment are reviewed at the end of each reporting period and, if expectations differ from previous estimates, the changes will be accounted for prospectively as a change in accounting estimate.

2.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment. Investment properties are depreciated on the straight-line method at an annual rate of 2%.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

2.8 Investment in subsidiaries

A subsidiary is an entity over which the Company has control as disclosed in Note 2.4 above. In the Company's separate financial statements, investment in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.9 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration.

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. Summary of significant accounting policies (continued)

2.9 Leases (continued)

Rights-of-use assets

The Group recognises the right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes the amount of lease liabilities recognised and lease payments made. Right-of use assets are depreciated on a straight-line basis over the shorter of lease term and the estimated useful lives of the assets as

Buildings	33.3% - 50%

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low value assets

The Group applies the short-term leases recognition exemption to its short term leases. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

2. Summary of significant accounting policies (continued)

2.9 Leases (continued)

Finance lease

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of the financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Group as lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term.

2.10 Inventories

Inventories comprised of consumables that are stated at the lower of cost and net realisable value. The cost inventories includes expenditure in bringing the inventory to its present location and condition. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.11 Inventory properties

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value ("NRV").

Principally, this is the property that the Group develops and intends to sell before, or on completion of, development.

Costs incurred in bringing each property to its present location and condition includes:

(a) Freehold and leasehold rights for land,

(b) amounts paid to contractors for development, and

(c) planning and design costs, costs of site preparation, professional fees for legal services, development overheads and other related costs.

2. Summary of significant accounting policies (continued)

2.11 Inventory properties (continued)

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory property recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold. For completed unsold units, cost is determined on the specific identification method.

2.12 Contract assets and liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer when the right is conditioned. Contract assets are subject to impairment assessment.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. Contract liabilities are recognised as revenue when the Group performs under the contract.

Unlike the method used to recognise contract revenue related to sale of completed property, the amounts billed to the customer for the sale of a property under development are based on achievement of the various milestones established in the contract. The amounts recognised as revenue for a given period do not necessarily coincide with the amounts billed to or certified by the customer. In the case of contracts in which the goods or services transferred to the customer exceed the related amount billed, the difference is recognised (as a contract asset) and presented in the statement of financial position under “Contract assets”, whereas in contracts in which the goods or services transferred are lower than the amount billed to the customer, the difference is recognised (as a contract liability) and presented in the statement of financial position under “Contract liabilities”.

2. Summary of significant accounting policies (continued)

2.13 Contract costs

The Group pays sales commission for contracts that they obtain to sell certain units of property and capitalises the incremental costs of obtaining a contract that meet the criteria in MFRS 15. These costs are amortised on a straight-line basis over the period that the property is transferred. Capitalised costs to obtain such contracts are presented as a current asset in the statement of financial position and its amortisation is included in cost of sales in the income statement.

The Group assesses, at each reporting date, whether the carrying amount exceeds the remaining amount of consideration that the entity expects to receive in exchange for the residential development less the costs that relate directly to completing the development and that have not been recognised as expenses.

2.14 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2. Summary of significant accounting policies (continued)

2.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. 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.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payment of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group and the Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

2. Summary of significant accounting policies (continued)

2.15 Financial instruments (continued)

(a) Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial asset in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost are disclosed in Note 36 to the financial statements.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss 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. 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 fair value through OCI, 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 statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

2. Summary of significant accounting policies (continued)

2.15 Financial instruments (continued)

(a) Financial assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (such as removed from the statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group and the Company have transferred its 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 and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

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

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Impairment of financial assets

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

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects 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.

2. Summary of significant accounting policies (continued)

2.15 Financial instruments (continued)

(a) Financial assets (continued)

Impairment of financial assets (continued)

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 applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has performed its assessment based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. In making this assessment, the Group also takes into consideration that it would maintain its name as the registered owner of the properties until full settlement is made by the purchasers or the purchasers' end-financiers.

(b) Financial liabilities

Initial recognition and measurement

The Group's financial liabilities comprise interest-bearing loans and borrowings, lease liabilities, derivative financial instruments and trade and other payables.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, with the exception of derivative financial instruments, net of directly attributable transaction costs.

Subsequent measurement

For the purposes of subsequent measurement, all financial liabilities, except derivative financial instruments, are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process.

2. Summary of significant accounting policies (continued)

2.15 Financial instruments (continued)

(b) Financial liabilities (continued)

Subsequent measurement (continued)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derivative financial instruments are classified as financial liabilities at fair value through profit or loss and are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is 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.

(c) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its risks associated with interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

2. Summary of significant accounting policies (continued)

2.15 Financial instruments (continued)

(c) Derivative financial instruments and hedge accounting (continued)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedge

For the purpose of cash flow hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI remains in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI is accounted for as described above (i.e. reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss).

2. Summary of significant accounting policies (continued)

2.16 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the recoverable amount of the asset or CGU is estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

2.17 Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

2. Summary of significant accounting policies (continued)

2.17 Revenue recognition (continued)

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

(a) Property development revenue

The Group recognises revenue from property development over time if it creates an asset with no 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 the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

2. Summary of significant accounting policies (continued)

2.17 Revenue recognition (continued)

(b) Sale of completed properties

Revenue from sales of completed properties is recognised upon delivery of properties where the control of the properties has been passed to the buyers.

(c) Leasing income

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

(d) Car park income

Car park income is recognised as and when the services are performed.

(e) Utility services income

Utility services income is recognised upon rendering of services.

(f) Revenue from fitness centre

Revenue from fitness centre consists of associated membership joining fee and subscription fees. Revenue from fitness centre including subscription fees but excluding associated membership joining fee are recognised when the services are rendered. The payment of the transaction price is due immediately upon delivery of the services. Associated membership joining fee which are received upfront are recognised on a straight-line basis over the tenure of the respective memberships.

(g) Interest income

Interest income is recognised based on effective interest rate.

(h) Dividend income

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

2. Summary of significant accounting policies (continued)

2.18 Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of each group entity are presented in Ringgit Malaysia, the currency of the primary economic environment in which the Company and each group entity operate (their functional currency).

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

2.19 Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. Summary of significant accounting policies (continued)

2.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get them ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The amount of borrowing costs eligible for capitalisation is determined based on actual interest incurred on borrowings made specifically for the purpose of obtaining a qualifying asset and less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as finance costs in profit or loss in the period in which they are incurred.

2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (continued)

2.22 Income tax

(a) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investment in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (continued)

2.22 Income tax (continued)

(b) Deferred tax (continued)

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investment in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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 a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Summary of significant accounting policies (continued)

2.23 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, short-term deposits with a maturity of three months or less and highly liquid investments that are readily convertible to known amount 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 consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.24 Share capital

Ordinary shares are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or liabilities with another person or entity that are potentially unfavourable to the issuer and recorded at nominal value.

The proceeds received net of any directly attributable transaction costs are credited to share capital.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.25 Segment Reporting

For management purposes, the Group is organised into operating segments that engage in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. The operating segment’s operating results are reviewed regularly by the chief operating decision maker, which is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2. Summary of significant accounting policies (continued)

2.26 Current versus non-current classification

Assets and liabilities in statement of financial position are presented based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.27 Fair value measurement

The Group measures financial instruments such as derivatives and short-term funds at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

2. Summary of significant accounting policies (continued)

2.27 Fair value measurement (continued)

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. Significant accounting judgments, estimates and assumptions

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

3.1 Judgments made in applying accounting policies

In the process of applying the above accounting policies, management has not made any critical judgments, apart from those involving estimations, which significantly affect the amounts recognised in these financial statements.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Property development revenue

The Group recognised property development revenue based on the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of the performance obligation is measured by reference to the efforts or inputs to the satisfaction of the performance obligation (eg. by reference to the property development costs incurred to date as a percentage of the estimated total costs for the property development). In making the estimate, management relied on opinion/service of experts, past experience and a continuous monitoring mechanism.

(b) Impairment of property, plant and equipment

Determining whether property, plant and equipment are impaired requires an estimation of the recoverable amount of the property, plant and equipment. The Group recognised an impairment loss of RM Nil (31.12.2018: RM848,001 and 30.06.2018: RM Nil) for building and chiller plants based on a valuation report performed by a third party independent valuer.

Information about the valuation techniques and inputs used to determine the recoverable amount of the property, plant and equipment are disclosed in Note 13(d).

3. Significant accounting judgments, estimates and assumptions

(c) Impairment of investment property

Determining whether investment properties are impaired requires an estimation of the recoverable amount of the investment properties.

The Group recognised an impairment loss of RM10,937,784 for freehold land and buildings under construction based on a valuation report performed by a third party independent valuer and RM3,683,890 for right-of-use assets based on value-in-use.

Information about the valuation techniques and inputs used to determine the recoverable amount are disclosed in Note 14.

4. Revenue

	The Group		The Company	
	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM
Revenue from contract with customers				
Property development revenue	438,785,616	320,576,103	-	-
Car park, utility services and fitness centre	19,828,942	10,288,221	-	-
	458,614,558	330,864,324	-	-
Revenue from other sources:				
Leasing	441,623	15,060	-	-
	459,056,181	330,879,384	-	-
Disaggregation of the revenue from contracts with customers:				
Timing of revenue recognition:				
Over time	438,785,616	320,576,103	-	-
At a point in time	19,828,942	10,288,221	-	-
	458,614,558	330,864,324	-	-

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MCT Berhad
(Incorporated in Malaysia)

Notes to the financial statements
For the financial year ended 31 December 2019

5. Cost of sales

	The Group		The Company	
	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM Restated	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM
Property development costs	268,752,884	192,939,658	-	-
Car park, utility services and fitness centre	14,076,711	6,173,332	-	-
Construction contract costs	3,152,391	368,817	-	-
	285,981,986	199,481,807	-	-

6. Direct operating and general administrative expenses

	The Group		The Company	
	01.01.2019 to 31.12.2019 (12 months) RM	Restated 01.07.2018 to 31.12.2018 (6 months) RM	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM
Direct operating expenses	23,651,228	11,434,844	-	-
General administrative expenses	88,715,569	37,951,007	5,625,320	1,641,886
	112,366,797	49,385,851	5,625,320	1,641,886

7. Finance costs

	The Group		The Company	
	01.01.2019 to 31.12.2019 (12 months) RM	**01.07.2018 to 31.12.2018 (6 months) RM Restated**	**01.01.2019 to 31.12.2019 (12 months) RM**	**01.07.2018 to 31.12.2018 (6 months) RM**
Interest expense on:				
- Advances from ultimate holding company	9,746,043	-	7,603,218	-
- Term loans	6,232,448	4,329,770	-	-
- Revolving credit	3,018,155	1,342,162	3,018,155	1,342,162
- Bank guarantees	47,305	152,618	-	-
- Bank overdrafts	46,283	41,165	-	-
- Lease interests	561,988	70,217	-	-
	19,652,222	5,935,932	10,621,373	1,342,162

8. Profit/(Loss) before tax

The following amounts have been included in arriving at profit before tax:

	The Group		The Company	
	01.01.2019 to 31.12.2019 (12 months) RM	**01.07.2018 to 31.12.2018 (6 months) RM**	**01.01.2019 to 31.12.2019 (12 months) RM**	**01.07.2018 to 31.12.2018 (6 months) RM**
Staff costs	50,060,729	27,742,027	-	-
Depreciation of:				
Property, plant and equipment	9,671,301	3,009,579	-	-
Investment properties	434,533	322,986	-	-
Impairment loss on:				
Property, plant and equipment	-	848,001	-	-
Investment properties	14,621,674	-	-	-
Directors' remunerations(Note 9)	1,988,361	1,272,490	643,819	218,906
Rental of:				
Premises	2,484,269	1,258,992	-	-
Equipment	13,006	10,773	-	-

8. Profit/(Loss) before tax (continued)

The following amounts have been included in arriving at profit before tax:

	The Group		The Company	
	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM
Allowance for impairment loss	102,669	3,084,740	-	-
Bad debts written off	4,059	5,409	-	-
Auditors' remuneration:				
Statutory audit				
- Current year	413,696	229,200	65,000	40,000
- Underprovision in prior years	187,069	-	20,276	-
Others	31,311	181,244	20,069	135,000
Realised loss on foreign exchange	2,789,881	1,659	2,778,700	-
Property, plant and equipment written off	508,374	86,140	-	-
Gain on disposal of:				
Property, plant and equipment	(2,119,291)	(271,444)	-	-
Assets previously classified as held for sales (Note 12)	(4,720,977)	(2,568,089)	-	-
Reversal of allowance for impairment loss	(1,498,972)	-	-	-
Interest income	(8,291,244)	(2,609,162)	(310,707)	(15,968)
Right-of-use assets amortisation	474,678	-	-	-
Amortisation of arrangement costs for borrowings	2,496,176	-	-	-
Rental income	(52,237)	(158,608)	-	-
Unrealised loss/(gain) on foreign exchange	139,445	(34,273)	-	-

Staff costs include salaries, contributions to defined contribution plans and all other staff related expenses. Contributions to approved provident funds by the Group during the year/period amounted to RM4,953,364 (31.12.2018: RM2,491,242).

