





VISION

- To be the leading lifestyle and innovative property developer in the region.

MISSION

- To lead through innovative designs, concepts and products.
- To create enduring value to customers through quality and creative craftsmanship, good master planning and service experience.
- To be responsive to market trends and lifestyle aspirations for the future.
- To deliver sustainable returns to shareholders.



MALTON BERHAD

[Registration No: 199401035205 (320888-T)]

Annual Report 2020

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CORPORATE INFORMATION

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BOARD OF DIRECTORS

Tan Sri Lim Siew Choon
Non-Independent Non-Executive Chairman

Puan Sri Tan Kewi Yong
Executive Director

Guido Paul Philip Joseph Ravelli
Deputy Chairman/
Independent Non-Executive Director

Chua Thian Teck
Executive Director

Hong Lay Chuan
Executive Director

Hj Ahmad bin Hj Ismail, PJK
Independent Non-Executive Director

Dato' Siew Mun Wai
Independent Non-Executive Director

AUDIT COMMITTEE

Guido Paul Philip Joseph Ravelli
Chairman

Hj Ahmad bin Hj Ismail, PJK
Member

Dato' Siew Mun Wai
Member

NOMINATING COMMITTEE

Guido Paul Philip Joseph Ravelli
Chairman

Hj Ahmad bin Hj Ismail, PJK
Member

REMUNERATION COMMITTEE

Guido Paul Philip Joseph Ravelli
Chairman

Hj Ahmad bin Hj Ismail, PJK
Member

Chua Thian Teck
Member

COMPANY SECRETARY

Hor Shiow Jei
(MAICSA 7023954)
(SSM Pc No. 202008003615)

REGISTERED OFFICE

19-0, Level 19, Pavilion Tower
75, Jalan Raja Chulan
50200 Kuala Lumpur
Tel 603-2088 2888
Fax 603-2088 2999

SHARE REGISTRAR

Shareworks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel 603-6201 1120
Fax 603-6201 3121

AUDITORS

Deloitte PLT (AF 0080)
Chartered Accountants
Level 16, Menara LGB
1, Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel 603-7610 8888
Fax 603-7726 8986

PRINCIPAL BANKERS

Affin Bank Berhad
Alliance Bank Malaysia Berhad
Al Rajhi Banking & Investment
Corporation (Malaysia) Bhd
AmBank (M) Berhad
Bangkok Bank Berhad
CIMB Bank Berhad
Industrial and Commercial Bank of
China (Malaysia) Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

COMPANY WEBSITE

www.malton.com.my

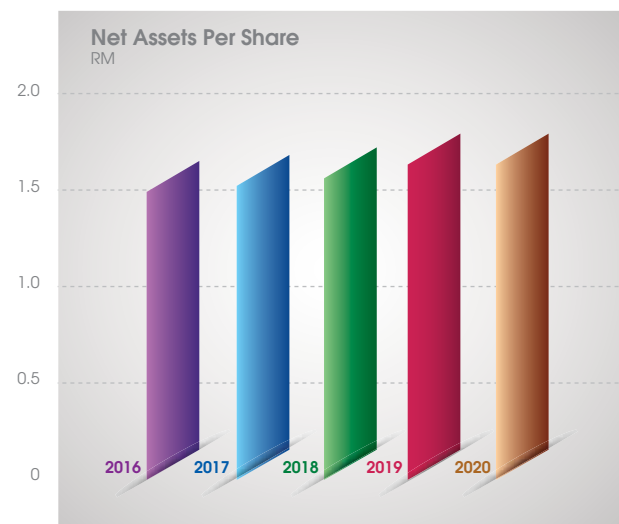
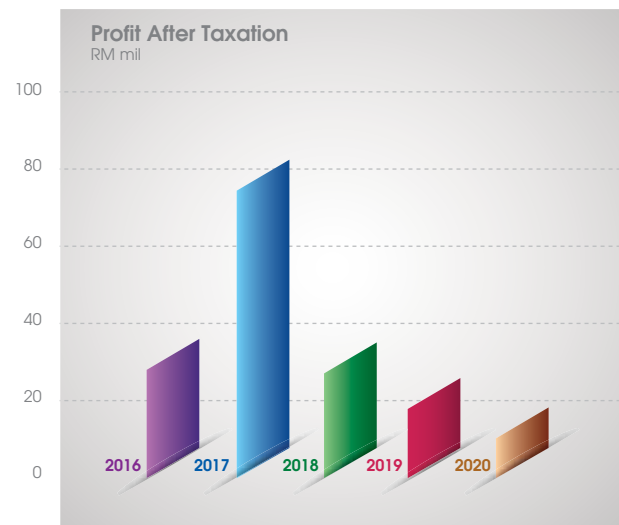
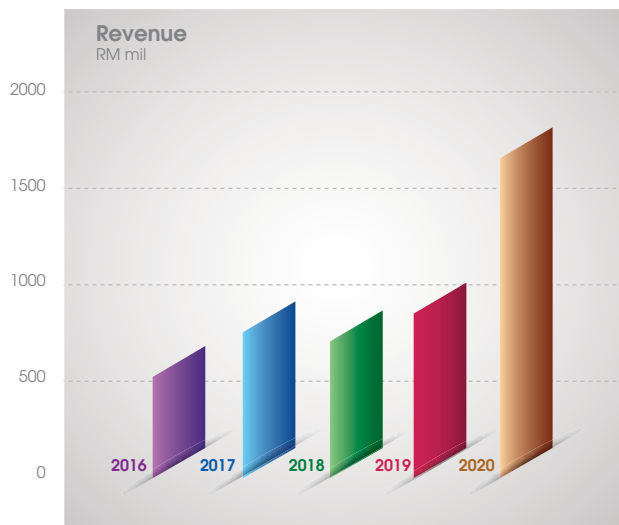
CORPORATE STRUCTURE

27 October 2020



GROUP FINANCIAL HIGHLIGHTS

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Year Ended 30 June	2020	2019 (Restated)	2018 (Restated)	2017	2016
Revenue (RM'000)	1,809,022	992,124	802,866	833,889	632,216
Profit Before Taxation (RM'000)	51,584	62,424	61,038	127,378	71,201
Profit After Taxation (RM'000)	17,660	24,204	35,477	80,365	36,315
Total Comprehensive Income Attributable to Owners of the Company (RM'000)	18,088	24,607	36,305	80,470	37,272
Share Capital (RM'000)	528,552	528,552	528,552	528,176	448,416
Equity Attributable to Equity Holders of the Company (RM'000)	924,701	914,536	900,492	884,926	738,497
Total Assets (RM'000)	2,380,918	3,028,772	2,637,020	2,628,420	2,101,400
Basic Earnings Per Share (Sen)	3.42	4.67	6.88	17.27	8.12
Net Assets Per Share (RM)	1.75	1.73	1.72	1.68	1.65

BOARD OF DIRECTORS

TAN SRI LIM SIEW CHOON

Malaysian Male/Non-Independent Non-Executive Chairman

Tan Sri Lim Siew Choon, age 60, received his tertiary education in the United States of America and graduated with a Degree in Business Administration and Finance from University of Central Oklahoma. He has been involved in the property development and construction industries for more than 37 years.

He was appointed the Executive Chairman of Malton Berhad on 15 February 2001. He was redesignated Non-Executive Chairman of Malton Berhad on 3 January 2017. He attended all five of the board meetings held during the financial year ended 30 June 2020. He is the Chairman and Non-Independent Executive Director of Pavilion REIT Management Sdn Bhd, the Manager of Pavilion Real Estate Investment Trust and Executive Chairman of WCT Holdings Berhad. Both Pavilion Real Estate Investment Trust and WCT Holdings Berhad are listed on the Main Market of Bursa Malaysia Securities Berhad.

His spouse, Puan Sri Tan Kewi Yong is an Executive Director and a major shareholder of Malton Berhad. He does not have any conflict of interest with Malton Berhad other than the disclosures made under Recurrent Related Party Transactions which appear on page 35 and Related Party Transactions and Balances in the Financial Statements which appear on pages 125 to 128 of this Annual Report.

He is a major shareholder of Malton Berhad. His interests in the shares of Malton Berhad are set out in the Statement of Shareholders which appear on pages 160 to 162 of this Annual Report. He has no conviction for offences within the past 5 years.

GUIDO PAUL PHILIP JOSEPH RAVELLI

British Male/Deputy Chairman/Independent Non-Executive Director

Mr Paul Ravelli, age 69, studied civil engineering at King's College, University of London and graduated with a Bachelor of Science (Hons) degree in Civil Engineering. He furthered his studies at Ecole Centrale des Arts et Manufactures, Paris and was later conferred Master of Science in Engineering. He began his career with a major building contractor in Paris and later elected to pursue an international career in the field of construction. He spent 30 years with one of the largest international construction groups, and has more than 40 years of experience in the development, implementation and management of buildings, public works and Build/Operation/Transfer projects in France, Hong Kong SAR, Malaysia, Portugal and South-East Asia. In year 2000, the President of France conferred a national honour on him by making him, a Chevalier de l'Ordre National du Merite, in recognition of his contribution to the profession and to Franco-Asian business relations. Since 2003, he has also been involved in the associated gas and power sector, in various countries.

He was appointed an Independent Non-Executive Director of Malton Berhad on 1 March 2002. He was subsequently appointed the Deputy Chairman of Malton Berhad on 6 November 2002. He is the Chairman of the Audit Committee and also chairs the Nominating Committee and Remuneration Committee. He is a member of the Institute of Internal Auditors Malaysia. He also sits on the Board of Directors of Ibraco Berhad, listed on the Main Market of Bursa Malaysia Securities Berhad.

He attended all five board meetings held during the financial year ended 30 June 2020. He has no family relationship with any of the Directors and/or major shareholders of Malton Berhad. He does not have any conflict of interest with Malton Berhad. He has no convictions for offences within the past 5 years. He does not hold any securities in Malton Berhad.

BOARD OF DIRECTORS

(cont'd)

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PUAN SRI TAN KEWI YONG

Malaysian Female/Executive Director

Puan Sri Tan Kewi Yong, age 64, pursued her tertiary education in the United Kingdom majoring in Business and Marketing Studies. She was instrumental in setting up various successful business ventures since her initial foray into trading and distribution businesses. Having acquired knowledge in diverse range of business and industry sectors, she possesses experience and expertise ranging from retail, marketing, finance and strategic management. She continues to extend her scope of experience, having been involved actively in the property development and real estate investment sectors.

She was appointed an Executive Director of Malton Berhad on 19 February 2002. She attended all five board meetings held during the financial year ended 30 June 2020. She is an Executive Director of Pavilion REIT Management Sdn Bhd, the Manager of Pavilion Real Estate Investment Trust, also listed on the Main Market of Bursa Malaysia Securities Berhad.

Her spouse, Tan Sri Lim Siew Choon is the Non-Independent Non-Executive Chairman and a major shareholder of Malton Berhad. She does not have any conflict of interest with Malton Berhad other than the disclosures made under Recurrent Related Party Transactions which appear on page 35 and Related Party Transactions and Balances in the Financial Statements which appear on pages 125 to 128 of this Annual Report. She does not hold any shares in Malton Berhad other than the disclosures made in the Statement of Shareholders which appear on pages 160 to 162 of this Annual Report. She has no conviction for offences within the past 5 years.

CHUA THIAN TECK

Malaysian Male/Executive Director

Mr Chua Thian Teck, age 61, is a Fellow Member of the Association of Chartered Certified Accountants. He has more than 32 years of experience in accounting and financial services and in the course of his career, has acquired valuable knowledge particularly in corporate planning and finance.

He was appointed an Executive Director of Malton Berhad on 25 September 2002. He is a member of the Remuneration Committee.

He attended all five board meetings held during the financial year ended 30 June 2020. He has no family relationship with any of the Directors and/or major shareholders of Malton Berhad. He does not have any conflict of interest with Malton Berhad other than the disclosures made under Related Party Transactions and Balances in the Financial Statements which

appear on pages 125 to 128 of this Annual Report. He does not hold any shares in Malton Berhad. He has no conviction for offences within the past 5 years.

HONG LAY CHUAN

Malaysian Male/Executive Director

Mr Hong Lay Chuan, age 62, holds a Bachelor of Science degree in Housing, Building & Planning. His 38 years of working experience covers several business sectors including Banking & Finance, Trading, Retail & Property Management, Property Development and Construction.

He had 15 years of experience in the retail banking industry before joining the group as General Manager in charge of banking and project financing. He was seconded to a Trading, Retail & Property Development company as an Executive Director for several years before rejoining Malton Group in 2003 as an Executive Director of Bukit Rimau Development Sdn Bhd, a wholly-owned subsidiary of Malton Berhad.

He was appointed an Executive Director of Malton Berhad on 19 February 2009. He attended all five board meetings held during the financial year ended 30 June 2020. He has no family relationship with any of the Directors and/or major shareholders of Malton Berhad. He does not have any conflict of interest with Malton Berhad. He does not hold any shares in Malton Berhad. He has no conviction for offences within the past 5 years.

HJ AHMAD BIN HJ ISMAIL, PJK

Malaysian Male/Independent Non-Executive Director

Hj Ahmad bin Hj Ismail, PJK, age 78, graduated with an Honours Degree in Malay Studies from Universiti Malaya in 1974. Upon graduation, he served as a lecturer of Malay Studies at Universiti Putra Malaysia until his retirement in 1997. During his tenure at the university, he played a prominent role in the development of the Malay Language.

He was appointed an Independent Non-Executive Director of Malton Berhad on 25 September 2002. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee. He is a member of the Institute of Internal Auditors Malaysia.

He attended all five board meetings held during the financial year ended 30 June 2020. He has no family relationship with any of the Directors and/or major shareholders of Malton Berhad. He does not have any conflict of interest with Malton Berhad. He does not hold any shares in Malton Berhad. He has no convictions for offences within the past 5 years.

BOARD OF DIRECTORS

(cont'd)

DATO' SIEW MUN WAI

Malaysian Male/Independent Non-Executive Director

Dato' Siew Mun Wai (Edward), age 63, is a Fellow Member of the Institute of Chartered Accountants in England & Wales (ICAEW), Business Finance Professional (ICAEW) and a Chartered Accountant of the Malaysian Institute of Accountants (MIA).

After completing his ICAEW with over 8 years public practice in London, he returned to Malaysia and worked briefly for Southern Bank Berhad (now CIMB) before moving to Hong Kong to join HSBC. This was followed by over 26 years of international expatriation in C-suite roles at the L'Oreal Group and the Ciba-Geigy (now Novartis) Group, managing their subsidiaries in Melbourne, Seoul, Paris, Bangkok, Singapore, Jakarta, Taipei and Hong Kong. He was on the Boards of these subsidiaries representing the public listed parent company's interests. Most recently, he was the Acting Global CEO/Global CFO of Crabtree & Evelyn London.

From 2011-2014, he was an Independent Director and Audit Committee Chairman of an ASX-listed junior mining company. He was Vice-Chairman of the Taipei English School and Board member of the Taipei European Schools, Associate Faculty Member of the Othman Yeop Abdullah Graduate School of Business at Universiti Utara Malaysia, current member of the Sunway University Business School Industry Advisory Board and a frequent pro-bono guest speaker at various local Universities and the Malaysian Institute of Corporate Governance.

He was appointed an Independent Non-Executive Director and a member of the Audit Committee of Malton Berhad on 1 August 2018. He attended all five board meetings held during the financial year ended 30 June 2020. He has no family relationship with any of the Directors and/or major shareholders of Malton Berhad. He does not have any conflict of interest with Malton Berhad. He does not hold any shares in Malton Berhad. He has no convictions for offences within the past 5 years.

CHAIRMAN'S STATEMENT

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Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Financial Statements of Malton Berhad (Malton) and its subsidiaries (the Group) for the financial year ended 30 June 2020 (FY2020).

GROUP PERFORMANCE

During the year under review, the Group faced unprecedented challenging business environment with external uncertainties and weaker economic conditions caused by the COVID-19 pandemic. Prior to the COVID-19 crisis, Malaysia's property market remained sluggish as property developers were already struggling with rising building costs, shortages of skilled labor and huge unsold inventories. Nevertheless, it showed signs of recovery in 2019 supported by Home Ownership Campaign (HOC) initiated by the Government. However, the recovery path of the property market was thwarted by the COVID-19 pandemic in the first half of 2020.

While the restrictions imposed by the Malaysian Government are vital in ensuring the safety of the people amidst the spread of the COVID-19 pandemic, the prolonged nationwide Movement Control Order (MCO) since 18 March 2020 with businesses only gradually resuming operations in different phases of recovery on 4 May 2020, has posed new challenges and risks across all industries including our Group's Property Development and Construction divisions. The Group had to adjust and adapt to 'the new normal' while taking prudent measures to navigate through this challenging economic climate.

A significant milestone for the Group was marked by the successful completion of the disposal of Pavilion Bukit Jalil Mall for RM1.48 billion cash to Regal Path Sdn Bhd (Regal Path) on 10 October 2019. This landmark transaction is a strategic move, enabling the Group to immediately unlock the potential value and monetise its investment in Pavilion Bukit Jalil Mall without over-extending its balance sheet. Pursuant to the disposal, the Group has also inked its participation in the Pavilion Bukit Jalil Mall via Khuan Choo Realty Sdn Bhd with a 26% effective interest through the subscription of redeemable preference shares in Regal Path which owns the Pavilion Bukit Jalil Mall.

In December 2019, the Group successfully delivered vacant possession of 1,098 units of The Park Sky Residence serviced apartment to home buyers well ahead of schedule. We had also commemorated the Topping Out Ceremony to signify the roof structure completion of the two tower blocks of The Park 2 on 21 January 2020. The momentous occasion marked a significant milestone of the building construction progress which would complete the final residential phase of Bukit Jalil City by 2021.

Amid domestic and global headwinds, the Group registered a healthy revenue of RM1,809.0 million for FY2020, 82.3% higher than RM992.1 million reported in the previous financial year. Profit before tax (PBT) however declined by 17.3% to RM51.6 million for the current financial year compared to RM62.4 million in the previous financial year.

Further details of the Group's financial performance are covered in the Management Discussion and Analysis section within this Annual Report.

DIVIDENDS

In view of the COVID-19 pandemic affecting the business environment, the Board of Directors does not recommend any dividend for the financial year under review.

CHAIRMAN'S STATEMENT (cont'd)



OUTLOOK AND PROSPECTS FOR FINANCIAL YEAR 2021 (FY2021)

The COVID-19 pandemic poses an unprecedented disruption with severe impact on the global economy including Malaysia. With the continuing surge in new cases across the globe and until a vaccine is found, the pandemic is far from over. Consequently, World Bank forecasts the global economy will contract by 5.2% in 2020 undermined by softer global demand, weakened consumption and investment activities. The brewing United States-China geopolitical tension further exacerbated the situation. In tandem with the global contraction, Bank Negara Malaysia expects Malaysia's gross domestic product to contract between 3.5% to 5.5% in 2020. This would be the first time since the subprime crisis of 2008 that negative growth has been forecast for Malaysia. Consequently, Malaysia's property market and the construction sectors are expected to contract between 5% - 10% and by 8.8% respectively in 2020.

At the early stage, Malaysia has weathered the health crisis well by swiftly identifying COVID-19 clusters through contact tracing as well as preventing the spread of the virus by implementing movement restrictions, temporary business closures and restricted social conducts. Such measures, although necessary, have weighed heavily on the local economy. Although the economy was anticipated to recover in the second half of 2020 with gradual resumption of economic activity since early May 2020, the uncertainties still remain largely due to a 'new wave' with alarming spike in new COVID-19 infections leading to reimpositions of containment measures in targeted areas like Sabah and other parts of the country at the time of writing this Annual Report.

In response to the pandemic crisis, the Government has made rapid strides via Prihatin Rakyat Economic Stimulus Package (Prihatin) and the short-term National Economic Recovery Plan (Penjana) amounting to RM260 billion and RM35 billion respectively to cushion the impact of COVID-19. Aimed at stimulating the country's economy as it enters the recovery phase after MCO, these comprehensive stimulus packages have not only aided society of various backgrounds from students to families to business owners but also struggling small and medium size enterprises during this tough period. Other noteworthy relief measures for recovery include the reduced overnight policy rate (OPR) of 1.75% along with the 6-month automatic loan moratorium and financing payments aimed to provide a short-term breather for borrowers.

CHAIRMAN'S STATEMENT

(cont'd)

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OUTLOOK AND PROSPECTS FOR FINANCIAL YEAR 2021 (FY2021) (cont'd)

While demand appears to be resilient for mid-range residential property supported by various positive incentives such as HOC with almost zero-entry cost and attractive prices, the property sector remains challenging due to continuous selling pressures in both the sub-sale and auction markets. Property prices took a hit and developers are struggling to come up with the right strategies to address the significant changes in market conditions. The consumption of residential property is weakening in a market that is already in overhang mode. This led to developers holding back on new launches while revising prices downwards to push sales. The magnitude of COVID-19's effect upon the real estate market is currently unknown and will largely depend on both the scale and longevity of the outbreak. Home buyers are cautious in the near to medium term and are expected to hold back from purchasing large ticket items due to the poor economic outlook and uncertainties over employment.

We are conscious of the health and safety of our employees, business associates and customers. In our efforts to safeguard their wellbeing while ensuring business continuity during the pandemic, we have implemented and will continue to adhere to COVID-19 safety and preventive measures as per Ministry of Health guidelines across our operations. As the pandemic has accelerated the digitalisation of the economy with new norms, we will continue to invest and accelerate the use of digital technologies to create a seamless customer experience. The property industry remains engulfed with rising construction costs and labour supply issues, therefore we will increase Industrialised Building Systems adoption in our building methodology to mitigate these risks with the added benefits of shortened construction periods as well as improving build quality and consistency.

Taking cognisance of the 'new normal', the Group has swiftly and proactively refined its strategies to address the potential impacts on its business and workforce. The Group's immediate priority is to actively review its liquidity and cash flows whilst adopting prudent risk management and rigorous cost-optimisation measures to ensure business sustainability. At the same time, we will continue to assess the economic situation closely, making the necessary adjustments to adapt quickly while enhancing our operational performance to remain competitive in the face of unprecedented socio-economic impact of COVID-19 pandemic.

Moving ahead, we anticipate a challenging performance for FY2021 in line with the uncertain economic conditions as the Group's Property division is expected to record lower sales in the forthcoming financial year due to fewer launches. While the Group's Construction division is expected to gradually recover in the first half of FY2021, the order book replenishment prospects are expected to be flat due to the subdued property market.

Nonetheless, the Group remains steadfast and agile as we recalibrate our mid-term strategies to ensure we are well positioned to take advantage of economic recovery.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to record our appreciation to the management and staff for their work and contribution in the past year. We also thank our staff for their swift and coordinated response to the COVID-19 pandemic. The coming months will undoubtedly require further vigilance by adhering to strict safety and preventive measures as a new part of our life until we return to some semblance of normality.

My appreciation also goes out to our shareholders, customers, suppliers, business associates, bankers, various regulatory authorities and media for their continuous support.

On behalf of the Board,
Malton Berhad

Tan Sri Lim Siew Choon
Non-Executive Chairman
27 October 2020

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ENVIRONMENT AND OPERATIONS REVIEW

The year 2019-2020 was daunted by several significant events from trade war escalations, volatility in financial markets, Government change to the unprecedented COVID-19 pandemic which has profoundly impacted the world economy and Malaysia. According to the National Property Information Centre (NAPIC), Malaysia's property market recorded a marginal improvement with a total of 328,647 transactions worth RM141.40 billion in 2019, translating to an increase of 4.8% in volume and 0.8% in value compared to 2018. Though the primary market saw fewer new launches in 2019 compared to 2018, sales performance for new launches improved by 5.8% in 2019. The sales improvement could be attributed to the various incentives and assistance given by the Government to promote home ownership, while the decline in new launches was expected as developers were holding back on their new launches due to the softening property market as well as trying to clear unsold stocks. Meanwhile, the number of overhang residential properties in Malaysia decreased for the first time after 4 years by 5.1% in 2019. Fewer new launches in 2019 and better sales performance led to the decrease in residential overhang.

However, we began to see growing business pressures in January 2020 as we witnessed the COVID-19 pandemic evolved into a global economic crisis arising from emergency measures taken to contain the spread. The economy came to a complete standstill due to the complete shutdown of most commercial activities in the country during the MCO announced on 18 March 2020. As a result, volume and value of property transactions in the first half of 2020 fell by 28% and 32% respectively year-on-year with residential property overhang situation worsened, up 3% from the number of overhang units as at end-2019.

Prior to the surge of COVID-19, Malton achieved healthy property sales in the first half of FY2020, mainly attributable to the disposal of Pavilion Bukit Jalil Mall, along with other contributions from Duta Park Residences and The Park 2 high-rise residential developments. The HOC which was later extended to year-end by the Government had helped to boost our property sales. However, the prolonged nationwide lockdown till early May to curb the spread of COVID-19 pandemic had affected our Group's operational activities significantly in the second half of FY2020. Not only our property sales were halted due to closure of sales galleries, construction works for ongoing developments were also halted. Sensibly as the pandemic unfolded, we held back on certain new launches meant to be rolled out in the second half of FY2020.

With the construction sector badly affected during the pandemic, construction works for ongoing developments at Pavilion Damansara Heights and Pavilion Ceylon Hill were disrupted during the different phases of movement restrictions. Even after the gradual resumption of activities in early May, works could not resume and progress as per normal as employees would need to adopt strict preventive health and safety guidelines stipulated by Department of Occupational Safety and Health to prevent the spread of COVID-19 under the 'new normal'. Besides limited capacity, reduced workforce and restricted operating hours, machineries such as lifts at construction sites that have stopped working for a period of time, would also need to be tested and be inspected by the authorities before they could be operational again. These constraints had significantly contributed to slower work progress which led to inevitable projects delay and additional costs.

Despite economic headwinds, the Group achieved strong revenue growth particularly from the Property Development division where revenue rose by 212.0 % to RM1,688.4 million from RM541.2 million recorded in FY2019. Unbilled sales as at 30 June 2020 stood at RM1.2 billion, attributed to ongoing developments such as Pavilion Bukit Jalil Mall, The Park 2 Residence in Bukit Jalil, Duta Park Residences along Jalan Kuching, Rapid City Centre in Johor, Villa 22 in Bukit Rimau and BAC Tower in Petaling Jaya. Meanwhile, the Construction division has approximately RM1.2 billion worth of contracts in hand with RM633.4 million of outstanding book order.

FINANCIAL REVIEW

For FY2020, the Group posted total revenue of RM1,809.0 million an increase by 82.3%, in comparison to RM992.1 million in FY2019. The significant improvement in the Group's revenue was mainly attributed to the Property Development division which recorded RM1,688.4 million revenue in FY2020 with major contributions from billings from the disposal of Pavilion Bukit Jalil Mall to Regal Path and The Park 2 Residence at Bukit Jalil City. However, revenue from the Construction division declined by 73.7% to RM103.0 million due to lower work progress during the MCO and CMCO period coupled with completion of Pavilion Hotel project in the current financial year.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

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FINANCIAL REVIEW (cont'd)

Despite the significant increase in revenue, the Group's PBT however declined by 17.3% to RM51.6 million in FY2020 from RM62.4 million reported in the previous financial year. Progress billings from Pavilion Bukit Jalil Mall first reflected in current financial year's revenue was at relatively lower margin compared to other development mix. During the current financial year, the Group made provision for loss on fair value of its investment properties of RM10.4 million to reflect current valuation, wrote-down inventories amounting to RM7.7 million and land and development costs of RM4.4 million in addition to write-offs and allowance for impairment loss in trade and other receivables of RM12.1 million. This was offset to a certain extent by a gain on fair value adjustment of investment in redeemable preference shares in Regal Path of RM8.1 million and another gain of RM2.9 million from the effect of dilution in former subsidiary companies. Finance charges on the hand declined to RM45.7 million in current financial year compared to RM56.6 million in previous financial year mainly due to redemption of loans from disposal of Pavilion Bukit Jalil Mall and overall reduction in OPR by Bank Negara Malaysia particularly during the current financial year. Hence, gearing level also improved from 0.68 times in FY2019 to 0.55 times in FY2020.