9. Directors' remuneration

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

	The Group		The Company	
	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM
Fees:				
Non-Executive Directors	521,819	192,906	521,819	192,906
Salaries and other emoluments:				
Executive Directors	1,344,542	1,053,584	-	-
Non-Executive Directors	122,000	26,000	122,000	26,000
	1,988,361	1,272,490	643,819	218,906

The estimated monetary value of benefits-in-kind received by the directors of the Group are RM48,957(31.12.2018: RM45,926) and of the Company are RM Nil (31.12.2018: RM37,076).

The number of directors of the Company by total remuneration during the year/period are catagorised within the following bands is analysed below:

	Number of Directors	
	01.01.2019 to 31.12.2019 (12 months)	01.07.2018 to 31.12.2018 (6 months)
Executive directors:		
Below RM150,000	1	-
RM150,001 - RM500,000	1	1
RM500,001 - RM1,000,000	1	-
	3	1
Non-Executive directors:		
Below RM50,000	2	6
RM50,001 - RM100,000	4	1
RM100,001 - RM150,000	2	-
	8	7
	11	8

10. Income tax expense

	The Group		The Company	
	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM
Estimated tax payable:				
Current year/period	22,953,802	15,810,371	-	-
Over provision in prior years	(5,568,449)	(7,403,375)	-	-
	17,385,353	8,406,996	-	-
Deferred tax (Note 30)				
Current year/period	(8,527,427)	10,005,596	-	-
	8,857,926	18,412,592	-	-

A reconciliation of income tax expense applicable to profit/(loss) before tax at the applicable statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	The Group		The Company	
	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM Restated	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM
Profit/(Loss) before tax	54,377,845	78,021,275	(3,989,370)	(739,195)
Tax at applicable statutory tax rate of 24%	13,050,683	18,725,106	(957,449)	(177,407)
Tax effects of:				
Expenses not deductible for tax purposes	1,076,243	5,333,655	957,449	177,407
Deferred tax not recognised	299,449	1,757,206		
Over provision in prior years	(5,568,449)	(7,403,375)	-	-
	8,857,926	18,412,592	-	-

10. Income tax expense (continued)

As mentioned in Note 2.22(b), the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As at 31 December 2019, the estimated amount of deductible temporary differences, unused tax losses and unused tax credits, for which the deferred tax assets have not been recognised in the financial statements due to uncertainty of their realisation, is as follows:

	The Group		The Company	
	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM
Unabsorbed capital allowances	23,001,420	22,109,142	-	-
Unutilised tax losses	40,941,541	40,586,113	-	-
	63,942,961	62,695,255	-	-

Deferred tax assets have not been recognised in respect of the above items for certain subsidiary companies as it is not probable that future taxable profits of the subsidiary companies will be available against which the Group can utilise the benefits.

The above unabsorbed capital allowances and unutilised tax losses are subject to agreement with the Inland Revenue Board.

Pursuant to the Finance Act 2018, unutilised tax losses from a year of assessment can only be carried forward up to 7 consecutive years of assessment. Unabsorbed capital allowances do not expire under the current tax legislation. In the case of a dormant company, such allowances and losses will not be available to the affected group entities if there has been a change of 50% or more in the shareholdings thereof.

The unused tax losses in the current year are available for offset against future taxable income until the year of assessment 2025.

11. Earnings per share

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

	The Group	
	01.01.2019 to 31.12.2019 (12 months) RM	**01.07.2018 to 31.12.2018 (6 months) RM Restated**
Profit net of tax attributable to equity holders of the Company used in the computation of basic earnings per share	46,032,747	59,623,316
Earnings used in the calculation of basic earnings per share	46,032,747	59,623,316
Number of ordinary shares in issue	1,456,995,471	1,456,995,471
Weighted average number of ordinary shares in issue	1,456,995,471	1,456,995,471
Basic earnings per share (sen)	3.16	4.09

No diluted earnings per share information has been presented for the year ended 31 December 2019 and period ended 31 December 2018 as there were no potential ordinary shares outstanding.

12. Non-current assets held for sale

	The Group		
	31.12.2019	**31.12.2018**	**01.07.2018**
	RM	**RM**	**RM**
Leasehold land asset reclassified from property, plant and equipment	-	-	5,481,911
Freehold land reclassified from inventories land held for property development (Note 15)	-	39,000,393	6,450,000
	-	39,000,393	11,931,911

The Group entered into a Sales and Purchase Agreement on 26 June 2018 to dispose one parcel of freehold land and two parcels of leasehold land. The disposal was completed in July 2018 and October 2018 respectively.

On 7 November 2018, the Group entered into a Sales and Purchase Agreement to dispose one parcel of freehold land and the disposal was completed in May 2019.

13. Property, plant and equipment

The Group	Office equipment RM	Furniture and fittings RM	Computer equipment RM	Plant and machinery RM	Construction equipment RM	Tools and equipment RM	Motor vehicles RM	Renovation RM	Buildings RM	Right-of-use asset RM	Capital work-in-progress RM	Restated Total RM
Cost												
As at 1 July 2018	1,323,645	859,895	5,362,224	104,258,516	16,842,389	3,380,291	7,267,652	2,808,757	22,533,764	-	28,181,918	192,819,051
Additions	-	89	686,099	-	-	12,160	-	139,463	1,485,556	-	4,322,418	6,645,785
Disposals	-	-	-	-	-	-	(2,185,073)	-	-	-	-	(2,185,073)
Written off	(17,532)	-	(32,633)	-	(8,421)	(196,220)	-	-	(71,460)	-	-	(326,266)
Reclassified from investment properties (Note 14)	-	-	-	-	-	-	-	-	145,241,164	-	-	145,241,164
Reclassification	-	-	-	21,178,927	-	-	-	-	4,984,935	-	(26,163,862)	-
As at 1 January 2019	1,306,113	859,984	6,015,690	125,437,443	16,833,968	3,196,231	5,082,579	2,948,220	174,173,959	-	6,340,474	342,194,661
Additions	21,693	-	579,188	5,933,727	-	-	282,500	1,599,600	6,170,233	-	1,600,971	16,187,912
Adoption of MFRS 16	-	-	-	-	-	-	-	-	-	1,424,034	-	1,424,034
Disposal	-	-	(1,657)	-	-	-	(1,294,894)	-	(3,278,967)	-	-	(4,575,518)
Written off	(28,800)	-	-	-	-	-	-	(305,836)	(949,447)	-	-	(1,284,083)
Reclassified to investment properties (Note 14)	-	-	-	-	-	-	-	-	(3,832,097)	-	-	(3,832,097)
Reclassification/ Adjustment	-	-	(16,421)	-	-	-	-	-	(37,765,174)	-	37,773,031	(8,564)
As at 31 December 2019	1,299,006	859,984	6,576,800	131,371,170	16,833,968	3,196,231	4,070,185	4,241,984	134,518,507	1,424,034	45,714,476	350,106,345

13. Property, plant and equipment (continued)

The Group	Office equipment RM	Furniture and fittings RM	Computer equipment RM	Plant and machinery RM	Construction equipment RM	Tools and equipment RM	Motor vehicles RM	Renovation RM	Buildings RM	Right-of-use asset RM	Capital work-in-progress RM	Total RM
Accumulated depreciation												
As at 1 July 2018	761,332	249,455	4,437,087	24,348,460	8,421,716	1,592,820	5,345,116	555,031	5,448,152	-	-	51,159,169
Charge for the period	51,018	39,525	345,965	2,112,966	996,025	309,381	407,292	147,359	562,749	-	-	4,972,280
Disposals	-	-	-	-	-	-	(1,545,018)	-	-	-	-	(1,545,018)
Writen off	(16,105)	-	(31,913)	-	(8,420)	(183,688)	-	-	-	-	-	(240,126)
Reclassification from investment properties (Note 14)	-	-	-	-	-	-	-	-	1,302,908	-	-	1,302,908
As at 1 January 2019	796,245	288,980	4,751,139	26,461,426	9,409,321	1,718,513	4,207,390	702,390	7,313,809	-	-	55,649,213
Charge for the year	99,187	111,188	692,460	4,861,741	1,981,906	480,963	500,785	313,115	3,622,436	474,678	-	13,138,459
Disposals	-	-	(690)	-	-	-	(1,146,969)	-	(363,366)	-	-	(1,511,025)
Written off	(23,899)	-	-	-	-	-	-	(44,975)	(706,835)	-	-	(775,709)
Reclassification from investment properties (Note 14)	-	-	-	-	-	-	-	-	(412,509)	-	-	(412,509)
As at 31 December 2019	871,533	400,168	5,442,909	31,323,167	11,391,227	2,199,476	3,561,206	970,530	9,453,535	474,678	-	66,088,429

13. Property, plant and equipment (continued)

The Group	Office equipment RM	Furniture and fittings RM	Computer equipment RM	Plant and machinery RM	Construction equipment RM	Tools and equipment RM	Motor vehicles RM	Renovation RM	Buildings RM	Right-of-use asset RM	Capital work-in-progress RM	Total RM
Accumulated impairment												
As at 1 July 2018	-	-	-	13,615,506	-	-	-	-	-	-	-	13,615,506
Charge for the period	-	-	-	848,001	-	-	-	-	-	-	-	848,001
As at 1 January 2019/ 31 December 2019	-	-	-	14,463,507	-	-	-	-	-	-	-	14,463,507
Net Book Value												
As at 31 December 2019	427,473	459,816	1,133,891	85,584,496	5,442,741	996,755	508,979	3,271,454	125,064,972	949,356	45,714,476	269,554,409
As at 31 December 2018	509,868	571,004	1,264,551	84,512,510	7,424,647	1,477,718	875,189	2,245,830	166,860,150	-	6,340,474	272,081,941
As at 1 July 2018	562,313	610,440	925,137	66,294,550	8,420,673	1,787,471	1,922,536	2,253,726	17,085,612	-	28,181,918	128,044,376

13. Property, plant and equipment (continued)

(a) Right-of-use asset

Group	**Building RM**
As at 1 January 2019	-
Effect of adoption of MFRS 16	1,424,034
Depreciation expense	(474,678)
As at 31 December 2019	949,356

(b) At the end of the reporting year, the carrying amount of property, plant and equipment of the Group acquired under lease liabilities amounted to RM342,936. In the previous financial period/year, the carrying amount of property, plant and equipment acquired under hire-purchase was RM646,608 (01.07.2018: RM1,921,041).

(c) In the previous financial period, the net book value of property, plant and equipment totaling to RM190,178,369 (01.07.2018: RM72,931,008) were pledged to financial institutions as security for term loan facilities granted to the Group as disclosed in Note 27.

(d) In the previous financial period, an evaluation of the market values had been made to determine the recoverable amounts of the property, plant and equipment of a wholly-owned subsidiary of the Group. The recoverable amount was determined based on a valuation report performed by a registered independent valuer using the "Depreciated Replacement Cost Method", determined as being no more than the cost of the modern logical replacement less physical deterioration and obsolescence at the condition of inspection and market condition. The assessment review led to the recognition of an impairment loss of RM848,001 and has been recognised in the profit or loss for the Group for the period from 1 July 2018 to 31 December 2018 as disclosed in Note 8.

The fair value hierarchy of the said recoverable amount is at Level 3. The significant unobservable inputs include the estimated cost of the modern logical replacement of approximately RM41.7 million and a depreciation factor applied to the estimated cost of 16% on first year and 7% in subsequent years. A 1% increase/decrease in the depreciation factor while holding all other variables constant would be decreased/increased in the recoverable amount by RM2.5 million.

(e) During the financial year, interest expense capitalised in property, plant and equipment of the Group amounted to RM395,866 (31.12.2018: RM540,997 and 01.07.2018: RM Nil).

14. Investment properties

	The Group		
	31.12.2019 RM	**31.12.2018 RM**	**01.07.2018 RM**
Cost			
At beginning of year/period	252,839,854	390,527,227	334,394,027
Additions	605,536	7,553,791	56,133,200
Effect of adoption of MFRS 16	21,854,225	-	-
Reclassification from provisions upon adoption of MFRS 16 (Note 33)	(14,227,297)	-	-
Reclassification from/(to) property, plant and equipment (Note 13)	3,832,097	(145,241,164)	-
At end of year/period	264,904,415	252,839,854	390,527,227
Accumulated depreciation			
At beginning of year/period	958,008	1,937,930	1,291,953
Charge for the year/period	434,533	322,986	645,977
Reclassification from/(to) property, plant and equipment (Note 13)	412,509	(1,302,908)	-
At end of year/period	1,805,050	958,008	1,937,930
Accumulated impairment			
At beginning of year/period	-	-	-
Charge for the year/period	14,621,674	-	-
At end of year/period	14,621,674	-	-
Net book value	248,477,691	251,881,846	388,589,297
Represented by:			
Right-of-use assets	3,943,038	-	-
Freehold land and buildings	23,165,968	12,015,771	29,802,159
Freehold land and buildings under construction	221,368,685	239,866,075	358,787,138
	248,477,691	251,881,846	388,589,297

Included in right-of-use assets are leasehold land. Rental income generated from the rental of investment properties of the Group during the financial year amounted to RM566,288 (31.12.2018: RM15,600 and 01.07.2018: RM48,000).

14. Investment properties (continued)

Direct operating expenses from investment properties which generated rental income to the Group during the financial year/period amounted to RM801,915 (31.12.2018: RM58,546).

In the previous financial period/year, investment properties with carrying amount of RM239,866,075 (01.07.2018: RM358,787,138) were pledged to a financial institution as security for term loan facilities granted to the Group as disclosed in Note 27.

In the previous financial period, certain investment properties with the net book value of RM143,938,256 have been reclassified to property, plant and equipment due to the change in intention by management over these assets from own use to generation of rental income and held for sale.

The fair value of investment properties (except those under construction) with carrying amount of RM23,165,968 (31.12.2018: RM12,015,771 and 01.07.2018: RM29,802,159) amounted to RM46,078,380 (31.12.2018: RM16,815,000 and 01.07.2018: RM33,615,000). The fair value is determined at the Level 3 fair value hierarchy based on valuation reports performed by an independent valuer, using the “Comparison Approach” which was determined by previous sales of similar properties in the vicinity on a price per square foot basis. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

During the financial year, an evaluation of market value has been made for the properties under construction that amounted to RM256,838,620. The market value on an “as is basis” is determined based on a valuation report performed by a registered independent valuer using the “Comparison Approach” which was determined by previous sales of similar properties in the vicinity on a price per square foot basis and less all necessary costs to complete and adjustments for estimated time to achieve full completion. The assessment led to a recognition of impairment loss of RM10,937,784 for the financial year as disclosed in Note 8.

The Group recognised an impairment loss of RM10,937,784 for freehold land and buildings under construction based on a valuation report performed by a third party independent valuer and RM3,683,890 for right-of-use assets based on value-in-use method and was determined on the CGU level using a discount rate of 6.875%.

Key inputs used in determination of fair value of investment properties are as follows:

Significant unobservable inputs

	Range	
	31.12.2019	**31.12.2018**
Location and surrounding factor	10%-30%	5%-30%
Commitment occupancy	20%-35%	20%-30%
Level of exposure	5%-30%	5%-30%

15. Inventories - Land held for property development

	The Group		
	31.12.2019	**31.12.2018**	**01.07.2018**
	RM	**RM**	**RM**
		Restated	**Restated**
Cost			
At beginning of year/period	397,861,558	101,519,812	101,601,651
Additions	53,572,779	151,341,759	6,625,606
Reclassification (to)/from property development costs (Note 19)	(155,643,836)	184,000,380	-
Modification - reduction in purchase price with a third party	(20,497,128)	-	-
Impairment	-	-	(257,445)
Reclassified to non-current assets held for sale (Note 12)	-	(39,000,393)	(6,450,000)
At end of year/period	275,293,373	397,861,558	101,519,812
Represented by:			
Land cost	57,500,000	221,468,256	59,567,967
Right-of-use assets	57,016,407	22,649,600	22,649,600
Development costs	160,776,966	153,743,702	19,302,245
	275,293,373	397,861,558	101,519,812

During the financial year, interest expense capitalised in land held for property development of the Group amounted to RM871,803 (31.12.2018: RM1,505,907 and 01.07.2018: RM3,968,145).

Land held for property development with a carrying amount of RM Nil (31.12.2018: RM109,336,354 and 01.07.2018: RM31,371,912) were pledged to a financial institution as security for term loan facilities granted to the Group as disclosed in Note 27.

16. Investment in subsidiaries

	The Company		
	31.12.2019	**31.12.2018**	**01.07.2018**
	RM	**RM**	**RM**
Unquoted shares, at costs	1,154,639,226	1,154,639,226	1,154,639,226

16. Investment in subsidiaries (continued)

(a) Details of the Group's subsidiaries are as follows:

Name	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest held by the Group 31.12.2019	31.12.2018	01.07.2018
Direct subsidiary					
MCT Consortium Bhd.	Malaysia	Investment holding	100%	100%	100%
Indirect subsidiaries **Subsidiaries of MCT Consortium Bhd.**					
Modular Construction Technology Sdn. Bhd.	Malaysia	Construction, providing civil engineering and electrical works, trading of construction materials and rental of plant and machinery.	100%	100%	100%
MCT Homes Sdn. Bhd.	Malaysia	Provision of management services.	100%	100%	100%
MCT Construction Materials Sdn. Bhd.	Malaysia	Trading of construction materials.	100%	100%	100%
The Place Properties Sdn. Bhd.	Malaysia	Property development and management.	100%	100%	100%
USJ One Avenue Sdn. Bhd.	Malaysia	Previously involved in property development and investment in property and provision of management services.	100%	100%	100%

16. Investment in subsidiaries (continued)

(a) Details of the Group's subsidiaries are as follows: (continued)

Name	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest held by the Group 31.12.2019	31.12.2018	01.07.2018
Subang Residency Sdn. Bhd.	Malaysia	Property development, investment in property and provision of management services.	100%	100%	100%
Undersea City Sdn. Bhd.	Malaysia	Property development.	100%	100%	100%
Solid Benefit Sdn. Bhd.	Malaysia	Property investment and property development.	100%	100%	100%
Eco Green City Sdn. Bhd.	Malaysia	Property development and construction.	100%	100%	100%
MCT Green Technology Sdn. Bhd.	Malaysia	Utilities services provider.	100%	100%	100%
Sky Park Properties Sdn. Bhd.	Malaysia	Property development and management	100%	100%	100%
Lakefront Residence Sdn. Bhd.	Malaysia	Property development and construction.	100%	100%	100%
One City Development Sdn. Bhd.	Malaysia	Property development and investment.	100%	100%	100%

16. Investment in subsidiaries (continued)

(a) Details of the Group's subsidiaries are as follows: (continued)

Name	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest held by the Group 31.12.2019	31.12.2018	01.07.2018
Solid Interest Sdn. Bhd.	Malaysia	Property investment and property development.	100%	100%	100%
Cherish Properties Sdn. Bhd.	Malaysia	Investment holding.	100%	100%	100%
Ecolake Residence Sdn. Bhd.	Malaysia	Property developer.	100%	100%	100%
Leisure Event Sdn. Bhd.	Malaysia	Property investment.	100%	100%	100%
MCT Property Management Sdn. Bhd.	Malaysia	Property investment.	100%	100%	100%
MCT Properties Sdn. Bhd.	Malaysia	Sales and marketing services for property development.	100%	100%	100%
Premium Cinema Sdn. Bhd.	Malaysia	Property development.	100%	100%	100%
Roaring Gain Sdn. Bhd.	Malaysia	Property investment.	100%	100%	100%
Skypark Fitness Sdn. Bhd.	Malaysia	Property development.	100%	100%	100%

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16. Investment in subsidiaries (continued)

(a) Details of the Group's subsidiaries are as follows: (continued)

Name	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest held by the Group 31.12.2019	31.12.2018	01.07.2018
Solid Recommendation Sdn. Bhd.	Malaysia	Property investment and property development.	100%	100%	100%
MCT Store Sdn. Bhd.	Malaysia	Property development and currently dormant.	100%	100%	100%
Timeless Hectares Sdn. Bhd.	Malaysia	Property investment and property development.	100%	100%	100%
One Residence Sdn. Bhd.	Malaysia	Business of property investment and property development	100%	100%	100%
Next Delta Sdn. Bhd.	Malaysia	Property developer.	100%	100%	100%
SPCJ Green Tech Sdn. Bhd.	Malaysia	Property development and currently dormant.	100%	100%	100%
Nexus Advertising Sdn. Bhd.	Malaysia	Property investment.	100%	100%	100%
Subsidiary of Cherish Properties Sdn. Bhd.					
Vista Global Development Sdn. Bhd.	Malaysia	Property development and investment.	70%	70%	70%

17. Goodwill on consolidation

	The Group		
	31.12.2019 RM	**31.12.2018 RM**	**01.07.2018 RM**
Goodwill on consolidation	3,272,290	3,272,290	3,272,290
Less: Accumulated impairment losses	(3,272,290)	(3,272,290)	(3,272,290)
	-	-	-

18. Inventories

	The Group		
	31.12.2019 RM	**31.12.2018 RM**	**01.07.2018 RM**
At cost:			
Raw materials	591,748	1,582,597	366,806
Finished goods	1,288,812	2,335,466	2,761,592
Unsold completed property units	14,921,773	1,543,076	1,543,076
	16,802,333	5,461,139	4,671,474

The cost of inventories recognised as an expense during the year was RM2,448,526 (31.12.2018: RM6,429,823 and 01.07.2018: RM18,871,166).