The Group's total assets declined by 21.4% to RM2.4 billion as at 30 June 2020 compared to RM3.0 billion as at 30 June 2019, attributable to lower profits generated during the current financial year, reversal of costs arising from disposal of Pavilion Bukit Jalil Mall and handover of The Park Sky Residence at Bukit Jalil City. Meanwhile, the Group's net assets per share improved to RM1.75 as at 30 June 2020 from RM1.73 as at 30 June 2019. Shareholder's equity continued to grow slightly by 1.1% to RM924.7 million in current financial year.

QUALITY ASSURANCE

At Malton, quality excellence has always remained as the core focus of our business operations and customer satisfaction. The MS ISO 9001: 2015 accreditation by SIRIM Malaysia is a testament to our uncompromising adherence to quality standards and commitment for continuous improvement. Pursuant to QLASSIC (CIS 7: 2006) benchmark assessment system, we place an utmost priority on risk controls to ensure our deliverables are in line with regulatory quality standards, meeting both internal and external customers' requirements and expectations.

Not only did we witness the timely completion and handover of 1,098 units of The Park Sky Residence serviced apartments at Bukit Jalil City to our house buyers in December 2019, we also sustained a high level of customer satisfaction scores of 87% in quality products and services survey. This commendable achievement was made possible through the relentless efforts and support by every employee in nurturing the 'Build-in-Quality' culture across the organisation.

Although micro and macro economics risks may not be fully mitigated due to the COVID-19 outbreak, Malton remains steadfast in strengthening quality management as it is indispensable for the Group's growth and branding. As everyone adheres to strict safety and precautionary measures with physical distancing during this pandemic, Malton adopted digital tools and virtual trainings for regular discussions between department, division and outsourced services to ensure continuous improvement and performance evaluation.



Ensuring consistent level of quality and services through regular performance evaluation amidst COVID-19 pandemic



Regular risk assessment exercise at project site

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

MOVING FORWARD FY2021

Concerns over pace of economic recovery deepen as COVID-19 surges. The pace of economic recovery will depend on both domestic and external factors such as political stability, global oil and commodity prices, containment measures as well as the COVID-19 vaccine, being the key catalyst. The outlook points to trying times for businesses and society before the situation improves as the ongoing COVID-19 pandemic is spreading rapidly with the much feared 'new wave' across the United States, India and Europe, including Malaysia. On the local front, people are more concerned over employment and putting food on the table with the end of 6-month moratorium on housing loan repayments. Higher non-performing loans could prompt banks to be more selective and stringent in lending policies, thus affecting the demand for properties.

Given the macroeconomic uncertainties and low consumer confidence, the recovery momentum for both Malaysia's property and construction sectors may be impaired and remain in the doldrums until the following year. In light of the tough market conditions, we anticipate a challenging operating environment for the Group in FY2021 as our Property Development division continues to face the headwinds due to fewer new property launches owing to the large overhang of unsold properties in Malaysia, further aggravated by the COVID-19 pandemic. Similarly, supply-demand imbalances in the property market, poor economic outlook and lack of new construction works will continue to flow down and impact our Group's Construction division. As our construction works at Pavilion Damansara Heights and Pavilion Ceylon Hill sites were halted during MCO, we are ramping up at near-optimal capacity while complying with health and safety procedures to recover the lost output since mid-March 2020. Under the 'new normal', project delays are inevitable as everyone needs to have solidarity to adhere to the strict safety precautions to prevent the spread of COVID-19 with physical distancing required at construction sites during the recovery phase till year end.

On a positive side, the residential market is expected to remain resilient with genuine home buyers on the lookout for well-located and quality residential properties for own stay, as opposed to investment-based properties. Furthermore, the residential sector is expected to get a boost from the revived HOC, stamp duty exemptions, lifting of 70% loan margin for third house ownership and real property gains tax for up to three houses. These positive catalysts from the Government will attract genuine property buyers and promote more home ownership, thereby spurring the national housing market.

As we navigate and adapt to the new business environment, Malton will be more creative and holistic by constantly reviewing its marketing strategies, product designs and launch targets to best match real demands and affordability levels in different locations. We will intensify our sales efforts by converting sales from ongoing Duta Park Residences whilst improving our progress billings. The Group is set to launch Mutiara Hilltop, comprising 496 exclusive serviced apartment units with an estimated gross development value (GDV) of RM382.0 million in Puchong by year-end. In the meantime, we will intensify sales and drive sustainable earnings growth via digital marketing for FY2021.

Moving forward, the Group will continue to maintain the utmost discipline in managing both risk and asset quality. We remain focused on cost-optimisation to reduce our operating cost in our efforts to mitigate the impact of COVID-19 pandemic. Internally, we will continue to strengthen our business processes and enhance corporate governance while focusing on build quality and value engineering. For future growth, the Group will continue to look out for strategic land banks especially in Klang Valley.

The Group's healthy unbilled sales of RM1.2 billion from ongoing property projects and RM633.4 million of outstanding book order from construction projects are expected to be the key drivers of the Group's earnings in FY2021.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

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PROPERTY DEVELOPMENT

The Group's vast portfolios include townships, luxury homes, integrated developments, offices and commercial properties mainly across Greater Klang Valley and Johor. We will continue to leverage on our core strength to deliver high value creation products to our buyers. Ongoing property developments undertaken by the division during the current financial year and upcoming launches are set out below.



BUKIT JALIL CITY

Poised to be an iconic landmark in Malaysia, Bukit Jalil City is set to create a new dimension of an integrated development in the suburb of Kuala Lumpur. Sitting on a 50-acre freehold land in the fast-growing township of Bukit Jalil, this flagship development carries a GDV of approximately RM4.0 billion comprising three main phases namely Signature Shop Offices (Phase 1), The Park Sky Residence and The Park Signature Shop Offices (Phase 2), The Park 2 (Phase 3) and the Pavilion Bukit Jalil Mall (Phase 4). Apart from offering world-class shopping experience under one roof, the sustainable and well-connected community is assured of a refreshing gateway via specially built pedestrian bridges connecting residents and mall visitors to the 80-acre Bukit Jalil recreation park nearby.

Surrounded by well-planned international standard amenities notably the Bukit Jalil National Sports Complex, the vast highway network and Light Rail Transit connectivity in Bukit Jalil will further drive its future growth. The Group is constructing a new flyover to Puchong and new roads leading directly to Bukit Jalil City including an underpass access to the Pavilion Bukit Jalil Mall besides four pedestrian bridges to enhance accessibility and livability of this growing metropolitan.

The four-tower blocks of The Park Sky Residence comprising 1,098 units of serviced apartment were completed and successfully handed over to purchasers in December 2019, following the successful completion and handover of 112 units of Signature Shop Offices and 44 units of The Park Signature Shop Offices to shop owners in 2017 and 2018 respectively. Upon the final completion of the Pavilion Bukit Jalil Mall and The Park 2 in 2021, the six new sleek residential towers accompanied by the vibrant regional mall will redefine Bukit Jalil's skyline.

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

PROPERTY DEVELOPMENT (cont'd)

PAVILION BUKIT JALIL MALL

The crown jewel of this development is the Pavilion Bukit Jalil Mall, a regional mall designed by KL Pavilion Design Studio with a net lettable area of approximately 1.8 million sq ft slated for completion by June 2021. Sited on a 28-acre freehold land, the lifestyle boutique retail mall stretches up to 560 metres along the road thus giving maximum visibility to retailers' brands. With five levels of retail spaces and two levels of basement parking, the Pavilion Bukit Jalil Mall is poised to be an entertainment and retail hub in the southern corridor of Klang Valley, offering a holistic experience for business, best-in-class shopping, dining, leisure and entertainment to its surrounding upmarket neighbourhood and tourists alike.



THE PARK SKY RESIDENCE

With a combined GDV of approximately RM1.2 billion, The Park Sky Residence offering 1,098 units of luxury serviced apartments and 44 units of The Park Signature Shop Offices were fully sold. The four blocks of serviced apartment were completed and successfully handed over to home buyers in December 2019. Setting a new pricing benchmark in Bukit Jalil area, The Park Sky Residence offers a wide selection of layouts with built-ups ranging from 868 sq ft to 1,565 sq ft. Meanwhile, the completed Park Signature Shop Offices beneath the serviced apartment enjoy great visibility from the 100 ft dual carriage road leading in and out of Bukit Jalil City.



THE PARK 2



The Park 2 is the final residential development in Bukit Jalil City with an estimated GDV of RM 724.5 million. Strategically located between the Pavilion Bukit Jalil mall and 80-acre Bukit Jalil Park, it comprises 709 units of serviced apartment with 385 and 324 units in Tower 1 and Tower 2 respectively. The Park 2 offers a distinct prestigious touch as residents will be able to enjoy a seamless experience with exclusive access to the Pavilion Bukit Jalil Mall via a dedicated and covered link bridge besides a pedestrian bridge connecting them to the adjacent lush public park. Every unit is carefully planned with built-ups ranging from 750 sq ft to 1570 sq ft.

Both towers achieved an impressive take up rate of over 98% in FY2020. Following the Topping Out Ceremony on 21 January 2020, the Group is on track to complete and handover to its buyers by July 2021.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

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PROPERTY DEVELOPMENT (cont'd)

DUTA PARK RESIDENCES



Sitting on a 4.9-acre land along Jalan Kuching Kuala Lumpur, Duta Park Residences is a high-rise residential development comprising 1,376 units of serviced apartments with an estimated GDV of RM 1.0 billion. Strategically located close to Kuala Lumpur City Centre, Duta Park Residences is easily accessible via Jalan Kuching highway with a secondary access through Jalan Ipoh, which forms part of its appeal to astute buyers. Situated right at the heart of connectivity, convenience and city attractions, this iconic city skyline overlooks the beautiful lush greens of Bukit Tunku, Kuala Lumpur.

Duta Park Residences consists of 3 towers blocks; Tower A, B and C encompassing 536, 572 and 268 units respectively. Every unit is thoughtfully designed with built-ups from 858 sq ft to 1,618 sq ft, presenting 4 flexible layouts from 2+1 bedrooms to dual key units with 3-tier security for residents' peace of mind.

Representing one of Malton's remarkable projects, Tower B and C (Phase 1) received favourable response from buyers with more than 70% of the units sold. Being the final phase, Tower A saw an encouraging take-up rate of 44% during its early-bird preview sales in August 2020.

RAPID CITY CENTRE (PHASE 2)



Rapid City Centre is a 196-acre township development in Sungai Rengit, Pengerang Johor, located close to Petronas' Refinery and Petrochemical Integrated Development project and the Pengerang Independent Deepwater Petroleum Terminal. The mixed-use development is poised to redefine and rejuvenate the entire township into a vibrant commercial hub.

After the successful completion and handover of 60 units of 2-story shop offices under Phase 1 in March 2018, the Group launched Phase 2 comprising 68 units of 2-storey shop offices with an estimated GDV of RM 90.0 million.

The take up rate for Phase 2 has been brisk and is expected to pick up as construction progresses.

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

PROPERTY DEVELOPMENT (cont'd)

VILLA 22



Villa 22 is located within Malton's pioneer township development in Bukit Rimau, Shah Alam, consisting of 22 units of luxury semi-detached and bungalows. Sitting on a 3.2-acre freehold land, Villa 22 is the last phase of residential development carrying an estimated GDV of RM 41.5 million.

Villa 22 purchasers will enjoy an abundance of leisure, recreational and educational facilities within the township. Launched in October 2018, Villa 22 achieved a take up rate of 96% with a total sales value of RM 38.7 million.

MUTIARA SQUARE PUCHONG



Being part of the 82.5-acre development in Mutiara Indah, Mutiara Square is the final commercial phase featuring 20 limited units of 2-storey shop offices with an estimated GDV of RM 21.5 million. Situated just next

to the vibrant township of Bandar Puteri Puchong, Mutiara Square boutique shop offices are situated in a prime location with direct access to Bukit Jalil Highway, Lebuhraya Damansara – Puchong and Maju Expressway, thus providing excellent connectivity to all directions of Klang Valley.

Mutiara Square with an average built-up size of 3,262 sq ft comes with wide frontage, double-leaf main glass door and ample car park bays makes it an ideal commercial space for retail, food & beverages and other businesses. Launched in July 2017, the commercial shop offices achieved a take up rate of 70% with a total sales value of RM 18.5 million in FY2020, while the remaining 30% comprises mainly unsold bumiputra quota units. Upon completion, shop owners can tap into a ready catchment of 30,000 residents within the immediate neighbourhood.

BAC TOWER



BAC Tower was designed and customised en-bloc for Brickfields Asia College. Sited on a 0.67-acre land in Petaling Jaya, the 19-storey education cum hostel facilities holds a GDV of RM 115.0 million. Works commenced in March 2018 and is slated for completion by early 2022.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

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PROPERTY DEVELOPMENT (cont'd)

PANGSAPURI KENANGAN, BUKIT RIMAU



Pangsapuri Kenangan is an affordable housing project under the Rumah Selangorku initiative. Located in a matured township with ready infrastructure and amenities, thus making it ideal for home buyers. The 2.1-acre development on a freehold land in Bukit Rimau has an estimated total GDV of RM 15.6 million.

Since its launch in May 2017, the 7-storey apartment was fully sold and delivered to home buyers in June 2020.

UPCOMING PROJECTS

MUTIARA HILLTOP



Sitting on a 8.3-acre land, Mutiara Hilltop is the final residential development within the dynamic township of 82.5 acres Mutiara Indah, Puchong. Exclusively limited to 496 units, Mutiara Hilltop is envisioned to provide comfortable and unwinding ambience for home buyers with spacious built-ups ranging from 1,044 sq ft to 1,335 sq ft. The serene environment and abundant lush greenery surrounding the development makes it a desirable home for residents. Slated for launch in December 2020, Mutiara Hilltop carries an estimated GDV of RM382.0 million.

RAPID CITY CENTRE (PHASE 3)



Located in Sungai Rengit, Pengerang Johor, Phase 3 of Rapid City Centre is a well-planned Light Industrial Park to support the growth of the Pengerang Integrated Petroleum Complex (PIPC) / RAPID project. Phase 3 with a total of 76 units of industrial lots ranging from Cluster, Semi-D and Detached type are part of our diversified product mix offer to the market with an estimated GDV of RM 158.5 million.

RIVER PARK BANGSAR SOUTH



MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

UPCOMING PROJECTS (cont'd)

RIVER PARK BANGSAR SOUTH (cont'd)

River Park Bangsar South is a 5.1-acre development situated within Bangsar South, a dynamic hub along Federal Highway. Strategically located across desirable residential address, the three towers comprising 1,332 units are set to be the new Bangsar South neighbourhood that everyone looks forward to. For many young executives who prefer to network around and be near the city, smaller units in central with excellent connectivity serve their daily needs. The stylish units at River Park Bangsar South range from 812 sq ft to 1,180 sq ft with practical and flexible layout making it the perfect homes for singles, couples and small families.

Standing magnificently against the astounding Kuala Lumpur skyline, the development carries an estimated GDV of RM 884.5 million.

RIO BANGSAR SOUTH



RIO Bangsar South, an affordable housing development (RUMAWIP) is the perfect starter home for discerning millennials. Sitting on a 1.6-acre land, the 334 apartment units are envisioned to provide comfortable and secured environment for young families looking for a peaceful and sustainable community in the vicinity of the city at affordable prices. RIO Bangsar South is an enviable residential address which is connected to major landmarks and shopping destinations. The affordable high-rise residential development carries an estimated GDV of RM 100.2 million.

CONSTRUCTION AND PROJECT MANAGEMENT DIVISION

Through its construction arm and wholly owned subsidiary Domain Resources Sdn Bhd (Domain), the Group provides the necessary building expertise and capabilities to ensure timely completion of projects with greater cost efficiency and quality.

Ongoing construction projects undertaken by the division during the financial year under review are set below.

PAVILION DAMANSARA HEIGHTS (Total Contract Value: RM 888.9 million)



This prestigious integrated project comprises the re-development of the existing site into nine new corporate towers, five blocks of luxury serviced residences and a hotel on top of a five-level retail space on the existing Damansara Town Centre site in Damansara Heights, Kuala Lumpur. The development includes eight levels of basement car park.

Domain has been appointed the Management Contractor for the sub-structure works in Phase 1 and Phase 2 worth RM627.0 million and RM254.2 million respectively. The overall sub-structure works for Phase 1 is slated for completion in October 2020. Meanwhile, the work progress for Phase 2 is at 33.8% and targeted for completion by December 2021.

PAVILION CEYLON HILL (Total Contract Value: RM 301.4 million)



Located between Jalan Changkat Raja Chulan and Jalan Ceylon in Kuala Lumpur, the Pavilion Ceylon Hill comprises 629 units of serviced apartment including a strata bungalow and retail shops.

Domain has been appointed as the contractor for the main building works. Commenced since September 2018, this project has achieved 41.1% work in progress and is slated for completion by August 2021.

SUSTAINABILITY STATEMENT

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INTRODUCTION

In our continuous pursuit of excellence, we at Malton Berhad (Malton) and its subsidiaries (the Group) affirm our commitment to be a responsible corporate citizen by maintaining a high standard of governance in our operations with the aim to create positive sustainable impact in the economic, environmental and social aspects.

OVERVIEW

In recent years, corporations have become more aware of their responsibilities towards sustainable business practices and have put greater emphasis in balancing economic viability with preservation of the environment and social responsibilities.

We recognise the impact of the processes of our business activities and the importance of achieving a practical balance of optimal financial performance and our responsibilities towards the environment and community.

Our principles on sustainable development are ingrained in the policies and procedures of the various business divisions within the Group, namely Property Development, Property Investment, Construction and Project Management. We actively and continuously review and improve our policies and procedures by integrating our principles in all of our operations. In gearing up towards a stronger and more comprehensive sustainability approach, we have developed an overarching sustainability commitment.

Sustainable development recognises that the three critical pillars comprising economy, environment and society are interconnected. Our basic principles of sustainability focus on the following:

- Achieving a strong, stable and sustainable business
- Respecting the environment and resources
- Responsive employee retention, plus engagement strategies and community engagement

SUSTAINABILITY GOVERNANCE

With the leadership of the Board of Directors and support of Management, sustainability principles are widely practised throughout the Group, including in our business conduct, product design and project development, talent management and bonding with the communities as well as the broader society.

Role and Responsibilities of the Board of Directors

- Responsible for sustainability direction of the Group
- Review the Group's sustainability initiatives and provide advice and recommendations for improvements
- Approve sustainability report

SUSTAINABILITY STATEMENT (cont'd)

STAKEHOLDER ENGAGEMENT

As we map out our sustainability agenda and approach, we continuously engage and build strong relationships with our key stakeholders to better understand how we can address their concerns and needs while further carrying our corporate mission. We believe actively working with our stakeholders improves our ability to address priorities and allows us to create long-term positive impacts to the economy, environment and society. Our approach in engaging and responding to our key stakeholder groups includes, but are not limited to the following:

Stakeholders	Engagement Methods	Key Interests	Malton's Approach
Employees	<ul style="list-style-type: none"> Employee Engagement Survey Annual Performance Appraisal Internal communication channels such as emails and group chat Townhall sessions and virtual meetings Health & Safety briefings Voluntary programmes and festive celebrations 	<ul style="list-style-type: none"> Employee benefits & welfare Job satisfaction & retention Career development opportunities Training & development Business strategy & direction 	<ul style="list-style-type: none"> Revised remuneration Fair & safe workplace practices Transparent performance appraisal process & reward scheme Provision of career development programmes Regular updates on Group's strategy & performance Looking after employee welfare
Customers	<ul style="list-style-type: none"> Online & offline communication Customer feedback management Outreach events & roadshows Customer satisfaction survey Build sustainable CSR programme 	<ul style="list-style-type: none"> Product quality Customer service & experience Environment, social & governance practices & commitment Safety & security of developments Loyalty and rewards programme 	<ul style="list-style-type: none"> Upholding brand promise & adherence to quality standards Digitalisation of customer engagement platforms Leveraging of technology to enhance safety & efficiency Improved construction process and methods
Shareholders	<ul style="list-style-type: none"> Annual General Meeting Annual Report Interim Financial Report Investor Relations website Analyst Briefing Shareholder communication 	<ul style="list-style-type: none"> Business strategy & direction Group performance Shareholder returns Environment, social & governance practices & commitment COVID-19 impact on business & risk management Impact of new government policies & regulations 	<ul style="list-style-type: none"> Timely updates on strategy & performance through our quarterly financial reporting & announcements to Bursa Malaysia Prudent risk management & governance Transparency through reporting & timely communication Annual presentation on business progress performance

SUSTAINABILITY STATEMENT (cont'd)

STAKEHOLDER ENGAGEMENT (cont'd)

Stakeholders	Engagement Methods	Key Interests	Malton's Approach
Government & Regulatory Authority	<ul style="list-style-type: none"> Report submission Meetings Site visits & inspections Industry events & seminars 	<ul style="list-style-type: none"> Compliance with regulations Support for government policies & initiatives in the industry Social contributions 	<ul style="list-style-type: none"> Compliance with laws and regulations Support of Home Ownership Campaign Adopt Eco-friendly development features Contribute to local communities
Suppliers & Subcontractors	<ul style="list-style-type: none"> Tender and bidding Supplier Assessment System Meetings and site visits Workshops & Trainings Annual performance evaluation 	<ul style="list-style-type: none"> Transparent procurement practices Payment schedule Health, Safety & Environment practices New technology reliability & performance 	<ul style="list-style-type: none"> Open tender process for procurement Timely payment Systematic appointment & evaluation process
Media	<ul style="list-style-type: none"> Press releases Conferences & media briefings Product launches & corporate events Networking sessions 	<ul style="list-style-type: none"> Trustworthy & timely communication Transparent business reporting 	<ul style="list-style-type: none"> Timely engagements with the media
Local Communities / NGOs	<ul style="list-style-type: none"> Formal & informal meetings & dialogues Social media & corporate website Strategic Partnership Build sustainable CSR programme 	<ul style="list-style-type: none"> Environmental impact Social issues Infrastructure enhancement Security & facilities management Job & business opportunities Community development 	<ul style="list-style-type: none"> Adherence to quality standards Adherence to local authority & regulations Infrastructure improvements around development vicinity Collaboration with NGOs to establish community enrichment initiatives

ECONOMY PILLAR

We believe that sustainability is essential to long term value creation for our stakeholders. The main focus of our sustainability principles is our customers. Before the Group embarks on a new development venture, we carry out market feasibility study to ascertain opportunities and risks of the proposal to determine the viability of the location, product type, pricing and demand. Further on, we strive to provide innovative design, good quality products and services in all of our projects. From conceptualisation of products to development and construction planning, we ensure that our products have viable and sustainable features taking into consideration the market demand and regulatory requirements.

SUSTAINABILITY STATEMENT (cont'd)

ECONOMY PILLAR (cont'd)

We are focused on our commitment to deliver premier workmanship and high-quality products to our customers. Our Quality Assurance team has developed a comprehensive and systematic quality framework which is implemented to ensure that all quality requirements for our products and service will be fulfilled. In our continuous efforts towards enhancing quality standards, Malton has successfully certified its Quality Management System to the latest MS ISO 9001:2015 accreditation by SIRIM, Malaysia since 2017. We have adopted our own benchmark for strict adherence to quality standards based on QLASSIC (CIS 7: 2006) assessment system for all of our medium to high-end development projects. Since 2017, this benchmark assessment system has been the yardstick to measure the quality of our products against workmanship standards and specifications. Through quality products and services survey, we are delighted to have sustained a high level of customer satisfaction scores of 87% during the year under review. This commendable achievement was made possible through the relentless efforts and support by every employee in nurturing the 'Build-in-Quality' culture across the organisation.

From conceptualisation of design to the delivery of high-quality products, we aim to create enduring value to our customers.

We appreciate that, in procurement of construction materials and services, quality and competitiveness are paramount. To ensure delivery of high-quality products, we have established a stringent tender procedure in the selection of suppliers and contractors. We work with our suppliers and contractors to support our sustainability efforts. We have an option to terminate or suspend and blacklist the suppliers and contractors for breach of agreements. We have good rapport and understanding with our suppliers and continue to nurture a green and competitive supply chain that is mutually beneficial for all parties.

Malton also strives to create long-term value for shareholders. The Group endeavours to maintain consistent and sustainable dividends to its shareholders.

ENVIRONMENT PILLAR

With the growing awareness on environmental impacts of depletion of non-renewable resources and global warming, we take heed of the processes and impacts of our construction activities. We continuously review and improve our efforts to advocate for a cleaner and healthier environment and maintain compliance with all the environmental laws and regulations.

Efficiency is at the core of our business. Focusing on costs minimisation and competent deployment of capital allows us to reduce operating and capital expenses for greater efficiency with minimum impact on the environment. We constantly seek to reduce energy and water consumption and decrease waste production through staff training, better design, new technology and best practices in the local industry operating procedures.

As a developer, the Group strives to design its products by integrating green features and innovation. All employees are instilled with the mind-set to conserve energy as much as they can.

SOCIAL PILLAR

Fostering Inclusive Workplace

Malton maintains an employment workforce of about 400 people across its business divisions. As we recognise the importance of an inclusive environment for the organisation's growth, we foster diversity and inclusive workplace while embracing empowerment and equality. Key initiatives in Human Resources policies and guidelines include providing a conducive working environment, workplace safety, employees' engagement, job enrichment, succession planning, training and development.

SUSTAINABILITY STATEMENT (cont'd)

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SOCIAL PILLAR (cont'd)

Talent Management

Identifying, developing and retaining talented employee is imperative for continuous growth and success of the Group. We emphasise on talent development and continuously provide equal opportunities to the employees to build their capabilities and improve competency at all levels. Employee competency and skill levels will be identified with the top and bottom performers flagged out through objective assessment of each employee's performance and potential. The Group encourages employees to proactively explore their career paths and assess their readiness for greater responsibilities.

In our pursuit to ensure high level of customer satisfaction towards our products and services, we shape and drive culture of quality through regular training and quality sharing sessions to our employees across the Group.

Building a Resilient Workforce Amid COVID-19 Pandemic

The Group's offices, sales gallery and project sites in Klang Valley and Johor were closed throughout the MCO, thus empowering employees to adopt the new norm of working remotely from home. People are at the heart of our business. Therefore, the health and safety of our employees, business partners, customers and the communities where we operate is extremely important for us. To prevent COVID-19 spread, we have responded swiftly by implementing and adhering to standard operating procedures (SOPs) in accordance with the laws, regulations and guidelines issued by the Ministry of Health, Ministry of Works, Construction Industry Development Board and related agencies as soon as the Group resumed business on 4 May 2020.

The preventive and control measures adopted by Malton include distributing face masks to employees on a daily basis, placing hand sanitisers at common areas, conducting daily temperature screening for both employees and visitors, daily office sanitisation with physical distancing adherence across our operations including headquarters, site offices, construction sites and sales galleries. It is mandatory for our employees to complete a self-declaration form about their current health, recent travel history and interactions with confirmed or suspected COVID-19 cases, and recent attendance of mass gatherings.

We have also established a cross-functional COVID-19 Emergency Management Team to provide support in the areas of human resources, IT and communications to manage the health and safety of employees at the workplace. Besides that, a representative from each business unit is appointed as central point of contact to deal with emergencies while ensuring safety compliance. Employees are also regularly updated, educated, reminded on safety aspects, risk awareness, latest advisories and important COVID-19 news through electronic direct mails. Functional processes and adequate technology have been put in place such as virtual meetings, etc to ensure constant engagements and business continuity under the 'new normal' among employees, suppliers and customers.



Employees undergoing temperature checks every morning before entering the office building



Visitor undergoing a temperature check while registering his personal details upon entering the office

SUSTAINABILITY STATEMENT (cont'd)

SOCIAL PILLAR (cont'd)



Hand sanitisers placed at common areas for employees and visitors in the office building



COVID-19 SOPs displayed in office to serve as a constant reminder to employees

Occupational Safety and Health

Occupational safety and health remain at the forefront of our priorities, one of the keys in our Sustainability framework. Safety and health initiatives held during the year include raising awareness for COVID-19, in addition to the regular equipment inspections & maintenance briefing. Since the beginning of the COVID-19 outbreak earlier this year, we have adopted stringent safety and health SOPs at our construction sites which is vital to prevent infection cluster within the workers' living quarters. The preventive and control measures implemented by the Group's construction arm, Domain, include regular reminders to workers to observe unhealthy potential symptoms relating to COVID-19, prohibiting workers who show symptoms or contracted with COVID-19 from returning to workplace until tested negative after undergoing a swab test as well as implementing staggered timings for shower and common use of facilities at construction sites, etc.