19. Inventories - Property development costs

	The Group		
	31.12.2019	**31.12.2018**	**01.07.2018**
	RM	**RM**	**RM**
		Restated	**Restated**
At cost:			
Land costs	148,752,058	184,901,658	184,901,658
Right-of-use assets	7,050,407	7,050,407	7,050,407
Development costs	1,455,127,731	1,338,203,394	1,097,975,912
Cost recognised as expense in profit or loss in previous year/period	(1,433,061,696)	(1,242,020,519)	(830,386,622)
At beginning of year/period	177,868,500	288,134,940	459,541,355
Development costs incurred during the year/period	239,596,554	264,775,117	240,227,500
Costs recognised as expense in profit or loss during the year/period	(257,663,218)	(191,041,177)	(411,633,915)
Reclassification from/(to) inventories - land held for property development (Note 15)			
Land costs	143,480,270	(36,149,600)	-
Right-of-use assets	1,127,379	-	
Development costs	11,036,187	(147,850,780)	-
	155,643,836	(184,000,380)	-
Reclassification to completed inventories	(13,378,698)	-	-
	302,066,974	177,868,500	288,134,940
At end of year/period :			
Land costs	158,093,847	42,943,348	42,391,357
Right-of-use assets	1,712,134	1,358,317	1,910,308
Development costs	142,260,993	133,566,835	243,833,275
	302,066,974	177,868,500	288,134,940

During the financial year, interest expense capitalised in property development costs of the Group amounted to RM4,490,074 (31.12.2018: RM2,742,453 and 01.07.2018: RM7,668,346).

In the previous financial period, certain property development costs amounting to RM52,669,036 (01.07.2018: RM141,200,154) were pledged to a financial institution as security for term loan facilities granted to the Group as disclosed in Note 27.

20. Contract Assets/(Liabilities)

	The Group		
	31.12.2019 RM	**31.12.2018 RM**	**01.07.2018 RM**
Contract assets:			
Property development	66,752,611	41,660,995	281,604,160
Contract costs:			
Costs to obtain contracts	8,935,694	8,938,747	4,990,151
Total	75,688,305	50,599,742	286,594,311
Contract liabilities:			
Non-current			
Rebate liabilities	(3,135,790)	(5,271,412)	(5,402,863)
Current			
Property development	(159,140,590)	(142,435,023)	(189,743,466)
Rebate liabilities	(5,375,640)	(8,347,074)	(9,790,880)
	(164,516,230)	(150,782,097)	(199,534,346)
Total	(167,652,020)	(156,053,509)	(204,937,209)

(a) Contract assets and contract liabilities from property development:

	The Group		
	31.12.2019 RM	**31.12.2018 RM**	**01.07.2018 RM**
Contract assets	66,752,611	41,660,995	281,604,160
Contract liabilities	(167,652,020)	(156,053,509)	(204,937,209)
Net	(100,899,409)	(114,392,514)	76,666,951
At beginning of the year/period	(114,392,514)	76,666,951	(164,402,089)
Consideration received/receivable and paid/payable to customers	6,847,553	27,700,949	2,811,225
Revenue recognised during the year/period	438,785,616	320,576,103	678,819,280
Progress billing during the year/period	(432,140,064)	(539,336,517)	(440,561,465)
At end of the year/period	(100,899,409)	(114,392,514)	76,666,951

20. Contract Assets/(Liabilities) (continued)

(a) Contract assets and contract liabilities from property development: (continued)

Revenue from property development activities is recognised over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

The transaction price allocated to the unsatisfied performance obligations as at 31 December 2019 is RM324,876,546 (31.12.2018: RM477,588,370). The remaining performance obligations are expected to be recognised as follows:

	The Group	
	31.12.2019	31.12.2018
	RM	RM
Within 1 year	246,196,165	359,885,246
Between 1 and 4 years	78,680,381	117,703,124
Total	324,876,546	477,588,370

(b) Contract costs:

	The Group	
	31.12.2019	31.12.2018
	RM	RM
At beginning of the year/period	8,938,747	4,990,151
Additions	5,083,911	5,222,359
Amortisation	(5,086,964)	(1,273,763)
At end of the year/period	8,935,694	8,938,747

(c) Contract liabilities from rebate liabilities:

Rebate liabilities represent rebates given to various customers of the Group.

21. Trade receivables

	The Group		
	31.12.2019	**31.12.2018**	**01.07.2018**
	RM	**RM**	**RM**
Trade receivables	53,202,175	30,698,364	45,653,664
Retention sum	54,276,934	102,869,609	13,695,423
	107,479,109	133,567,973	59,349,087
Less: Allowance for impairment loss	(2,704,059)	(4,100,362)	(1,015,622)
	104,775,050	129,467,611	58,333,465

The credit period granted for the progress billings ranged from 14 to 45 days (31.12.2018: 14 to 45 days and 01.07.2018: 14 to 45 days). Interest is charged on past due billings at an interest rate of 8% per annum for commercial properties and 10% per annum for residential properties. Impairment losses are recognised against trade receivables that are in financial difficulties and have defaulted on payments.

Retention sum is due upon the expiry of the defect liability period stated in respective construction contracts or sale and purchase agreements. The credit period granted by the Group for retention sums is 8 months to 24 months (31.12.2018: 8 months to 24 months and 01.07.2018: 24 months). As at 31 December 2019, included in the retention sum is an amount of RM8,820,408 (31.12.2018: RM11,461,868) which is due from a company in which a former director has interest.

The Group has trade receivables totaling RM15,815,825 (31.12.2018: RM17,110,578 and 01.07.2018: RM40,037,642) that are past due at the end of the reporting period but against which the Group has not recognised an allowance for impairment loss as the amounts are still considered recoverable. The directors are of the opinion that these debts should be recovered in full without material losses in the ordinary course of business as the legal title to the properties sold remained with the Group until the purchase consideration is fully settled and mainly related to progress billings to be settled by the purchasers or the purchasers' end financiers. The Group does not hold any collateral over these balances.

Concentration of credit risk with respect to trade receivables in the current year and prior period is limited due to the Group's large number of customers, which are widely distributed and covers a broad range of end markets.

21. Trade receivables (continued)

The table below is an analysis of trade receivables at the end of the reporting period:

	The Group		
	31.12.2019	**31.12.2018**	**01.07.2018**
	RM	**RM**	**RM**
Neither past due nor impaired	34,682,291	9,487,424	4,600,400
Past due but not impaired	15,815,825	17,110,578	40,037,642
Past due and impaired	2,704,059	4,100,362	1,015,622
	53,202,175	30,698,364	45,653,664
Ageing of past due but not impaired			
Past due 1 to 30 days	3,923,162	4,812,153	12,337,386
Past due 31 to 60 days	4,628,565	2,238,843	14,508,538
Past due 61 to 90 days	579,348	1,408,657	9,960,281
Past due more than 90 days	6,684,750	8,650,925	3,231,437
	15,815,825	17,110,578	40,037,642
Ageing of past due and impaired			
Past due more than 90 days	2,704,059	4,100,362	1,015,622

	The Group		
	31.12.2019	**31.12.2018**	**01.07.2018**
	RM	**RM**	**RM**
Movement in the allowance for impairment loss			
At beginning of year/period	4,100,362	1,015,622	4,179,399
Allowance for the year/period	102,669	3,084,740	-
Reversal of allowance for impairment loss no longer required	(1,498,972)	-	(3,163,777)
At end of year/period	2,704,059	4,100,362	1,015,622

22. Other receivables and prepayments

	The Group		
	31.12.2019	**31.12.2018**	**01.07.2018**
	RM	**RM**	**RM**
Other receivables	23,308,621	23,977,456	34,857,537
Less: Allowance for doubtful debts	(325,047)	(325,047)	(325,047)
	22,983,574	23,652,409	34,532,490
Refundable deposits	14,838,319	16,891,240	15,030,503
Deposit for purchase of land	-	4,228,700	14,300,000
Prepayments	5,097,925	2,884,094	6,183,369
GST receivables	5,866,449	26,937,801	27,874,696
	48,786,267	74,594,244	97,921,058

	The Company		
	31.12.2019	**31.12.2018**	**01.07.2018**
	RM	**RM**	**RM**
Refundable deposits	-	53,742	-
Prepayments	5,516	41,544	5,094
	5,516	95,286	5,094

	The Group		
	31.12.2019	**31.12.2018**	**01.07.2018**
	RM	**RM**	**RM**
Movement in the allowance for impairment loss			
At beginning of year/period	325,047	325,047	-
Allowance for the year/period	-	-	325,047
At end of year/period	325,047	325,047	325,047

Included in other receivables of the Group is an amount of RM375,574 (31.12.2018: RM5,338,590 and 01.07.2018: RM37,470,092) receivable pursuant to the share sale agreement on the disposal of Ecity Hotel Sdn. Bhd. in the previous financial year.

23. Amount owing by subsidiaries

Amount owing by subsidiaries, which arose mainly from expenses paid on behalf and advances, are unsecured, interest-free and repayable on demand.

24. Cash and bank balances

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

	The Group		
	31.12.2019 RM	**31.12.2018 RM**	**01.07.2018 RM**
Fixed deposits with licensed banks	93,743,838	83,885,871	44,595,379
Investments in short-term funds	41,486	40,552	40,220
Deposits with licensed banks	93,785,324	83,926,423	44,635,599
Deposits under Housing Development Accounts	349,652,774	228,399,165	130,879,285
Cash on hand and in bank	26,221,793	32,028,808	11,181,529
Cash and bank balances	375,874,567	260,427,973	142,060,814
Total	469,659,891	344,354,396	186,696,413
Less: Fixed deposits with maturity period more than 90 days	(412,843)	(413,964)	(401,921)
Cash and cash equivalents	469,247,048	343,940,432	186,294,492

Fixed deposits amounting to RM38,611,797 (31.12.2018: RM43,676,269 and 01.07.2018: RM44,138,484) are pledged with licensed banks as disclosed in Note 27 and for bank guarantees as disclosed in Note 39.

	The Company		
	31.12.2019 RM	**31.12.2018 RM**	**01.07.2018 RM**
Fixed deposits with licensed banks	8,380,000	19,180,000	-
Investments in short-term funds	41,486	40,552	40,220
Deposits with licensed banks	8,421,486	19,220,552	40,220
Cash on hand and in bank	2,415,544	622,960	341,447
	10,837,030	19,843,512	381,667

Fixed deposits amounting to RM7,380,000 (31.12.2018: RM7,380,000) are pledged for bank guarantees as disclosed in Note 39.

24. Cash and bank balances (continued)

Fixed deposits with licensed banks earn interest at rates ranging from 1.60% to 3.45% (31.12.2018: 2.55% to 3.60% and 01.07.2018: 2.55% to 3.60%) per annum and have maturity periods ranging within 1 year (31.12.2018: within 1 year and 01.07.2018: within 1 year).

The investments in short-term funds are placements made in management funds that invest in fixed deposits and short-term money market instruments offered by banks or financial institutions which allow redemption with a notice period of one business day.

Deposits held under Housing Development Accounts are maintained in designated Housing Development Accounts pursuant to the Housing Developers (Control and Licensing) Act, 1966 and Housing Development (Housing Development Account) Regulations, 1991 in connection with the Group's property development projects. The utilisation of these balances are restricted, before completion of the housing development and fulfilling all relevant obligations to the purchasers, the cash could only be withdrawn from such accounts for the purpose of completing the particular projects concerned.

Included in deposits under the Housing Development Accounts is an amount of RM59,290,220 (31.12.2018: RM28,661,784 and 01.07.2018: RM28,210,445) in which the amount is held under a jointly managed account pursuant to the agreement entered into with PR1MA Corporation Malaysia.

25. Share capital

	Number of ordinary shares			Amount		
	31.12.2019	31.12.2018	01.07.2018	31.12.2019 RM	31.12.2018 RM	01.07.2018 RM
The Group and The Company						
Issued and fully paid	1,456,995,471	1,456,995,471	1,456,995,471	1,541,092,425	1,541,092,425	1,541,092,425

26. Reserves

(a) Reverse acquisition reserve

The reverse acquisition reserve arising from the reorganisation exercise which resulted to reverse acquisition of the Company by MCT Consortium Bhd. in 2015.