Being certified ISO 45001, Domain is steadfast in its commitment to strengthen occupational health and safety at work through constant engagements with employees and contractors. With this certification, our organisational resilience will be enhanced through proactive risk prevention, innovation and continual improvement. Comprehensive systems and procedures are in place to manage safety compliance, unsafe behavior, accurate reporting, accident investigations and improvement actions through lesson learnt sharing. Besides upholding high ethical and compliance standards at work, we also promote environment sustainability and eco-friendly practices by reducing environmental impact of waste management, enhancing energy efficiency as well as adopting recycling programme. Domain will continue to shape safety culture by encouraging worker participation from all levels of employees including third party service providers. Contractors are responsible for the safety of their workers on all sites. The buildings' occupants and the public must not be exposed to any health, safety and security risk when performing any works.

Each contractor is required to protect the security, safety and health of the workers and public at the place of work. Every Permit to Work stipulates that contractors must comply with all relevant laws and regulations including but not limited to the:

- Occupational Safety and Health Act 1994
- Factories and Machinery Act 1967
- Uniform Building By-Law 1984
- All other related government agencies regulations

SUSTAINABILITY STATEMENT (cont'd)

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SOCIAL PILLAR (cont'd)

COVID-19 Prevention & Control Measures



Workers undergoing mandatory temperature checks via thermal scanners deployed at construction sites before reporting to work



Adhering to physical distancing at site meeting



Hand-washing facility equipped with soap and clean running water for workers



Workers adopting good personal hygiene habits on a daily basis

Health & Safety Training



Workers attending DRSB Mega Tool Box training and receiving safety excellence award 2019 certificate

SUSTAINABILITY STATEMENT (cont'd)

SOCIAL PILLAR (cont'd)

Reaching Out to Communities

As a responsible corporate citizen, we stepped forward and played a part in the national response to COVID-19 pandemic by donating personal protective equipment (PPE) to our national heroes through the National Disaster Management Agency (NADMA) and Ministry of Health (MOH). The range of PPE donated include 500,000 pieces of surgical masks, safety glasses and full-body protective suits. This humble contribution was a gesture of Malton's goodwill and appreciation to the public service frontliners notably, healthcare workers, Polis DiRaja Malaysia and various non-governmental organisations for their hard work, sacrifice and dedication in fighting the COVID-19 outbreak in Malaysia.

During the year, we continue to adopt a holistic approach by engaging with less fortunate communities in areas of education, health and sports. In doing so, we consistently extend our support to worthy causes covering all segments of society regardless of age groups and races. Montfort Fundraising Charity Dinner, Rehda Annual Dinner, Tennis Malaysia Sponsorship were among the corporate social responsibility programmes we supported over the year. In addition, the Group continues to support A Piece of Hope (APOH) Charity Fun Run & Walk event with an aim to promote health awareness and active participation among its employees.



NADMA receiving safety glasses and full-body protective suits from Malton's representative amid MCO



MOH receiving a range of PPE from Malton's representative



Employees having fun in the 8km run and 3km walk with their families and friends at APOH event

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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The Board of Directors of Malton Berhad (Board) recognises that good corporate governance and ethical practices in its business conducts is essential and necessary for business growth and enhancement of shareholders' value. On this premise, the Board is committed to ensuring that high standards of corporate governance and ethics are implemented and practised throughout Malton Berhad (Malton or Company) and its subsidiaries (the Group). The Board supports the principles expounded in the Malaysian Code on Corporate Governance 2017 (MCCG).

This statement which provides an overview of the corporate governance practices of the Group pursuant to the principles set out in the MCCG for the financial year ended 30 June 2020, shall be read in conjunction with the Corporate Governance Report of Malton Berhad (CG Report) which is available on Malton's website at www.malton.com.my

MCCG PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Board responsibilities

The Board is primarily responsible for setting the goals and objectives for the Group. The Board is collectively responsible in ensuring that the management of the business of the Group is carried out in accordance to its directions to achieve sustainable results and long term success to its shareholders and other stakeholders. The Board has also established the standard for ethical conduct for the Group to achieve the goals and directions. The implementation of the business plans and strategies to achieve the goals are delegated to the executive members of the Board and Management.

The Board, in discharging its duties, has adopted the following strategies:-

- The Board is responsible for setting the goals and directions for the Group.
- Set the standard of good governance and ethical practices through Code of Conduct and Business Ethics for implementation by Management throughout the Group.
- Develop, implement and oversee the conduct of business operations together with Management.
- Based on the Code of Conduct and Business Ethics established for the Group, the Board together with Management developed control framework through Discretionary Authority Limits and Standard Operating Procedures for the Group to ensure internal controls are in place.
- Established Anti-Bribery and Anti-Corruption Policy and Whistleblowing Policy, in compliance with the requirements set out in the Malaysian Anti-Corruption Act, 2007, with the aim to foster the growth of a business environment that is free of corruption.
- Identify principal risks which could affect the Group and develop the necessary mitigation measures to alleviate, lessen or resolve the effect of the risks.
- Succession planning for continuous growth and smooth operation of the Group's business which include mentorship and development of employees' skills and competencies.
- Develop and implement communication policy for the Group for effective communication with shareholders and other stakeholders.

In addition to delegating certain operational authorities to Management, the Board has also established the following Board Committees to assist the Board in discharging various areas of its duties.

- Audit Committee
- Nominating Committee
- Remuneration Committee
- ESOS Committee

Each committee has its own terms of reference, which sets out the functions, responsibilities and authorities of the committee.

Chairman

The Non-Independent Non-Executive Chairman together with the Deputy Chairman, an independent non-executive director, ensure that the Board practises good governance in discharging its duties and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

MCCG PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Chairman (cont'd)

The primary role of the Non-Independent Non-Executive Chairman is to guide the Board in setting the vision and strategic direction of the Group. The Chairman also provides leadership and advice to the Board members in carrying out their duties and responsibilities. The Chairman sets the tone on good corporate governance and ethical practices that are implemented throughout the Group. The Chairman together with the Deputy Chairman, manage the duties of the Board as a whole and set the agenda and matters for discussion by the Board members.

The position of the Chairman is held by Tan Sri Lim Siew Choon. The division of the roles and responsibilities of the Non-Independent Non-Executive Chairman and the Executive Directors is clear. The Executive Directors are responsible for overseeing the implementation of business plans of the Group drawn up by the Board to achieve the vision and strategic direction for the Group keeping in line with the good governance and ethical practices approved by the Board. The Executive Directors and Management are primarily responsible for the day-to-day operational matters of the Group.

Company Secretary

The Board recognizes the importance of the role of the Company Secretary in advising the Board on its roles and responsibilities pursuant to governance and regulatory requirements which includes corporate governance policies, corporate disclosures, compliance with company and securities laws and regulations and listing requirements. The Company Secretary also advises the Board on board policies and procedures and manages the agenda, facilities and communication for meetings of the Board and shareholders. To carry out these duties, the Company Secretary must have the necessary qualification recognized by the relevant regulatory authorities and experience in carrying out the role and responsibilities of this role.

Presently, the Company Secretary of Malton is a fellow member of the Malaysian Institute of Chartered Secretaries and Administrators. The Board has unrestricted access to the advice of the Company Secretary on all matters concerning governance and regulatory requirements.

Meetings

Board meetings are structured with pre-determined agendas. Notification on Board meetings is sufficiently given to enable full attendance at the Board meetings. Appropriate and comprehensive information and complete Board papers are prepared and circulated prior to each Board meeting. The Board papers are distributed to the Directors within 5 business days from date of meeting for their review and request further information and explanation, if necessary. The Directors also have unfettered access to all information within the Group in furtherance of their duties. Minutes which record the deliberations and decisions of the meetings are circulated for review by the Board members on accuracy and completeness.

The Board is scheduled to meet at least five (5) times a year, with additional matters addressed by way of circular resolutions and additional meetings convened as and when necessary. The Board met five (5) times during the financial year ended 30 June 2020. The attendance of the Directors and Board meetings held during the said financial year is set out below.

Name	Total Meetings Attended
Tan Sri Lim Siew Choon	5 of 5
Guido Paul Philip Joseph Ravelli	5 of 5
Puan Sri Tan Kewi Yong	5 of 5
Chua Thian Teck	5 of 5
Hong Lay Chuan	5 of 5
Hj Ahmad bin Hj Ismail, PJK	5 of 5
Dato' Siew Mun Wai	5 of 5

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

MCCG PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Board Charter and Code of Conducts and Business Ethics

The Board Charter sets out the roles and responsibilities of the Board and serves as a reference to the Board on the matters for the Board deliberation and the roles and responsibilities delegated to Management and Board Committees.

The Board Charter is reviewed periodically to ensure that it remains consistent with the vision and mission and also strategic direction of the Group, in compliance with governance and regulatory changes.

The Board Charter is available on Malton's website at www.malton.com.my

The Board has established a Code of Conduct and Business Ethics for the Group which sets out the standard professional and personal behaviour for all employees at the work place. The Code of Conduct and Business Ethics serves as a guide on matters concerning conflicts of interest, confidentiality, fraud, staff relations, safeguard of properties, compliance with laws and regulations amongst others.

The Code of Conduct and Business Ethics is available on Malton's website at www.malton.com.my

Anti-Bribery and Anti-Corruption Policy

In line with the requirements of the Malaysian Anti-Corruption Act 2007, the Board has formalised the anti-bribery and anti-corruption policy and procedures of the Group. The Board advocates a business environment that is free of corruption. Pursuant to the Anti-bribery and Anti-corruption Policy, the Whistleblowing Policy and Procedures enable concerns of possible improprieties and malpractices in the Group to be brought to the attention of the Board and Management in an appropriate manner. The reporting procedure and process are set out in the policy.

Board Composition and Independent Directors

The ratio of independent directors on Board of Malton fulfils the requirements of Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Main Market Listing Requirements) which sets out that at least two (2) directors or 1/3 of the board of directors of a listed issuer, whichever is the higher, are independent directors. In the event of any vacancy in the board of directors which results in non-compliance in the composition of the Board, the Board must fill the vacancy within three (3) months.

The Board has established an evaluation procedure which is carried out, on an annual basis, to ensure that independent directors meet the criteria of independent directors set out in the Main Market Listing Requirements and the effectiveness and contribution of each independent director. The evaluation is reported to the Board for its assessment. In the opinion of the Board as a whole, the independent directors have met the criteria set out in the Main Market Listing Requirements. Each independent director has affirmed his independency and brings invaluable judgement to bear on issues of strategy, performance, allocation of resources, risk management, internal controls and standards of conduct for the Group. The minority shareholders are well represented by the presence of the existing independent non-executive directors in the Board who have shown that they are individuals with integrity and highly capable and competent to carry out their duties and responsibilities.

The Board takes cognizance that the MCCG recommends that the tenure of an independent director should not exceed a cumulative term of 9 years. As set out above, the Group has established annual evaluation to determine and ensure the independency of each independent director and if each of them has contributed positively and effectively as an independent director. In this connection, the Company presently does not limit the terms of an independent director as recommended in the MCCG. The evaluation process will determine if an independent director will remain objective and continue to be fair and impartial in all Board deliberations and decision making. The continued tenure of independent directors also brings stability to the Board and the Group benefits from the directors who have, over time, gained valuable insight of the Group, its market and industry. Furthermore, all directors are required to submit themselves for re-election at annual general meeting once every 3 years under the Main Market Listing Requirements and Constitution of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

MCCG PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Nominating Committee

The Board established the Nominating Committee on 24 October 2002. During the financial year ended 30 June 2020, the Nominating Committee comprised the following independent non-executive directors:-

- Guido Paul Philip Joseph Ravelli (Chairman)
- Hj Ahmad bin Hj Ismail, PJK (Member)

The functions, responsibilities and authority of the Nominating Committee are set out in its terms of reference. The main objectives of the Nominating Committee are to review, recommend and consider candidates for appointment to the Board based on skills and experience and assess the effectiveness of the Board as a whole and also Board Committees based on mix of expertise and experience. Its other main role is to assess the performance of the Board as a whole and the Directors individually.

In the evaluation of candidates for new appointment, the Nominating Committee will consider the following criteria:-

- mix of skills, experience and diversity
- character, integrity, knowledge and expertise
- in the case of independent directors, the independence and abilities to discharge their responsibilities and functions

The Nominating Committee may also seek the assistance of professional recruitment specialist and professional bodies.

During the financial year ended 30 June 2020, the Nominating Committee met to review the performance of the Board members, individually and collectively as a Board and also the Board Committees based on the following key aspects:-

- size, composition, independence, mix of skills and experience within the Board and Board Committees
- functions of the Board and Board Committees
- discharge of duties and responsibilities of the Board and Board Committees
- effectiveness of Board as a whole and the Board members individually and Board Committees

The Nominating Committee is satisfied that the Board as a whole and the Board members individually have fulfilled their duties and responsibilities effectively and are suitably qualified in their respective positions. On the review of the Remuneration Committee, ESOS Committee and Audit Committee, the Nominating Committee concluded that each Board Committee carried out its functions and responsibilities effectively in accordance with its terms of reference.

An evaluation of the Independent Directors was also carried out to assess their independency and competency to continue in office as independent directors of Malton on self-assessment basis and by the other members of the Board. It was concluded that each independent director has continuously maintained his independency and is competent to continue serving as an independent director of the Company.

Board Diversity

The Board presently does not have any gender policies in its evaluation of candidacy and assessment of the performance of the Board as a whole or the Directors individually as the main focus for a Board appointment and performance as a Director is on integrity, skills and experience.

The Board is aware of the recommendations set out in the MCCG and will evaluate the policies from time to time and if found suitable and necessary, revise the policies to meet the requirements of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

MCCG PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Remuneration Committee

The function for assessment of the remuneration of directors and senior management is charged to the Remuneration Committee. The responsibilities and authority of the Remuneration Committee are set out in its terms of reference. The Committee will review the remuneration package of each Executive Director from time to time to assess and make appropriate recommendation, if necessary, to ensure that remuneration packages are competitive to attract and retain capable executives who can manage the Group successfully. Executive Directors have no part in the decision-making process of their own remuneration.