(b) Cashflow hedge reserve

The cash flow hedge reserve contains the effective portion of the cash flow hedge relationships as at the reporting date relates to the cross currency interest rate swaps entered by the Group to limit its exposure to foreign currency risk on its foreign currency loan.

27. Borrowings

	The Group		
	31.12.2019 RM	**31.12.2018 RM**	**01.07.2018 RM**
Current			
Secured:			
Term loans	-	53,138,506	28,774,388
Unsecured:			
Revolving credit	-	70,000,000	35,000,000
	-	123,138,506	63,774,388
Non-current			
Secured:			
Term loans	-	212,531,985	167,508,168
Total borrowings			
Term loans	-	265,670,491	196,282,556
Revolving credit	-	70,000,000	35,000,000
	-	335,670,491	231,282,556

	The Company		
	31.12.2019 RM	**31.12.2018 RM**	**01.07.2018 RM**
Current			
Unsecured:			
Revolving credit	-	70,000,000	35,000,000

27. Borrowings (continued)

The remaining maturities of the borrowings as at reporting dates are as follows:

	The Group		
	31.12.2019 RM	**31.12.2018 RM**	**01.07.2018 RM**
Current	-	123,138,506	63,774,388
Non-current:			
More than 1 year and less than 5 years	-	212,531,985	146,161,577
More than 5 years	-	-	21,346,591
	-	335,670,491	231,282,556

	The Company		
	31.12.2019 RM	**31.12.2018 RM**	**01.07.2018 RM**
Current	-	70,000,000	35,000,000

In the prior period, the borrowings were secured by the following:

- Assets held for sale, property, plant and equipment, investment properties, inventories - land held for property development, inventories - property development costs and fixed deposits as disclosed in Notes 12, 13, 14, 15, 19 and 24 respectively;
- A third party memorandum of deposit of fixed deposits belonging to the Group as disclosed in Note 24; and
- A joint and several guarantee by certain directors of the Company.

In the prior period, the borrowings bore interest at rates ranging from 4.27% to 8.40% and 01.07.2018: 4.27% to 7.65% per annum.

27. Borrowings (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows as cash flows from financing activities.

	31.12.2019 RM	31.12.2018 RM	01.07.2018 RM
The Group			
At beginning of year/period	335,670,491	231,282,556	237,618,253
Finance cost	-	-	19,983,305
Proceeds	19,950,415	168,963,676	85,040,984
Finance cost paid	-	-	(21,137,872)
Repayments	(355,620,906)	(64,575,741)	(90,222,114)
At end of year/period	-	335,670,491	231,282,556
The Company			
At beginning of year/period	70,000,000	35,000,000	-
Proceeds	-	55,000,000	50,000,000
Repayments	(70,000,000)	(20,000,000)	(15,000,000)
At end of year/period	-	70,000,000	35,000,000

28. Hire purchase payables

		The Group	
	31.12.2019 RM	31.12.2018 RM	01.07.2018 RM
Total outstanding	-	1,933,764	3,577,209
Less: Interest-in-suspense	-	(65,146)	(168,661)
Principal portion	-	1,868,618	3,408,548
Payable as follows:			
Within the next 12 months (shown under current liabilities)	-	1,541,043	2,161,789
Later than 1 year but not later than 2 years	-	313,786	1,122,727
Later than 2 years and not later than 5 years	-	13,789	124,032
	-	327,575	1,246,759
	-	1,868,618	3,408,548

The interest rates implicit in these hire-purchase obligations range from 2.30% to 3.91% in 31.12.2018 and 30.06.2018 per annum.

28. Hire purchase payables (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows as cash flows from financing activities.

	The Group		
	31.12.2019 RM	**31.12.2018 RM**	**01.07.2018 RM**
At beginning of year/period	1,868,618	3,408,548	6,242,454
Reclassification to lease liabilities payables (Note 29)	(1,868,618)	-	-
Repayments	-	(1,539,930)	(2,685,531)
Disposal of subsidiaries	-	-	(148,375)
At end of year/period	-	1,868,618	3,408,548

29. Lease liabilities

	The Group		
	31.12.2019 RM	**31.12.2018 RM**	**01.07.2018 RM**
At beginning of year/period	-	-	-
Adoption of MFRS 16	23,415,293	-	-
Reclassfication from hire purchase payables (Note 28)	1,868,618	-	-
Accretion of interest	561,988	-	-
Payments	(10,887,963)	-	-
At end of year/period	14,957,936	-	-
Current	8,739,325	-	-
Non-current	6,218,611	-	-
	14,957,936	-	-

30. Deferred tax assets/(liabilities)

	The Group		
	31.12.2019 RM	31.12.2018 RM	01.07.2018 RM
At beginning of year/period	(5,653,899)	4,351,697	5,013,675
(Charged)/credited to profit of loss (Note 10)			
Property, plant and equipment	657,731	(71,264)	(6,351,209)
Contract liabilities	(726,514)	(4,323,990)	(466,460)
Unrealised property development profits	8,596,210	(5,610,342)	6,155,691
	8,527,427	(10,005,596)	(661,978)
At end of year/period	2,873,528	(5,653,899)	4,351,697

Deferred tax assets provided in the financial statements are in respect of the tax effects of temporary differences arising from property, plant and equipment, contract liabilities and unrealised property development profits are recognised for tax and accounting purposes.

	The Group		
	31.12.2019 RM	31.12.2018 RM Restated	01.07.2018 RM Restated
Deferred tax assets (before offsetting):			
Temporary differences arising from:			
Unrealised property development profits	9,141,559	545,349	6,155,691
Contract liabilities	4,374,766	5,101,280	9,425,270
	13,516,325	5,646,629	15,580,961
Offsetting	(10,642,797)	(5,646,629)	(11,229,264)
Deferred tax assets (after offsetting)	2,873,528	-	4,351,697
Deferred tax liabilities (before offsetting):			
Temporary differences arising from property, plant and equipment	10,642,797	11,300,528	11,229,264
Offsetting	(10,642,797)	(5,646,629)	(11,229,264)
Deferred tax liabilities (after offsetting)	-	5,653,899	-

31. Trade payables

	The Group		
	31.12.2019 RM	31.12.2018 RM	01.07.2018 RM
Trade payables	58,627,418	126,021,004	79,511,194
Retention sum	45,994,818	40,108,148	37,130,341
	104,622,236	166,129,152	116,641,535

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period granted to the Group for trade purchase ranges from 30 to 90 days (31.12.2018: 30 to 90 days and 01.07.2018: 30 to 90 days).

32. Other payables and accrued expenses

	The Group		
	31.12.2019 RM	31.12.2018 RM	01.07.2018 RM
Non-current:			
Other payables	7,905,855	16,697,526	42,858,443
Current:			
Other payables	37,681,863	91,725,673	33,482,239
Accrued expenses	70,328,568	83,303,263	84,503,306
Deposits received	4,928,758	36,504,628	49,867,468
	112,939,189	211,533,564	167,853,013
	120,845,044	228,231,090	210,711,456

	The Company		
	31.12.2019 RM	31.12.2018 RM	01.07.2018 RM
Other payables	28,882	469,052	177,914
Accrued expenses	922,774	1,279,658	1,035,675
	951,656	1,748,710	1,213,589

Included in accrued expenses of the Group is an amount of RM18,544,489 (31.12.2018: RM17,460,324 and 01.07.2018: RM57,617,232) relating to accrued construction costs.

32. Other payables and accrued expenses (continued)

Included in other payables of the Group is an amount of RM16,697,526 (31.12.2018: RM47,749,177 and 01.07.2018: RM50,577,656) payable to a third party registered owner of a parcel of leasehold land ("Landowner"). The land cost payables consist of a loan obtained by the Landowner to be paid on behalf by the Group. The loan is repayable over 5 years starting from November 2016 with the interest of 8.75% per annum.

Deposits received are from the purchasers of the property development of the Group.

33. Provisions

		The Group	
	31.12.2019	**31.12.2018**	**01.07.2018**
	RM	**RM**	**RM**
Non-current:			
Provision for onerous contract	-	8,733,796	15,433,975
Current:			
Provision for onerous contract	-	5,493,501	1,146,234
	-	14,227,297	16,580,209

	The Group	
	31.12.2019	**31.12.2018**
	RM	**RM**
Movement in Provisions		
At beginning of year/period	14,227,297	16,580,209
Addition		(2,352,912)
Reclassification to right-of-use assets upon adoption of MFRS 16 (Note 14)	(14,227,297)	-
At end of year/period	-	14,227,297

Provision for onerous contract represent obligations arising from property development contracts with customers.

34. Amount owing to ultimate holding company

Amount owing to ultimate holding company represents unsecured advances, bearing an interest rate of 6.25% per annum and are not repayable within the next 12 months.

The amount owing to ultimate holding company is denominated in United States Dollar ("USD").

35. Derivative financial liabilities

	The Group		
	31.12.2019	31.12.2018	01.07.2018
	RM	RM	RM
At fair value			
Non-current			
Cross currency interest rate swaps	10,967,632	-	-

	The Company		
	31.12.2019	31.12.2018	01.07.2018
	RM	RM	RM
At fair value			
Non-current			
Cross currency interest rate swaps	10,967,632	-	-

The Group entered into and designated cross currency interest rate swaps as hedging instruments as a cash flow hedge from loan provided by ultimate holding company as disclosed in Note 34 denominated in USD and bearing interest at floating rate. These contracts are entered into for a period of 3 years with the foreign currency and floating interest rate exposures. As a result, the Group pays a fixed rate of interest on the loan. The terms of the cross currency interest rate swaps does not match the terms of the loan and the cash flow hedge have been assessed as partial effective. At the Group and the Company, ineffectiveness has arisen requiring recognition through profit or loss of RM1,171,715.

The fair value of cross currency interest rate swaps is estimated using valuation techniques with observable inputs, which uses present value calculations, incorporate various input including foreign exchange spot and interest rate curves.

36. Financial instruments

Capital Risk Management

The objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balances. The Group's overall strategy remains unchanged since previous financial years.

The capital structure of the Group consists of debts and equity of the Group.

The Group reviews the capital structure on a regular basis. As part of this review, the Group considers the cost of capital and the risks associated.

Gearing Ratio

Debts are defined as borrowings and lease liabilities as disclosed in Notes 27 and 29, respectively.

Equity includes share capital, reserves, retained earnings and non-controlling interests.

36. Financial instruments (continued)

Capital Risk Management (continued)

The gearing ratio at end of the reporting period is as follows:

	The Group		
	31.12.2019	**31.12.2018**	**01.07.2018**
	RM	**RM**	**RM**
		Restated	**Restated**
Total debts	15,354,510	337,539,109	234,691,104
Less: Deposits with licensed banks and cash and bank balances (Note 24)	(469,659,891)	(344,354,396)	(186,696,413)
Net (cash)/debts	(454,305,381)	(6,815,287)	47,994,691
Equity	904,823,955	861,154,453	801,545,770
Net debt to equity ratio	N/A	N/A	6%

Financial assets and financial liabilities are measured either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	The Group		
	31.12.2019	**31.12.2018**	**01.07.2018**
	RM	**RM**	**RM**
Financial assets			
At amortised cost:			
Trade receivables	104,775,050	129,467,611	58,333,465
Other receivables and prepayments	37,821,893	44,772,349	63,862,993
Cash and bank balances	469,659,891	344,354,396	186,696,413
Financial liabilities			
At amortised cost:			
Hire purchase liabilities	-	1,868,618	3,408,548
Lease liabilities	14,957,936	-	-
Borrowings	-	335,670,491	231,282,556
Trade payables	104,622,236	166,129,152	116,641,535
Other payables and accrued expenses	120,845,044	228,231,090	210,711,456
Amount owing to ultimate holding company	515,221,184	-	-
At fair value through profit or loss:			
Derivative financial liabilities	10,967,632	-	-

36. Financial instruments (continued)

	The Company		
	31.12.2019	**31.12.2018**	**01.07.2018**
	RM	**RM**	**RM**
Financial assets			
At amortised cost:			
Other receivables and prepayments	-	53,742	-
Amount owing by subsidiaries	896,014,430	437,366,203	422,122,314
Cash and bank balances	10,837,030	19,843,512	381,667
Financial liabilities			
At amortised cost:			
Borrowings	-	70,000,000	35,000,000
Other payables and accrued expenses	951,656	1,748,710	1,213,589
Amount owing to ultimate holding company	515,221,184	-	-
At fair value through profit or loss:			
Derivative financial liabilities	10,967,632	-	-

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's financial risk management principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities.

Interest Rate Risk Management

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing borrowings. The interest rates for borrowings is disclosed in Note 27. Interest rate for lease liabilities, is fixed at the inception of the financing arrangement and amount due to ultimate holding company is managed using cross currency interest rate swap.

The Group's exposures to interest rates on financial liabilities are detailed below. The sensitivity analysis below has been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year/period. A 50 basis point increases or decreases in the interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

36. Financial instruments (continued)

Interest Rate Risk Management (continued)

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the financial impact of the Group for the year/period would be decreased/increased as follows:

	The Group	
	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM
Interest expense recognised in profit or loss	-	207,280
Interest expense capitalised in property development costs	-	486,617
Interest expense capitalised in investment properties	-	122,439
Interest expense capitalised in property, plant and equipment	-	22,840

	The Company	
	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM
Interest expense recognised in profit or loss	-	175,000

Currency Risk

The Group exposure to foreign currency exchange risk is in respect of its USD denominated advances from its ultimate holding company are mitigated as the Group hedges the foreign currency by entering into a cross currency swap.

Credit Risk Management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk in relation to its trade and other receivables and intercompany balances, should all its customers fail to perform their obligations as at 31 December 2019, is the carrying amount of these receivables as disclosed in statements of financial position.

In respect of trade receivables arising from sale of development properties, the Group mitigates its credit risk by maintaining its name as the registered owner of the development properties until full settlement by the purchasers or the purchasers' end-financiers.

36. Financial instruments (continued)

Credit Risk Management (continued)

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, other than as disclosed in Note 21. The Group defines counterparties having similar characteristics if they are related entities.

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with management of the Group, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the liquidity analysis for its financial liabilities based on the contractual maturity of these financial instruments. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest contractual date on which the Group can be required to pay.

	Less than 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM
The Group				
31.12.2019				
Financial liabilities				
Non-interest bearing:				
Trade payables	104,622,236	-	-	104,622,236
Other payables and accrued expenses	104,147,484	-	-	104,147,484
	208,769,720	-	-	208,769,720
Interest bearing:				
Lease liabilities	9,818,362	7,334,570	-	17,152,932
Other payables	9,905,868	8,254,890	-	18,160,758
Amount owing to utimate holding company	30,615,478	575,507,813	-	606,123,291
	50,339,708	591,097,273	-	641,436,981
	259,109,428	591,097,273	-	850,206,701

36. Financial instruments (continued)

Liquidity Risk Management (continued)

	Less than 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM
The Company				
31.12.2019				
Financial liabilities				
Non-interest bearing:				
Other payables and accrued expenses	951,656	-	-	951,656
Interest bearing:				
Amount owing to utimate holding company	30,615,478	575,507,813	-	606,123,291
	31,567,134	575,507,813	-	607,074,947
The Group				
31.12.2018				
Financial liabilities				
Non-interest bearing:				
Trade payables	166,129,152	-	-	166,129,152
Other payables and accrued expenses	180,481,913	-	-	180,481,913
	346,611,065	-	-	346,611,065
Interest bearing:				
Borrowings	131,436,756	224,289,049	-	355,725,805
Hire purchase payables	1,599,575	334,189	-	1,933,764
Other payables	34,905,868	18,160,758	-	53,066,626
	167,942,199	242,783,996	-	410,726,195
	514,553,264	242,783,996	-	757,337,260

36. Financial instruments (continued)

Liquidity Risk Management (continued)

	Less than 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM
The Company				
31.12.2018				
Financial liabilities				
Non-interest bearing:				
Other payables and accrued expenses	1,748,710	-	-	1,748,710
Interest bearing:				
Borrowings	70,427,551	-	-	70,427,551
The Group				
01.07.2018				
Financial liabilities				
Non-interest bearing:				
Trade payables	116,641,535	-	-	116,641,535
Other payables and accrued expenses	160,133,799	-	-	- 160,133,799
	276,775,334	-	-	276,775,334
Interest bearing:				
Borrowings	72,270,628	181,839,834	27,962,883	282,073,345
Hire purchase payables	2,245,370	1,331,839	-	3,577,209
Other payables	9,905,868	48,113,692	-	58,019,560
	84,421,866	231,285,365	27,962,883	343,670,114
	361,197,200	231,285,365	27,962,883	620,445,448

36. Financial instruments (continued)

Liquidity Risk Management (continued)

	Less than 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM
The Company				
01.07.2018				
Financial liabilities				
Non-interest bearing:				
Other payables and accrued expenses	1,213,589	-	-	1,213,589
Interest bearing:				
Borrowings	35,653,691	-	-	35,653,691

Cash Flow Risk Management

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Hedging Activities and Derivative

The Group and the Company is exposed to currency risk and interest risk. The primary risks are managed using cross currency interest rate swap by borrowing at a floating rate.

The Group and the Company determines the existence of an economic relationship between hedging instrument and hedged item based on the reference of interest rate, currency, amount and timing of their respective cash flows.

36. Financial instruments (continued)

Hedging activities and derivative (continued)

The derivative has the following maturity profile:

	Less than 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM
The Group and the Company				
31.12.2019				
Cross currency interest rate swap	-	10,967,632	-	10,967,632
Average rate of interest	-	4.15%	-	4.15%
Average fixed foreign exchange rate	-	4.16	-	4.16

The amounts relating to items designated as hedging instruments and hedge effectiveness as at reporting date are as follows:

	Nominal value RM	Carrying amount RM	Changes in the value of hedging instruments recognised RM
Cross currency interest rate swap	519,570,500	10,967,632	(1,850,417)

Fair Values

The fair value of long-term financial liabilities are determined by the present value of future cash flow estimated and discounted using the market incremental lending rate for similar instruments at the end of the reporting period.

The fair value of derivative instruments are calculated based on the present value of future principal and interest cash flows. The spot rates, forward rates and foreign exchange rates used to calculate present value are directly observerable from the market.

36. Financial instruments (continued)

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM	Level 2 RM	Level 3 RM
The Group			
31.12.2019			
Assets disclosed at fair value			
Investment properties	-	-	46,078,380
Derivatives financial liabilities			
Cross currency interest rate swap	-	10,967,632	-
The Company			
31.12.2019			
Derivatives financial liabilities			
Cross currency interest rate swap	-	10,967,632	-

37. Significant Related Party Transactions

In addition to the related party information disclosed elsewhere in the financial statements, set out below are the significant related party transactions entered into by the Group, which were determined based on negotiations agreed between the parties, are as follows:

	The Group	
	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM
(Income)/Expense:		
Interest paid/payable to ultimate holding company	9,746,043	-
Advances from ultimate holding company	719,079,425	-
Repayment made to ultimate holding company	(199,508,925)	-
Rental of premises paid/payable to related parties	1,992,327	891,972
Utilities fees received/receivable from related parties	4,483,158	1,550,134
Property management fees received/receivable from related parties	-	131,000
Rectification of defect work paid to a company in which to a former director has interest	2,641,460	-

Related parties refer to companies in which certain directors of the Company have interests.

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include directors of the Company, and certain members of senior management of the Group.

	The Group		The Company	
	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM	01.01.2019 to 31.12.2019 (12 months) RM	01.07.2018 to 31.12.2018 (6 months) RM
Salaries and other remunerations	7,395,982	3,820,069	643,819	192,906
Defined contribution plans	692,615	400,294	-	-
Benefit-in-kind	129,821	34,558	-	26,000
	8,218,418	4,254,921	643,819	218,906

38. Commitments

Group as a lessee

(a) Rental and operating commitment

At the end of the reporting period, the Group has the folowing commitments:

		The Group	
	31.12.2019	**31.12.2018**	**01.07.2018**
	RM	**RM**	**RM**
Rental commitments from leaseback arrangement:			
Less than 1 year	-	8,733,519	6,681,234
More than 1 year and less than 2 years	-	9,041,019	8,887,269
More than 2 years than less than 5 years	-	6,658,595	11,217,542
	-	24,433,133	26,786,045
Operating lease commitments:			
Less than 1 year	-	776,332	1,964,367
More than 1 year but not later than 2 years	-	632	-
	-	776,964	1,964,367
	-	25,210,097	28,750,412

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38. Commitments (continued)

(a) Rental and operating commitment (continued)

Group as a lessor

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	The Group		
	31.12.2019	**31.12.2018**	**01.07.2018**
	RM	**RM**	**RM**
Less than 1 year	460,766	-	16,800
More than 1 year and less than 2 years	456,912	-	-
More than 2 years than less than 5 years	57,294	-	-
	974,972	-	16,800

(b) Purchase of land and property, plant and equipment

	The Group		
	31.12.2019	**31.12.2018**	**01.07.2018**
	RM	**RM**	**RM**
Approved and contracted for:			
Purchase of land for development	-	38,058,300	128,700,000
Purchase of property, plant and equipment	1,393,519	-	-

39. Contingent liabilities

	The Group		
	31.12.2019	**31.12.2018**	**01.07.2018**
	RM	**RM**	**RM**
Performance bond provided in favour of third parties pursuant to the construction and/or development projects of the Group	15,619,626	61,112,140	53,062,572

40. Material Litigation

There was a suit filed on 4 December 1996 by Chellappa A/L Kalimuthu (suing as a public officer of Sri Maha Mariamman Temple, Hicom, Shah Alam, Selangor pursuant to Section 9(c) of the Society Act 1996) on behalf of a society ("Society") ("Plaintiff"). The suit is relating to a claim against three parties, namely Sime UEP Properties Bhd, Pengarah Perancang Bandar dan Desa Negeri Selangor Darul Ehsan, and Kerajaan Negeri Selangor Darul Ehsan in relation to the portion of the land owned by One City Development Sdn. Bhd. ("OCD"), an indirect wholly-owned subsidiary of the Company and held under Geran 284076, Lot 81278 Mukim Damansara, Daerah Petaling, Negeri Selangor ("Master Title") on which an Indian Temple, Kuil Sri Maha Mariamman ("Existing Temple") was erected ("Land Portion"). The Plaintiff, had then on 19 February 2010, filed an application to add OCD, as the fourth defendant, being the registered proprietor of the Master Title and such application was allowed on 29 March 2010.

The Originating Summons ('OS'), which was initiated by Chellappa a/l Kalimuthu, President of the Jawatankuasa Pengurusan Kuil ('Chellappa') of Sri Maha Mariamman temple ('Temple'), is an application to the High Court on 3 May 2019 for the purposes of seeking a Court Declaration for the following Orders:

(i) A declaration that the affairs of the Temple are subject to a constructive trust for religious purposes;

(ii) the administration and management of the Temple;

(iii) the vesting of immovable properties (if any) of the Temple or to be donated to the Temple or to be acquired for the benefit of the Temple to the Court appointed Trustees;

(iv) intervention of the Attorney General ("AG') in respect of matters involving the Temple.