The determination of remuneration packages of independent non-executive directors is a matter of the Board as a whole. The independent non-executive directors do not partake in decisions affecting their remuneration.

The terms of reference of the Remuneration Committee is available on Malton's website www.malton.com.my

To assist the Board in the discharge of its responsibilities in this matter, the Board endorsed the formation of the Remuneration Committee on 24 October 2002. The Remuneration Committee comprises:-

- Guido Paul Philip Joseph Ravelli (Chairman)
- Hj Ahmad bin Hj Ismail, PJK (Member)
- Chua Tian Teck (Member)

During the financial year ended 30 June 2020, the Remuneration Committee met and reviewed the remuneration policies, structure and packages of each director and reported to the Board of Directors.

The aggregate remuneration of the Directors for the financial year ended 30 June 2020 is set out below.

	Salaries	EPF	Fees	Meeting Allowance	Bonus	Benefit-In-Kind	Total
Tan Sri Lim Siew Choon	-	-	238,000	-	-	41,143	279,143
Guido Paul Philip Joseph Ravelli	-	-	48,000	12,000	-	7,200	67,200
Puan Sri Tan Kewi Yong	711,000	106,920	-	-	180,000	28,950	1,026,870
Chua Tian Teck	1,028,000	152,160	-	-	320,000	38,165	1,538,325
Hong Lay Chuan	770,250	123,630	-	-	260,000	35,200	1,189,080
Hj Ahmad bin Hj Ismail, PJK	-	-	48,000	12,000	-	4,500	64,500
Dato' Siew Mun Wai	-	-	48,000	12,000	-	-	60,000
Total	2,509,250	382,710	382,000	36,000	760,000	155,158	4,225,118

Personal Development

The Board believes that continuous pursuit of information and learning and the development of new skills is essential to the Directors for them to carry out and fulfil their duties and responsibilities. The Directors continuously review programmes, conferences, seminars and forums based on the suitability of the subject matter. In addition to attending conferences, seminars and training programmes, the Directors regularly keep up to date on matters relating to economy, business, property and construction industries, finance, legal and regulatory updates and other related issues. All of the Directors have attended the Directors' Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia Securities Berhad. During the financial year ended 30 June 2020, Directors attended various conferences, seminars and forum including Towards Kuala Lumpur 2040, Building Intelligent Homes Together with Digi, Effective Facebook Advertising for Real Estate Projects, Intelligent Automation in Property Development and Management, LHAG Tax, Sales and Services Tax and Customs Seminar 2019, Budget 2020, 2020 Good Feng Shui, Study Tour to KL Eco City and Setia Federal Hill, Domain Senior Management Team Building Programme 2020, Driving Digital Investments into Malaysia: What can the real estate industry expect?, Malaysia plotting a path to eventual recovery and Impact on valuation assessment and deal structuring in response to COVID-19.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

MCCG PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee was established on 8 March 2002. The Audit Committee comprises three (3) independent non-executive directors.

The Audit Committee primarily assists the Board in the review of financial reporting, internal control framework, risk management assessment and mitigation and evaluation of the performance and audit independence of the external auditors.

The Audit Committee comprises members from a wide range and diverse background in qualification, skills and experience necessary to discharge their duties. All of the members are financial literate and familiar with matters concerning property development and construction. In addition to the requirement that the Audit Committee must comprise only non-executive directors, the Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of a least two (2) years before being appointed as a member of the Audit Committee. None of the current members of the Audit Committee is a former key audit partner of the auditors of the Group.

Information on the Audit Committee is set out in the Audit Committee Report in this Annual Report.

Risk Management and Internal Control

The Board together with Management have established a risk management and internal control framework which is essentially designed to identify the risks that could impede the performance of the Group with mitigation strategies which include planning and taking steps to reduce the probability of the risks and severity of the risks.

Information on the risk management and internal control framework is set out in the Statement on Risk Management and Internal Control in this Annual Report.

Internal Audit Function

The Group has established an internal audit department which reports directly to the Audit Committee.

The internal audit team carries out its audit duties based on its established internal audit framework that covers business audit, system audit, operational and financial audits and reports its findings and recommendations to the Audit Committee. The internal audit team will also, on directives from the Audit Committee, issue notices and memorandum on audit findings and recommendations for improvement to the relevant heads of departments. The internal auditors also review the quarterly results together with the Audit Committee prior to recommendation to the Board for approval and release.

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

Communication with Stakeholders

The Board subscribes to the corporate disclosure framework under the Main Market Listing Requirements. The Group has established its website www.malton.com.my which provides the shareholders and public access to information in relation to property launches, corporate matters, announcements and financial reports released to Bursa Malaysia Securities Berhad, analysts' reports and other investors' relations matters. The Board values and encourages communications with the shareholders and other stakeholders for them to establish better understanding of the Group's objectives and performance. Annual General Meetings are appropriate forums for shareholders to participate in questions and answer sessions with Directors and Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

OTHER CORPORATE DISCLOSURES

1. Material contracts

There were no material contracts involving the interests of the Directors and/or major shareholders of the Company other than those disclosed in the Recurrent Related Party Transactions set out below and Related Party Transactions and Balances presented in the Financial Statements of this Annual Report.

2. Audit and non-audit fees paid to external auditors

During the financial year ended 30 June 2020, the Group paid a total of RM634,700 to Deloitte PLT and affiliates for audit and non-audit services. The details of the payments are set out below.

	Company RM	Group RM
Audit fees	105,000	502,000
Non-audit fees		
- Review of Statement on Risk Management and Internal Control	5,000	5,000
- Tax Compliance	10,500	47,700
- Housing Development Accounts	-	18,000
- Capital allowance review	-	58,000
- Others	-	4,000
Total	120,500	634,700

3. Recurrent related party transactions

The Group was granted shareholders' mandate to enter into Recurrent Related Party Transactions for the sale of trading stock properties with related parties and construction and project management services contracts with related parties of Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong at the 24th Annual General Meeting of Malton held on 22 November 2019.

There was no award of contracts pursuant to the mandate granted to the Group for recurrent related party transactions for construction related services and project management services with related parties of Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong during the financial year ended 30 June 2020.

The recurrent related party transaction for the sale of trading stock properties with related parties conducted during the financial year ended 30 June 2020 pursuant to the above-mentioned mandate is set out below.

Related Parties	Relationship with Malton Group	RM
Lim Shoo Wenn	Daughter of Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong	1,279,987
Faun Kum Leng	Sister-in-law of Tan Sri Lim Siew Choon	629,825
Total		1,909,812

4. Malton Employees' Share Option Scheme

The Malton Employees' Share Option Scheme ("Malton ESOS"), established on 20 April 2016 and will expire on 19 April 2021, is currently the only existing employees' share option scheme under the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

OTHER CORPORATE DISCLOSURES (cont'd)

4. Malton Employees' Share Option Scheme (cont'd)

Some of the details of the Malton ESOS are set out below.

Date of grant of options	Exercise price per option RM	Number of options			
		Granted	Balance as of 1 July 2019	Exercised	Balance as of 30 June 2020
23 February 2017	0.80	16,115,000	4,881,300	-	4,881,300

	Number of options			
	Granted	Balance as of 30 June 2019	Exercised	Balance as of 30 June 2020
Tan Sri Lim Siew Choon	300,000	300,000	-	300,000
Guido Paul Philip Joseph Ravelli	150,000	150,000	-	150,000
Puan Sri Tan Kewi Yong	450,000	450,000	-	450,000
Chua Thian Teck	450,000	450,000	-	450,000
Hong Lay Chuan	450,000	450,000	-	450,000
Hj. Ahmad Bin Hj. Ismail, PJK	150,000	150,000	-	150,000
Total	1,950,000	1,950,000	-	1,950,000

The total maximum allocation applicable to the directors and senior management is approximately 17.7% of the total maximum allocation available to all of the eligible employees under the Malton ESOS. The actual percentage granted to the directors and senior management amounted to 17.7% of the total options granted to the eligible employees.

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group at the end of the financial year and of the results and the cash flow of the Group for the financial year.

The Directors are satisfied that, in preparing the financial statements of the Group for the financial year ended 30 June 2020, the Group has adopted approved applicable accounting standards in Malaysia and complied with the provisions of the Companies Act, 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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As set out in our vision statement, Malton Berhad (Malton) aspires to be the leading lifestyle and innovative property developer in the region. A vital aspect to achieving this is the use and integration of Risk Management into our system and processes. The Board of Directors of Malton (Board) is mindful of the inherent risks and uncertainty that might have an impact on our business operations and the significance of having a good risk management framework in place. Having an established and effective risk management framework, embedded into the culture of the Group, will contribute to the achievement of corporate strategy and in particular, organisational effectiveness.

The Board together with Management, have established a risk management framework comprising risk assessment procedures which essentially is designed to identify and assess the risks that could impede the operations of Malton and its subsidiaries (the Group). Under the framework, the Board and Management have also developed mitigation strategies which include planning and taking steps to reduce the probability of the risks and severity of the risks.

The significant risks identified are categorized as follows:-

- **Economic risks**

The Group recognises economic risks are macroeconomic circumstances which include economic volatility, political stability, foreign policy uncertainty, trade uncertainties and government policies that could affect market trends and prices, wages, taxes and cost of materials among others things and may adversely affect profits.

- **Financial risks**

Financial risks include exposure to fluctuations in interest rates, foreign exchange fluctuations, cash flow liquidity and financial leverage.

- **Environmental conditions**

Environmental risks include actual or potential threats of adverse effects on the community and environment by effluents, emissions, wastes, resource depletions arising out of business activities.

- **Market risks**

The Group recognises the potential market risks triggered by COVID-19, causing changes in purchasing behaviour, which may exacerbate the property overhang issue as consumers divert spending for more essential purposes.

- **Operational risks**

The Group recognises operational risks include inadequate or failed procedures, system or policies, system failure, employee errors, breach of internal controls and incidents of fraud and impact of an outbreak of disease. Potential risks to operations also include unexpected variations to cost, defects or late delivery penalties and delays in acquiring regulatory approval. Additional compliance processes as a result of COVID-19 SOPs can also affect the timely delivery of projects.

- **Health and Safety**

The Group recognises the importance of the working conditions, health and safety of its employees and impact of wide spread health concern such as COVID-19.

- **Cybersecurity**

The Group recognises the risks arising from disruptions to information technology infrastructure, as well as the threat of cyber terrorism and information security breaches.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

The Board together with Management carry out risk assessment from time to time. The risk assessment procedures include:-

- Identifying the risks;
- Determine risks target areas;
- Evaluate the risks and determine the mitigation or control strategies;
- Record the key findings and implement mitigation or control strategies; and
- Review the risk assessment procedures periodically.

Risk mitigation planning, implementation and monitoring progress include:-

- Developing mitigation strategies to reduce the threats or severity of the risks;
- Executing the mitigation strategies; and
- Monitoring risk mitigation progress by tracking the identified risk and evaluating the effectiveness of the mitigation strategies.

The mitigation strategies also include tasking the Internal Audit Department to carry out audit on the operations of the Group and report its findings directly to the Audit Committee.

The risk management framework mainly covers the following areas:-

1. Review of Business Opportunities

The Board and Management have established a process for the review of business opportunities which include carrying out detailed feasibility study, market research, formulation of potential development plans, financial and operational requirements to assess the viability of the opportunities, identify potential areas of risks and where necessary, plans to alleviate or reduce the effects of any potential risks.

2. Review of Financial Requirements and Cash Flow Management

Prior to the implementation of any approved development or construction projects, the Board and Management will review the budget and overall cash flow requirements to assess and plan the financing requirements and cost of financing.

3. Review of Development and Construction Process

The development and construction teams will, prior to commencement of any development and construction activities, review the construction requirements including equipment and machinery specifications, type and usage of materials to assess the impact of the activities on the community and environment and also well-being and safety of the work force on site. The teams will make the necessary recommendations to address and minimise the effects of any potential risks to the community, environment and ensure the well-being and safety of the work force on site.

4. Health and Safety Practices

Health and safety of employees at the work place, whether at various construction sites or offices, has a substantial impact on the Group. The Group has implemented initiatives to identify hazards in the workplace and put in place, measures to minimise them and inculcate safety at workplace. Employees are informed and trained on health and safety hazards and measures.

To safeguard the health and safety of the employees during the outbreak of COVID-19, the Group has implemented appropriate guidelines and standard operating procedures in line with the management guidelines for workplaces issued by the Ministry of Health, Malaysia. Employees are constantly reminded of the guidelines and procedures including best practices for maximum protection for themselves at the workplaces.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

5. Internal Control System

This is established to mitigate the significant risks that could affect the Group in its operating environment. The Group will continuously identify and assess the impact of such risks and develop necessary measures to manage the risks.

6. Group Reporting Structure

This is achieved through clearly defined operating and reporting structures with clear lines of accountability and responsibilities. Changes in the Group structure are duly communicated to management team of the Group. In addition, details of directorship within the Group are constantly highlighted to ensure that related parties are duly identified, as necessary.

7. Internal Audit Function

In addition, the Group has an internal audit department which carries out the internal audit function in the Group. The findings of the internal audit department are regularly reported to the Audit Committee. The Audit Committee meets at least five (5) times a year with the Board to discuss significant issues discovered during the internal audit process and makes the necessary recommendations to the Board.

8. Control Framework

a. Financial Information and Information System

Monthly management reports are prepared at subsidiary levels and subject to review by Management and the Executive Directors.

b. Performance Reporting and Monitoring

Quarterly financial statements are presented to the Audit Committee and the Board for review and discussion.

c. Standardization of Policies and Procedures

Standardized policies and procedures are implemented to address the financial and operational controls of the Group.

9. Anti-Bribery and Anti-Corruption Strategies

Additionally, the Group has also established policies and procedures to ensure specifically to identify, analyse, assess internal and external corruption risk exposure. The corruption risk assessment procedures include:-

- a. Opportunities for corruption and fraud activities resulting from weaknesses in the Group's organisation governance framework and internal systems.
- b. Financial transactions that may disguise as corrupt payments.
- c. Business activities in countries or sectors that pose higher corruption risk.
- d. Non-compliance by external parties acting on behalf of Malton Group.
- e. Relationships with third parties in the supply chain which are likely to expose the Group to corruption.

Comprehensive assessment of anti-corruption risk assessment will be carried out at least once every three years with intermittent assessments to be conducted when necessary to ensure relevance and compliance with the legislation.

The Board is assured that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group. The Board will review risk management framework from time to time to ensure relevance and compliance with the relevant legislations and guidelines.

AUDIT COMMITTEE REPORT

The Audit Committee of Malton Berhad was established on 8 March 2002. All of the members of the Audit Committee, as set out below, are independent non-executive directors.

- Guido Paul Philip Joseph Ravelli (Chairman)
- Hj Ahmad bin Hj Ismail, PJK (Member)
- Dato' Siew Mun Wai (Member)

Mr Guido Paul Philip Joseph Ravelli is the Chairman of the Audit Committee. Dato' Siew Mun Wai, who was appointed an Independent Non-Executive Director and a member of the Audit Committee on 1 August 2018, is a Fellow Member of the Institute of Chartered Accountants in England & Wales and a Chartered Accountant of the Malaysian Institute of Accountants.

The Audit Committee met five (5) times during the financial year ended 30 June 2020. The attendance of the Audit Committee members is set out below.

Name	Total Meetings Attended
Guido Paul Philip Joseph Ravelli	5 of 5
Hj Ahmad bin Hj Ismail, PJK	5 of 5
Dato' Siew Mun Wai	5 of 5

TERMS OF REFERENCE

Objectives of the Audit Committee

The primary objectives of the Committee are to:-

1. Maintain, through regularly scheduled meetings, an open line of communication between the Board, Management, external auditors and internal auditors;
2. Oversee and appraise the quality of the audits conducted by the external auditors and internal auditors; and
3. Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the Company's administrative, operating and accounting controls.

Membership of the Audit Committee

1. The Company shall appoint an Audit Committee from amongst its directors and shall consist of not less than three (3) in numbers, all of whom shall be non-executive directors with a majority of them being independent directors.
2. At least one member of the Audit Committee:-
 - i. must be a member of the Malaysian Institute of Accountants; or
 - ii. if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - a. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - b. he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - iii. fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad.

AUDIT COMMITTEE REPORT

(cont'd)

TERMS OF REFERENCE (cont'd)

Membership of the Audit Committee (cont'd)

3. No alternate director shall be appointed as a member of the Committee.
4. If a member of the Committee for any reason ceases to be a member with the result that the number is reduced to below three (3), the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
5. The Nominating Committee shall review the term of office and performance of the Committee and each of its members on an annual basis to determine whether the Committee and its members have carried out their duties in accordance with the terms of reference.

The members of the Committee shall elect a Chairman from among themselves who shall be an independent director subject to the endorsement of the Board of Directors.

Authority of the Audit Committee

The Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

1. Have authority to investigate any matter within its terms of reference;
2. Have the resources which are required to perform its duties;
3. Have full and unrestricted access to any information pertaining to the Group;
4. Have direct communication channels with the external auditors and also the internal auditors;
5. Be able to obtain independent professional advice or other advice necessary for the discharge of its duties; and
6. Be able to convene meeting with the external auditors and/or internal auditors excluding the attendance of other directors and/or employees, whenever deemed necessary.

The Chairman of the Committee shall engage on a continuous basis with senior management on matters affecting the Group.

Where the Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Committee shall promptly report such matter to Bursa Malaysia Securities Berhad.

Key Functions and Responsibilities

The primary functions of the Committee are to review the following and report the same to the Board of Directors:-

1. The audit plan, audit report and evaluation of the system of internal controls with the external auditors and assistance given by the employees of the Group to the external auditors;
2. The adequacy of scope, functions and resources of the internal audit function and the necessary authority to carry out its duties;
3. The internal audit programme and processes, the results of the internal audit programme, processes and/or investigation undertaken and whether or not appropriate actions are taken on the recommendation of the internal audit function and/or the Committee;

AUDIT COMMITTEE REPORT (cont'd)

TERMS OF REFERENCE (cont'd)

Key Functions and Responsibilities (cont'd)

4. The quarterly results and year-end financial statements, prior to review by the Board of Directors, focusing particularly on:-
 - i. Changes in or implementation of major accounting policy changes;
 - ii. significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed; and
 - iii. compliance with accounting standards and other legal requirements.
5. Any related party transaction and conflict of interest situation that may arise within the Group including review of management integrity;
6. Audit programme and processes of the external auditors including evaluation of the performance and audit independence of the external auditors and whether there is reason (supported by grounds) to believe that the external auditors is not suitable for re-appointment;
7. Any resignation of external auditors of the Company; and
8. Recommendation for nomination of a person or persons as external auditors.

Meetings and Reporting of the Audit Committee

1. The quorum in respect of a meeting of the Committee shall be a majority of independent directors.
2. The Committee shall meet each quarter of a financial year to review the unaudited results of the Group and on an annual basis, to review the audited financial statements. Additional meetings may be convened, as the Chairman shall decide, in order to fulfil its duties.
3. The Company Secretary or any person appointed by the Audit Committee shall be the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and other supporting explanatory documentation for circulation to the Committee Members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meetings of the Committee and circulating them to the members and to the other members of the Board of Directors. The Chairman shall convene a meeting of the Committee to consider any matter that the external auditors believe should be brought to the attention of the directors and/or shareholders of the Company.
4. It is only upon an invitation of the Committee that any other directors and/or employees of the Company may attend a meeting of the Committee.
5. All or any member of the Committee may participate in a meeting of the Committee by telephone conferencing, video conferencing or any communication equipment that allows all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

AUDIT COMMITTEE REPORT

(cont'd)

INTERNAL AUDIT FUNCTION

The Group established an internal audit department which reports directly to the Audit Committee. During the financial year ended 30 June 2020, the internal audit department carried out its audit duties based on its established internal audit framework that covered business audit, system audit, operational and financial audits and reported its findings to the Audit Committee. The Audit Committee together with the internal auditors, Executive Directors and Management reviewed the quarterly unaudited financial results and year-end audited financial statements and reported its assessment to the Board of Directors prior to release to Bursa Malaysia Securities Berhad.

The internal audit department comprises three personnel and is headed by Mr Kheu Chao Leng. He qualified as a Chartered Certified Accountant and Chartered Secretary in the United Kingdom.

The internal audit team which reports directly to the Audit Committee is free from any relationships and conflict of interest that may impair objectivity and independence.

The total cost incurred for the internal audit function of the Group for the financial year ended 30 June 2020 was approximately RM611,906.

ACTIVITIES CARRIED OUT BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2020

The main responsibilities of the Audit Committee are categorized as below.

1. Review of the quarterly unaudited financial results and year-end audited financial statements and report to the Board of Directors of Malton prior to release to Bursa Malaysia Securities Berhad;
2. Review of related party transactions or conflict of interest situation that may arise within the Group including management integrity;
3. Review of the operational functions of various departments of the Group to assess the adherence to policies and standard operating procedures in place;
4. Review of the internal controls established for the Group for assessment of quality and effectiveness and report on any weaknesses to evaluate the risk management framework including mitigation measures implemented by the Group;
5. Review of the planning report from the external auditors prior to audit which cover the objectives, scope and procedures of the audit; and
6. Review the independence policies and procedures of the external auditors and performance of the external auditors.

During the financial year ended 30 June 2020, the Audit Committee had reviewed the quarterly unaudited financial results together with members of Management and reported its comments to the Board of Directors prior to release to Bursa Malaysia Securities Berhad.

The Audit Committee reviewed related party transactions conducted during the financial year ended 30 June 2020 based on established guidelines and procedures to ensure that the transactions were entered into by the Group on an arm's length basis on terms which are not more favourable than those transacted with the public and not detrimental to the interest of the minority shareholders. It was confirmed that the transactions were carried out at prevailing market prices and on terms which are not more favourable than those transacted with the public and not detrimental to the interest of the minority shareholders.

AUDIT COMMITTEE REPORT (cont'd)

ACTIVITIES CARRIED OUT BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

The Audit Committee reviewed policies and standard operating procedures of various departments including updates in the Code of Conduct and Business Ethics and Employee Handbook of the Group. The Committee also reviewed the anti-bribery and anti-corruption policies and procedures of the Group including the policies and procedures of whistleblowing policy and procedures to ensure compliance with the provisions of the Malaysian Anti-Corruption Act, 2007.

The Audit Committee met with the external auditors, prior to commencement of the audit for the financial year ended 30 June 2020 and discussed the planning report presented by the external auditors. The planning report covered the objectives, scope and procedures of audit work to be carried out by the external auditors. In the course of review of the year-end audited financial statements, the external auditors had also reported to the Audit Committee on the audit progress and findings made during audit process. The Audit Committee met and reviewed the year-end audited financial statements together with the external auditors and Management and reported its assessment to the Board of Directors prior to release to Bursa Malaysia Securities Berhad.

The Audit Committee also met with the external auditors without the presence of the executive members of the Board and Management to discuss matters relating to the audit process and assistance and cooperation extended by Management and employees of the Group.

As practised in the previous years, the Audit Committee also reviewed the independence policies and procedures of the external auditors for assessment of independency of the external auditors.

The Internal Audit Department which reports directly to the Audit Committee is required to present the audit programme prior to commencement of each financial year for review and approval of the Audit Committee. During the financial year ended 30 June 2020, the Internal Audit Department presented, based on the audit programme, audit reports for review by the Audit Committee which mainly covered business and operational activities of the property development and construction divisions including site management and documentation controls. Other areas covered were human resources policies and procedures, inventories and investment properties, management of information technology particularly cyber risks and security systems, software licenses, finance and accounting records and property management services. These reports presented the findings on the activities carried out by the various departments and through the activities, evaluated the quality and effectiveness of internal controls in place and risks areas and necessary and appropriate mitigation measures.

MALTON BERHAD

[Registration No: 199401035205 (320888-T)]

FINANCIAL STATEMENTS

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REPORT OF THE DIRECTORS

REPORT OF THE DIRECTORS

The Directors of **MALTON BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies are disclosed in Note 15 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit before tax	51,584	3,550
Income tax expense	(33,924)	(2,278)
Profit for the financial year	17,660	1,272
Profit attributable to:		
Owners of the Company	18,088	1,272
Non-controlling interests	(428)	-
	17,660	1,272

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than loss on fair value adjustments of investment properties, impairment in subsidiary company, gain on fair value adjustment of investment in redeemable preference shares, write down of inventories, allowance for impairment losses against other receivables as disclosed in Note 13, Note 15, Note 18, Note 21 and Note 22 to the financial statements respectively.

DIVIDENDS

On 13 December 2019, the Company paid a first and final single-tier dividend of 1.5 sen per share amounting to RM7,922,852 in respect of the financial year ended 30 June 2019 as approved by the shareholders at the last Annual General Meeting.

The Directors do not recommend any declaration of dividend 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.

REPORT OF THE DIRECTORS

(cont'd)

ISSUE OF SHARES AND DEBENTURES

In 2019, the issued and paid-up share capital of the Company was increased from RM528,552,432 to RM528,552,632 pursuant to the exercise of warrant as discussed in Note 27. The new shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The Company did not issue any new shares and debentures during the financial year.

SHARE OPTIONS

The ESOS which was established on 20 April 2016 for the benefit of eligible employees and directors of the Group will expire on 19 April 2021.

The salient features of the ESOS are disclosed in Note 27 to the financial statements.

The movements of the options over the unissued ordinary shares in the Company granted under the ESOS during the financial year are as follows:

Date of grant	Exercise price per share RM	Number of options over ordinary shares			
		Balance as of 1.7.2019	Granted	Exercised	Balance as of 30.6.2020
23.2.2017	0.80	4,881,300	-	-	4,881,300

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

- (a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) 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.

REPORT OF THE DIRECTORS (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; and
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

In the opinion of the Directors, 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 operations of the Group and of the Company in the financial year in which this report is made.

DIRECTORS

The Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Lim Siew Choon
Guido Paul Philip Joseph Ravelli
Puan Sri Tan Kewi Yong
Chua Thian Teck
Hong Lay Chuan
Hj. Ahmad Bin Hj. Ismail
Dato' Siew Mun Wai

The Directors of the subsidiary companies in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Lim Siew Choon
Chua Thian Teck
Hong Lay Chuan
Datuk Lim Chon Hoo
Ahmad Lazri Bin Long Ahmad Zainal Abidin
Mohd Khairuddin Bin Hj. Nawani
Md Yunus Bin Ahmad
Noraani Binti Zainudin

REPORT OF THE DIRECTORS

(cont'd)

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

	Number of ordinary shares			
	Balance as of 1.7.2019	Bought	Sold	Balance as of 30.6.2020
Shares in the Company				
Indirect interest				
Tan Sri Lim Siew Choon	197,531,489	10,370,000	-	207,901,489*
Puan Sri Tan Kewi Yong	197,531,489	10,370,000	-	207,901,489*

* Held through Malton Corporation Sdn. Bhd.

In addition to the above, the following Directors have an interest in the shares of the Company, by virtue of the options granted pursuant to the ESOS of the Company:

	Number of options over ordinary shares			
	Balance as of 1.7.2019	Granted	Exercised	Balance as of 30.6.2020
Tan Sri Lim Siew Choon	300,000	-	-	300,000
Guido Paul Philip Joseph Ravelli	150,000	-	-	150,000
Puan Sri Tan Kewi Yong	450,000	-	-	450,000
Chua Thian Teck	450,000	-	-	450,000
Hong Lay Chuan	450,000	-	-	450,000
Hj. Ahmad Bin Hj. Ismail	150,000	-	-	150,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive a benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of full-time employees of the Company as disclosed in Note 8(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefits which may be deemed to have arisen by virtue of any transactions with companies in which certain Directors have substantial financial interest in the ordinary course of business.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the options granted to certain Directors pursuant to the Company's ESOS as disclosed above.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS OR AUDITORS

The Group and the Company maintain Directors' and Officers' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the Directors and Officers of the Group and of the Company. The amount of insurance premium paid during the year is RM33,930.

There were no indemnity given to or insurance affected for the auditors of the Group and of the Company in accordance with Section 289 of the Companies Act, 2016.