For this Application by way of OS, one of the four (4) Defendants is One City Development Sdn Bhd ('OCD'), a subsidiary of MCT Berhad, who is the legal proprietor of the land where the said Temple is located.

It has been decided by OCD's management, in order to avoid any controversy and bad publicity, to sub-divide the land where the Temple is built and hand the parcel over the constructive trust managed by two (2) trustees, to be duly appointed by the Temple.

OCD responded by filing an affidavit in reply on 30 May 2019 and a supplemental affidavit on 12 July 2019.

The AG has filed an application to intervene in the matter, which was allowed by the Court on 25 February 2020. Due to the Movement Control Order by the Government of Malaysia, the case management dated 26 March 2020 has been vacated and rescheduled to 26 June

Two (2) trustees have been identified and will be appointed by the consent of the different factions of the temple management. The plaintiff's counsel will contact the AG to arrange for a meeting will all parties to discuss on the terms of the appointment and transfer of the

40. Material Litigation (continued)

On the assumption that the different factions of the temple management are in agreement with the appointment of the trustees and an agreement can be reached on the terms for the transfer of the temple land to be held by the trustees, there is no need for parties to file written submissions for the hearing held on 26 June 2020 as a consent order will be recorded instead. The case management scheduled on 26 June 2020 was therefore vacated and rescheduled again on 26 September 2020 for parties to update the Court on the progress of the settlement/discussion.

41. Segmental reporting

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. For management purposes, the Group is organised into the following operating divisions:

(i)	Property development	- Property development of residential and commercial properties.
(ii)	Construction activities	- Construction, providing civil and mechanical engineering services.
(iii)	Investment holding	- Investment holding.
(iv)	Complementary business	- Operating in fitness center and leasing of properties.
(iv)	Others	- Property management and utility services provider.

No information on geographical areas is presented as the Group operates mainly in Malaysia.

41. Segmental Reporting (continued)

1 January 2019 to 31 December 2019 (12 months)	**Property development RM**	**Construction activities RM**	**Investment holding RM**	**Complementary business RM**	**Others RM**	**Total RM**	**Elimination RM**	**The Group RM**
Revenue								
External revenue	438,785,616	-	-	2,955,946	17,314,619	459,056,181	-	459,056,181
Inter-segment revenue	-	251,700,226	-	78,196,769	2,246,749	332,143,744	(332,143,744)	-
Total revenue	438,785,616	251,700,226	-	81,152,715	19,561,368	791,199,925	(332,143,744)	459,056,181
Results								
Operating profit/ (loss)	(19,209,954)	2,955,071	(5,822,739)	5,546,914	(878,606)	(17,409,314)	71,713,422	54,304,108
Interest income	6,996,625	183,624	471,110	320,522	319,363	8,291,244	-	8,291,244
Other income	136,384	809,933	14,363,577	9,868,256	563,174	25,741,324	(14,306,609)	11,434,715
Finance costs	(10,659,814)	(3,078,112)	(15,281,753)	(1,518,655)	(794,344)	(31,332,678)	11,680,456	(19,652,222)
Profit/(Loss) before tax	(22,736,759)	870,516	(6,269,805)	14,217,037	(790,413)	(14,709,424)	69,087,269	54,377,845
Income tax expense	(4,477,172)	(2,505,065)	(40,782)	(1,758,781)	(76,126)	(8,857,926)	-	(8,857,926)
Profit/(Loss) after tax	(27,213,931)	(1,634,549)	(6,310,587)	12,458,256	(866,539)	(23,567,350)	69,087,269	45,519,919

41. Segmental Reporting (continued)

31 December 2019	Property development RM	Construction activities RM	Investment holding RM	Complementary business RM	Others RM	Total RM	Elimination RM	The Group RM
Assets and liabilities								
Segment assets	2,232,509,814	683,925,521	2,259,612,338	190,517,930	106,266,358	5,472,831,961	(3,661,727,668)	1,811,104,293
Tax recoverable and deferred tax assets	16,467,751	7,551,900	-	815,636	27,620	24,862,907	6,587,963	31,450,870
Total Assets	2,248,977,565	691,477,421	2,259,612,338	191,333,566	106,293,978	5,497,694,868	(3,655,139,705)	1,842,555,163
Segment liabilities	1,769,797,265	558,416,658	698,128,630	142,664,584	124,951,051	3,293,958,188	(2,359,692,136)	934,266,052
Tax liabilities	1,894,629	-	25,806	1,544,721	-	3,465,156	-	3,465,156
Total liabilities	1,771,691,894	558,416,658	698,154,436	144,209,305	124,951,051	3,297,423,344	(2,359,692,136)	937,731,208
Other segment information								
Capital expenditure:								
Investment properties	605,536	-	-	-	-	605,536		
Property, plant and equipment	9,823,043	268,800	-	86,108	6,009,961	16,187,912		

41. Segmental Reporting (continued)

1 January 2019 to 31 December 2019 (12 months)	Property development RM	Construction activities RM	Investment holding RM	Complementary business RM	Others RM	Total RM
Depreciation of:						
Property, plant and equipment	5,259,716	4,476,532	-	525,587	2,876,624	13,138,459
Investment properties	434,533	-	-	-	-	434,533
	5,694,249	4,476,532	-	525,587	2,876,624	13,572,992
Impairment loss on invesment properties	14,621,674	-	-	-	-	14,621,674
Allowance for impairment loss	102,669	-	-	-	-	102,669
Reversal of allowance for impairment loss	1,498,972	-	-	-	-	1,498,972

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41. Segmental Reporting (continued)

Restated 1 July 2018 to 31 December 2018 (6 months)	**Property development RM**	**Construction activities RM**	**Investment holding RM**	**Complementary business RM**	**Others RM**	**Total RM**	**Elimination RM**	**The Group RM**
Revenue								
External revenue	320,576,103	-	-	880,006	9,423,275	330,879,384	-	330,879,384
Inter-segment revenue	-	116,929,441	-	55,339,954	431,902	172,701,297	(172,701,297)	-
Total revenue	320,576,103	116,929,441	-	56,219,960	9,855,177	503,580,681	(172,701,297)	330,879,384
Results								
Operating profit/ (loss)	30,488,973	13,655,231	(1,908,895)	1,349,715	(2,816,517)	40,768,507	36,674,693	77,443,200
Interest income	2,242,800	85,159	28,747	100,481	151,975	2,609,162	-	2,609,162
Other income	4,748,951	709,090	2,478,885	2,635,003	69,951	10,641,880	(6,737,035)	3,904,845
Finance costs	(4,494,926)	(574,787)	(1,879,554)	(46,036)	(417,007)	(7,412,310)	1,476,378	(5,935,932)
Profit/(Loss) before tax	32,985,798	13,874,693	(1,280,817)	4,039,163	(3,011,598)	46,607,239	31,414,036	78,021,275
Income tax expense	(16,448,423)	(3,504,739)	-	(558,922)	(166,926)	(20,679,010)	2,266,418	(18,412,592)
Profit/(Loss) after tax	16,537,375	10,369,954	(1,280,817)	3,480,241	(3,178,524)	25,928,229	33,680,454	59,608,683

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41. Segmental Reporting (continued)

Restated 31 December 2018	**Property development RM**	**Construction activities RM**	**Investment holding RM**	**Complementary business RM**	**Others RM**	**Total RM**	**Elimination RM**	**The Group RM**
Assets and liabilities								
Segment assets	2,141,486,651	645,070,725	1,728,666,709	208,052,880	95,459,068	4,818,736,033	(3,075,564,663)	1,743,171,370
Tax recoverable and deferred tax assets	12,518,260	11,518,901	-	5,723,314	41,542	29,802,017	2,211,982	32,013,999
Total Assets	2,154,004,911	656,589,626	1,728,666,709	213,776,194	95,500,610	4,848,538,050	(3,073,352,681)	1,775,185,369
Segment liabilities	1,735,996,456	531,268,493	159,049,128	130,323,422	113,272,698	2,669,910,197	(1,767,730,040)	902,180,157
Tax liabilities	11,738,929	-	-	86,701	25,129	11,850,759	-	11,850,759
Total liabilities	1,747,735,385	531,268,493	159,049,128	130,410,123	113,297,827	2,681,760,956	(1,767,730,040)	914,030,916

Other segment information

Capital expenditure:						
Investment properties	7,533,791	-	-	-	-	7,533,791
Property, plant and equipment	6,250,815	139,123	-	166,078	89,769	6,645,785
Inventories - Land held for property development	152,522,004	-	-	-	-	152,522,004

41. Segmental Reporting (continued)

1 July 2018 to 31 December 2018 (6 months)	Property development RM	Construction activities RM	Investment holding RM	Complementary business RM	Others RM	Total RM
Depreciation of:						
Property, plant and equipment	643,737	2,448,065	-	818,100	1,062,378	4,972,280
Investment properties	322,980	-	-	-	-	322,980
	966,717	2,448,065	-	818,100	1,062,378	5,295,260
Impairment loss on property, plant and equipment	-	-	-	-	848,001	848,001
Allowance for impairment loss on trade receivables	1,004,850	-	-	-	2,079,890	3,084,740

42. Prior year adjustments

In the current financial year, the Group has reassessed and effected prior year adjustments arrising from the following:

Accounting for borrowing costs incurred for phases which have already been launched for sale

Development projects which have been launched for sale are no longer "qualifying assets", and consequently, borrowing costs incurred should not be capitalised, following the International Financial Reporting Interpretations Committee ("IFRIC") agenda decision which was issued in March 2019.

Based on the announcement made by Malaysian Accounting Standard Board ("MASB") on 20 March 2020, the application of this agenda decision would be required for annual financial periods beginning on or after 1 July 2020. However, the Group has decided to early adopt this requirement and consequently, the prior year comparatives have been restated accordingly.

Accounting for borrowing costs incurred to acquire land

Borrowing costs incurred to acquired the land that has no active development since the date of acquisition cannot be capitalised due to the following:

(i) The land is not a "qualifying assets" as there are no activities that are necessary to prepare the asset for its intended use or sale since 2015 until 2019; and

(ii) The borrowing cost incurred to pay the loan is the financing elements on the land acquisition and not part of the purchase price of the land.

Accounting for deferred tax asset ("DTA") recognised at consolidation level arising from intragroup asset disposal

During the year, the Group has re-assessed the recoverability of deferred tax asset recognised by the Group. Upon re-assessment, RM7,585,296 deferred tax assets ("DTA") arising from intragroup asset disposal in November 2017 has been reversed.

42. Prior year adjustments (continued)

Certain comparative have been restated to comfort with current year presentation. The effects of the restatement of the prior year comparatives are summarized below.

Effects of prior year adjustments on the statement of financial position

The Group	As reported previously RM	Prior year adjustments RM	1 July 2018 As restated RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	128,044,376	-	128,044,376
Investment properties	388,589,297	-	388,589,297
Deferred tax assets	11,936,993	(7,585,296)	4,351,697
Inventories - Land held for property development	112,718,447	(11,198,635)	101,519,812
Total Non-Current Assets	641,289,113	(18,783,931)	622,505,182
Current Assets			
Inventories	4,671,474	-	4,671,474
Inventories - Property development costs	290,879,619	(2,744,679)	288,134,940
Contract assets	286,594,311	-	286,594,311
Trade receivables	58,333,465	-	58,333,465
Other receivables and prepaid expenses	97,921,058	-	97,921,058
Tax recoverable	28,341,347	-	28,341,347
Deposits with licensed banks	44,635,599	-	44,635,599
Cash and bank balances	142,060,814	-	142,060,814
	953,437,687	(2,744,679)	950,693,008
Non-current assets held for sale	11,931,911	-	11,931,911
Total Current Assets	965,369,598	(2,744,679)	962,624,919
Total Assets	1,606,658,711	(21,528,610)	1,585,130,101

42. Prior year adjustments (continued)

Effects of prior year adjustments on the statement of financial position (continued)

The Group	As reported previously RM	Prior year adjustments RM	1 July 2018 As restated RM
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	1,541,092,425	-	1,541,092,425
Reserves	(1,062,626,723)	-	(1,062,626,723)
Retained earnings	343,137,025	(21,528,610)	321,608,415
	821,602,727	(21,528,610)	800,074,117
Non-controlling interests	1,471,653	-	1,471,653
Total Equity	823,074,380	(21,528,610)	801,545,770
Non-Current Liabilities			
Borrowings	167,508,168	-	167,508,168
Lease liabilities	1,246,759	-	1,246,759
Other payables	42,858,443	(15,433,975)	27,424,468
Provisions	-	15,433,975	15,433,975
Contract liabilities	-	5,402,863	5,402,863
Total Non-Current Liabilities	211,613,370	5,402,863	217,016,233
Current Liabilities			
Trade payables	116,641,535	-	116,641,535
Other payables and accrued expenses	199,626,965	(16,339,977)	183,286,988
Provisions	-	1,146,234	1,146,234
Contract liabilities	189,743,466	9,790,880	199,534,346
Borrowings	63,774,388	-	63,774,388
Lease liabilities	2,161,789	-	2,161,789
Tax liabilities	22,818	-	22,818
Total Current Liabilities	571,970,961	(5,402,863)	566,568,098
Total Liabilities	783,584,331	-	783,584,331
Total Equity and Liabilities	1,606,658,711	(21,528,610)	1,585,130,101

42. Prior year adjustments (continued)

Effects of prior year adjustments on the statement of financial position (continued)

The Group	As reported previously RM	Prior year adjustments RM	31 December 2018 As restated RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	272,081,941	-	272,081,941
Investment properties	251,881,846	-	251,881,846
Deferred tax assets	1,931,397	(7,585,296)	(5,653,899)
Inventories - Land held for property development	410,240,438	(12,378,880)	397,861,558
Total Non-Current Assets	936,135,622	(19,964,176)	916,171,446
Current Assets			
Inventories	5,461,139	-	5,461,139
Inventories - Property development costs	180,282,612	(2,414,112)	177,868,500
Contract assets	50,599,742	-	50,599,742
Trade receivables	129,467,611	-	129,467,611
Other receivables and prepaid expenses	74,594,244	-	74,594,244
Tax recoverable	32,013,999	-	32,013,999
Deposits with licensed banks	83,926,423	-	83,926,423
Cash and bank balances	260,427,973	-	260,427,973
	816,773,743	(2,414,112)	814,359,631
Non-current assets held for sale	39,000,393	-	39,000,393
Total Current Assets	855,774,136	(2,414,112)	853,360,024
Total Assets	1,791,909,758	(22,378,288)	1,769,531,470

42. Prior year adjustments (continued)

Effects of prior year adjustments on the statement of financial position (continued)

The Group	As reported previously RM	Prior year adjustments RM	31 December 2018 As restated RM
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	1,541,092,425	-	1,541,092,425
Reserves	(1,062,626,723)	-	(1,062,626,723)
Retained earnings	403,610,019	(22,378,288)	381,231,731
	882,075,721	(22,378,288)	859,697,433
Non-controlling interests	1,457,020	-	1,457,020
Total Equity	883,532,741	(22,378,288)	861,154,453
Non-Current Liabilities			
Contract liabilities	-	5,271,412	5,271,412
Borrowings	212,531,985	-	212,531,985
Lease liabilities	327,575	-	327,575
Other payables	16,697,526	-	16,697,526
Provisions	-	8,733,796	8,733,796
Total Non-Current Liabilities	229,557,086	14,005,208	243,562,294
Current Liabilities			
Trade payables	166,129,152	-	166,129,152
Other payables and accrued expenses	239,379,347	(27,845,783)	211,533,564
Provisions	-	5,493,501	5,493,501
Contract liabilities	142,435,023	8,347,074	150,782,097
Borrowings	123,138,506	-	123,138,506
Lease liabilities	1,541,043	-	1,541,043
Tax liabilities	6,196,860	-	6,196,860
Total Current Liabilities	678,819,931	(14,005,208)	664,814,723
Total Liabilities	908,377,017	-	908,377,017
Total Equity and Liabilities	1,791,909,758	(22,378,288)	1,769,531,470

42. Prior year adjustments

Effects of prior year adjustments on the statement of profit or loss and other comprehensive income for the period ended 31 December 2018

The Group	As reported previously RM	Prior year adjustments RM	Reclassi-fications RM	As restated RM
Continuing operations				
Revenue	330,879,384	-	-	330,879,384
Cost of sales	(200,646,411)	3,063,085	(1,898,481)	(199,481,807)
Gross profit	130,232,973	3,063,085	(1,898,481)	131,397,577
Other income	6,514,007	-	-	6,514,007
Selling and marketing expenses	(6,467,007)	-	1,898,481	(4,568,526)
Direct operating and general administrative expenses	(49,385,851)	-	-	(49,385,851)
Finance costs	(2,023,169)	(3,912,763)	-	(5,935,932)
Profit before tax	78,870,953	(849,678)	-	78,021,275
Income tax expense	(18,412,592)	-	-	(18,412,592)
Profit for the period	60,458,361	(849,678)	-	59,608,683
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	60,458,361	(849,678)	-	59,608,683

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42. Prior year adjustments

Effects of prior year adjustments on the statement of cash flow for the period ended 31 December 2018

	As reported previously RM	Prior year adjustments RM	As restated RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit before tax:			
Continuing operations	78,870,953	(849,678)	78,021,275
	78,870,953	(849,678)	78,021,275
Adjustment for:			
Depreciation of:			
Property, plant and equipment	3,009,579	-	3,009,579
Investment properties	322,986	-	322,986
Impairment loss on property, plant and equipment	848,001	-	848,001
Finance costs	2,023,169	3,842,546	5,865,715
Lease interest	-	70,217	70,217
Allowance for impairment loss no longer required	3,084,740	-	3,084,740
Bad debts written off	5,409	-	5,409
Gain on disposal of property, plant and equipment	(271,444)	-	(271,444)
Gain on disposal of assets held for sale	(2,568,089)	-	(2,568,089)
Property,plant and equipment written off	86,140	-	86,140
Interest income	(2,609,162)	-	(2,609,162)
Unrealised loss on foreign exchange	(34,273)	-	(34,273)
Operating Profit Before Working Capital Changes	82,768,009	3,063,085	85,831,094
(Increase)/Decrease in:			
Inventories	(789,665)	-	(789,665)
Inventories - Properties development costs	(75,321,144)	(3,063,085)	(78,384,229)
Contract assets	235,994,569	-	235,994,569
Trade receivables	(68,043,997)	-	(68,043,997)
Other receivables and prepaid expenses	23,326,814	-	23,326,814

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Notes to the financial statements
For the financial year ended 31 December 2019 (continued)

42. Prior year adjustments

Effects of prior year adjustments on the statement of cash flow for the period ended 31 December 2018 (continued)

The Group	**As reported previously RM**	**Prior year adjustments RM**	**As restated RM**
(Decrease)/Increase in:			
Contract liabilities	(51,236,612)	-	(51,236,612)
Trade payables	49,453,344	-	49,453,344
Other payables and accrued expenses	17,519,634	-	17,519,634
Provisions			
Cash Used In Operations	213,670,952	-	213,670,952
Tax paid	(5,905,606)	-	(5,905,606)
Net Cash From Operating Activities	207,765,346	-	207,765,346
CASH FLOWS GENERATED FROM/ (USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment	911,499	-	911,499
Proceeds from disposal of assets held for sale	14,500,000	-	14,500,000
Interest received	2,609,162	-	2,609,162
Under additions to:			
Investment properties	(7,553,791)	-	(7,553,791)
Property, plant and equipment	(6,645,785)	-	(6,645,785)
Land held for property development	(152,522,004)	1,180,245	(151,341,759)
Fixed deposits with maturity period more than 90 days	(12,043)	-	(12,043)
Net Cash Used In Investing Activities	(148,712,962)	1,180,245	(147,532,717)

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Notes to the financial statements
For the financial year ended 31 December 2019 (continued)

42. Prior year adjustments

Effects of prior year adjustments on the statement of cash flow for the period ended 31 December 2018 (continued)

The Group	As reported previously RM	Prior year adjustments RM	As restated RM
CASH FLOWS GENERATED FROM/ (USED IN) FINANCING ACTIVITIES			
Drawdown of term loans	113,963,676	-	113,963,676
Proceed from bank borrowings	55,000,000	-	55,000,000
Repayment of:			
Term loans	(44,575,741)	-	(44,575,741)
Bank borrowings	(20,000,000)	-	(20,000,000)
Lease liabilities	(1,539,930)	-	(1,539,930)
Finance costs paid	(4,254,449)	(1,180,245)	(5,434,694)
Net Cash Generated From Financing Activities	98,593,556	(1,180,245)	97,413,311
NET INCREASE IN CASH AND CASH EQUIVALENTS	157,645,940	-	157,645,940
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	186,294,492	-	186,294,492
CASH AND CASH EQUIVALENTS AT END OF PERIOD	343,940,432	-	343,940,432

43. Comparatives

(i) The comparative figures in respect of financial year ended 31 December 2018 have been audited by a firm other than Ernst & Young PLT.

(ii) In the previous financial period, the financial year end of the Group was changed from 30 June to 31 December to be co-terminous with that of its ultimate holding company, which covers a period of 6 months. Accordingly, the comparative amounts for the statement of comprehensive income, statement of cash flows, statement of changes in equity and related notes are not of comparable year and are not comparable.

44. Subsequent event

On 11 March 2020, the World Health Organisation (WHO) declared Covid-19 a worldwide pandemic. With widespread concerns about the ongoing Covid-19 pandemic, the government of Malaysia had declared a Movement Control Order ("MCO") from 18 March 2020. The MCO encompasses restriction of movement and assembly nationwide, and closure of all government and private premises except those involved in essential services. Subsequently, the Group resumed its operations in May 2020, in line with the announcement by the government that most businesses were allowed to resume operations, following the implementation of the recent phase of the conditional MCO ("CMCO"), which remains in place up to 9 June 2020 and then Recovery MCO were announced to continue till 31 August 2020 ("the MCO Periods").

The Group has concluded that the effect of the Covid-19 pandemic is a non-adjusting subsequent event as at 31 December 2019. However, the Covid-19 pandemic, if prolonged, will adversely impact the market outlook and operating conditions of the various business segments of the Group. The results and financial position of the Group subsequent to year end are expected to be impacted by various factors, including the following:

(i) The softening demand and outlook of the property development and property investment segments which have adversely impacted the revenues from the sale of completed properties and the rental income for the investment properties of the Group; and

(ii) The re-assessment of the carrying amounts of certain assets of the Group, including the investment properties. The fair values of the investment properties are derived based on certain key assumptions of the market conditions prevailing as at 31 December 2019. Any changes to these key assumptions and market conditions subsequent to year end would impact the subsequent fair values of these investment properties.

(iii) The timeliness of delivery of the Group's properties to the customers may be delayed owing to various restriction imposed during the MCO periods.

However, the estimate of the financial impact cannot be reasonably determined at this juncture. The Group is taking the necessary steps to mitigate the risks arising from the Covid-19 pandemic, including the prudent management of its cash flows from its operating, investing and financing activities.

45. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 30 June 2020.

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