REPORT OF THE DIRECTORS (cont'd)

SIGNIFICANT EVENTS DURING THE YEAR

The details of significant events during the year are disclosed in Note 44 to the financial statements.

AUDITORS' REMUNERATION

The amount paid as remuneration of the auditors for the year ended 30 June 2020 is as disclosed in Note 8(a) to the financial statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

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

CHUA THIAN TECK

HONG LAY CHUAN

Kuala Lumpur
27 October 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALTON BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MALTON BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 30 June 2020 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 57 to 154.

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 30 June 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (On Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition from property development and construction activities

Revenue from property development and construction activities recognised during the year as disclosed in Note 5 to the financial statements amounted to RM1.791 billion, which represents 99% of the Group's revenue.

Property development revenue is recognised over the period of the project by reference to the progress towards complete satisfaction of the 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 project).

Judgement is required in determining the progress of property development towards the complete satisfaction of the performance obligation, which includes relying on the opinion or service of experts, past experience and continuous monitoring of the budgeting process. These management estimates and judgements affect the cost-based input method computations and the amount of revenue and profit recognised during the year.

Revenue from construction contracts is recognised over time which depends on the extent to which the performance obligation has been satisfied, which is measured by determining the stage of completion. The stage of completion is determined by the proportion that contract construction costs incurred for work performed to date compared to the estimated total construction costs.

(Forward)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALTON BERHAD

(cont'd)

Revenue recognition from property development and construction activities (cont'd)

Judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs.

We focused on this area because of the magnitude of the revenue and the costs recognised by the Group from these activities, which are based on significant estimates and judgments.

Refer to "key estimate and assumptions" in Note 4(a)(i) and (ii), revenue in Note 5 and property development costs in Note 20 to the financial statements.

How the scope of our audit responded to the key audit matter

Our audit procedures included among others:

- Obtained understanding of the revenue recognition process, including the accuracy and timing of revenue recognition towards satisfaction of performance obligation, and tested the associated relevant controls surrounding revenue recognition.
- Reviewed the agreements for property development and construction projects. Tested the accuracy of the management's computation for the progress of property development and construction projects towards the complete satisfaction of performance obligation taking into account the construction or development costs recognised during the financial year and the budgeted cost by testing a sample of costs incurred to date to the relevant supporting documentation (such as contractor's claim certificates, surveyor certificates, architect certificate and others) and reviewing the management prepared budgets ensuring that project budgets are reasonable. We also performed site-visits for individually significant on-going projects to arrive at an overall assessment as to whether percentage of progress towards complete satisfaction of performance obligation determined on a cost-to-cost basis was reasonable. Further, checked the cost incurred by contractors of which invoice/progress claim has yet to be received.
- Evaluated the reasonableness of the estimates made and assessed whether or not these estimates showed any evidence of management bias, based on historical accuracy of management's estimates in prior years. Discussed and tested changes in total estimated costs of a sample of construction and property development projects from prior years with management and assessed the consistency of assumptions applied across projects. Also, interviewed management's project team on the reasonableness of the budgeted costs to the completion of a sample of projects.

Valuation of Inventories

As at 30 June 2020, the Group has unsold inventories amounting to RM170million. Inventories for sale are stated at the lower of cost and net realisable value (NRV). The determination of the estimated net realisable value of these unsold inventories is dependent upon the directors' expectation of future selling prices.

We focused on this, as this is the specific risk area most susceptible to misstatements and area that involves significant degree of management judgement, and accounting estimates on determining future selling price.

Refer to "key estimate and assumptions" in Note 4(b)(v), and inventories in Note 21 to the financial statements.

(Forward)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALTON BERHAD

(cont'd)

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How the scope of our audit responded to the key audit matter

Our audit procedures included among others:

- Reviewed and understood the management process for determination of NRV of inventories and evaluated the design and implementation of the relevant controls.
- For unsold inventory, we tested management's assessment of NRV by reference to recent transacted prices of comparable properties, taking into consideration the estimated selling price less cost to sell.
- Physically sighted a sample of unsold properties, focusing on long-aged properties, to ascertain if any write-down was warranted due to physical obsolescence and deterioration of the properties.
- Where the estimation of NRV is based on the report of management's specialist (i.e. independent valuer), we assessed the appropriateness of the independent valuer's scope of work and evaluated the independence and qualification of the independent valuer. Had discussions with the independent valuer on the methodologies and techniques used in performing the valuation and obtained and tested data provided by management to the independent valuer.

Fair value of investment properties

As at 30 June 2020, the investment property portfolio of the Group amounted to RM169million. The investment properties of the Group are held at fair value, which is based on independent external valuations performed by management's specialist. The valuation process involves determination of the appropriate valuation method to be used and underlying assumptions to be applied.

We focused on this as the use of valuation methods, assumptions and estimates require significant judgment. The valuation is sensitive to the key assumptions applied and various unobservable inputs.

Refer to "key estimate and assumptions" in Note 4(b)(iv), and investment properties in Note 13 to the financial statements.

How the scope of our audit responded to the key audit matter

Our audit procedures included among others:

- assessed the appropriateness of the independent valuer's scope of work, evaluated the independence and qualification of the independent valuer.
- had discussions with the independent valuer on the methodologies and techniques used in performing the valuation, challenged the assumptions used in the valuation and obtained and tested data provided by management to the independent valuer.
- engaged internal specialist to review valuation report and to assess the reasonableness of the basis of valuation of a significant investment property.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

(Forward)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALTON BERHAD

(cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

(Forward)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALTON BERHAD

(cont'd)

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Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016, we also report that in the case of consolidated financial statements, the names of the subsidiaries, of which we have not acted as auditors, are indicated in Note 15 to the financial statements.

(Forward)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALTON BERHAD

(cont'd)

Other Matter

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 towards any other person for the contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

LIM CHU GUAN
Partner - 03296/03/2021 J
Chartered Accountant

Kuala Lumpur
27 October 2020

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

		The Group		The Company	
	Note	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
Revenue	5	1,809,022	992,124	21,916	23,682
Cost of sales	6	(1,626,192)	(783,998)	-	-
Gross profit		182,830	208,126	21,916	23,682
Other income		21,396	22,227	6,149	8,658
Share in results of joint ventures	17	(102)	-	-	-
Selling and distribution expenses		(5,137)	(4,559)	-	-
Administrative expenses		(101,715)	(106,737)	(18,507)	(16,911)
Finance costs	7	(45,688)	(56,633)	(6,008)	(7,821)
Profit before tax	8	51,584	62,424	3,550	7,608
Income tax expense	9	(33,924)	(38,220)	(2,278)	(2,557)
Profit for the year		17,660	24,204	1,272	5,051
Other comprehensive loss, net of income tax					
Items that will be reclassified subsequently to profit or loss:					
Net changes in fair value of available-for-sale financial assets		-	(46)	-	(70)
Items that will not be reclassified subsequently to profit or loss:					
Adjustment to non-controlling interest due to increase in shareholding of a subsidiary company	15	-	155	-	-
Total comprehensive income for the year		17,660	24,313	1,272	4,981
Profit/(Loss) attributable to:					
Owners of the Company		18,088	24,653	1,272	5,051
Non-controlling interests	15	(428)	(449)	-	-
		17,660	24,204	1,272	5,051
Total comprehensive income/(loss) attributable to:					
Owners of the Company		18,088	24,607	1,272	4,981
Non-controlling interests		(428)	(294)	-	-
		17,660	24,313	1,272	4,981
Earnings per ordinary share:					
Basic (sen)	10	3.42	4.67		
Diluted (sen)	10	3.42	4.67		

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

STATEMENTS OF FINANCIAL POSITION

AS OF 30 JUNE 2020

	Note	30.6.2020 RM'000	The Group 30.6.2019 RM'000 (Restated)	1.7.2018 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	11	38,078	40,189	39,647
Right-of-use assets	12	9,544	-	-
Investment properties	13	169,425	174,883	171,159
Land held for property development	14	670,052	191,269	31,457
Investment in associated companies	16	-	-	-
Investment in joint ventures	17	-	-	-
Other investments	18	129,054	245	245
Deferred tax assets	19	22,762	24,325	21,412
Total non-current assets		1,038,915	430,911	263,920
Current assets				
Property development costs	20	506,453	1,787,239	1,657,157
Inventories	21	170,179	151,942	125,742
Trade receivables	22	154,331	133,184	193,706
Other receivables and prepaid expenses	22	47,230	97,208	117,349
Contract assets	23	275,037	306,663	116,080
Amount owing by joint ventures		5,444	-	-
Tax recoverable		126	121	189
Short-term funds	25	489	473	1,508
Fixed deposits with licensed banks	36	33,458	40,005	38,612
Cash and bank balances	26	149,256	81,026	122,757
Total current assets		1,342,003	2,597,861	2,373,100
Total assets		2,380,918	3,028,772	2,637,020

(Forward)

STATEMENTS OF FINANCIAL POSITION

AS OF 30 JUNE 2020
(cont'd)

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	Note	30.6.2020 RM'000	The Group 30.6.2019 RM'000 (Restated)	1.7.2018 RM'000 (Restated)
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	27	528,552	528,552	528,552
Reserves	28	396,149	385,984	371,940
		924,701	914,536	900,492
Non-controlling interests	29	19,467	132,343	135,167
Total equity		944,168	1,046,879	1,035,659
Non-current liabilities				
Other payables	34	5,227	11,105	97,758
Redeemable preference shares	30	17,818	10,408	15,798
Bank borrowings - non-current portion	31	66,307	124,013	107,569
Hire-purchase payables - non-current portion	32	743	1,988	2,464
Lease liabilities - non-current portion	33	6,020	-	-
Deferred tax liabilities	19	57,894	58,800	64,276
Total non-current liabilities		154,009	206,314	287,865
Current liabilities				
Trade payables	34	561,885	575,418	514,804
Other payables and accrued expenses	34	268,797	588,705	349,664
Contract liabilities	23	4,478	8,863	7,210
Bank borrowings - current portion	31	425,054	578,273	422,617
Hire-purchase payables - current portion	32	1,245	1,786	2,690
Lease liabilities - current portion	33	3,739	-	-
Tax liabilities		17,543	22,534	16,511
Total current liabilities		1,282,741	1,775,579	1,313,496
Total liabilities		1,436,750	1,981,893	1,601,361
Total equity and liabilities		2,380,918	3,028,772	2,637,020

(Forward)

STATEMENTS OF FINANCIAL POSITION

AS OF 30 JUNE 2020

(cont'd)

		The Company	
	Note	2020 RM'000	2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	740	756
Right-of-use assets	12	748	-
Investment in subsidiary companies	15	501,016	504,149
Deferred tax assets	19	323	462
Total non-current assets		502,827	505,367
Current assets			
Other receivables and prepaid expenses	22	799	1,138
Amount owing by subsidiary companies	24	126,779	144,181
Short-term funds	25	489	473
Fixed deposits with licensed banks	36	2,530	2,452
Cash and bank balances	26	217	683
Total current assets		130,814	148,927
Total assets		633,641	654,294
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	27	528,552	528,552
Reserves	28	6,507	13,158
Total equity		535,059	541,710
Non-current liabilities			
Lease liabilities - non-current portion	33	441	-
Total non-current liabilities		441	-
Current liabilities			
Other payables and accrued expenses	34	2,100	6,082
Amount owing to subsidiary companies	24	260	313
Bank borrowings - current portion	31	94,952	104,958
Lease liabilities - current portion	33	326	-
Tax liabilities		503	1,231
Total current liabilities		98,141	112,584
Total liabilities		98,582	112,584
Total equity and liabilities		633,641	654,294

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The Group	Non-distributable reserves				Distributable reserve		Total RM'000
	Share capital RM'000	Available -for-sale reserve RM'000	Revaluation reserve RM'000	Option reserve RM'000	Retained earnings RM'000	Attributable to owners of the Company RM'000	
As of 1 July 2018	528,552	46	2,065	1,153	376,506	908,322	1,043,489
Effect on restatement (Note 43)	-	-	-	-	(7,830)	(7,830)	(7,830)
As of 1 July 2018 (as restated)	528,552	46	2,065	1,153	368,676	900,492	1,035,659
Total comprehensive income/(loss) for the year (Restated)	-	(46)	-	-	24,653	24,607	24,313
Dividend to equity holders of the Company (Note 35)	-	-	-	-	(10,563)	(10,563)	(10,563)
Redemption of redeemable preference shares (Note 29)	-	-	-	-	-	-	(2,530)
As of 30 June 2019 (as restated)	528,552	-	2,065	1,153	382,766	914,536	1,046,879
As of 1 July 2019 (as restated)	528,552	-	2,065	1,153	382,766	914,536	1,046,879
Total comprehensive income/(loss) for the year	-	-	-	-	18,088	18,088	17,660
Dividend to equity holders of the Company (Note 35)	-	-	-	-	(7,923)	(7,923)	(7,923)
Redemption of redeemable preference shares (Note 29)	-	-	-	-	-	-	(112,448)
As of 30 June 2020	528,552	-	2,065	1,153	392,931	924,701	944,168

(Forward)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

(cont'd)

	Non-distributable reserves			Distributable Reserve	Total RM'000
	Share capital RM'000	Available- for-sale reserve RM'000	Option reserve RM'000	Retained earnings RM'000	
The Company					
As of 1 July 2018	528,552	70	1,153	17,517	547,292
Total comprehensive income/(loss) for the year	-	(70)	-	5,051	4,981
Dividend to equity holders of the Company (Note 35)	-	-	-	(10,563)	(10,563)
As of 30 June 2019	528,552	-	1,153	12,005	541,710
As of 1 July 2019	528,552	-	1,153	12,005	541,710
Total comprehensive income for the year	-	-	-	1,272	1,272
Dividend to equity holders of the Company (Note 35)	-	-	-	(7,923)	(7,923)
As of 30 June 2020	528,552	-	1,153	5,354	535,059

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
CASH FLOWS FROM/(USED IN)				
OPERATING ACTIVITIES				
Profit for the year	17,660	24,204	1,272	5,051
Adjustments for:				
Income tax expense recognised				
in profit or loss	33,924	38,220	2,278	2,557
Finance costs	45,688	56,633	6,008	7,821
Depreciation of:				
Property, plant and equipment	7,138	6,901	336	463
Right-of-use assets	3,116	-	190	-
Write-offs of:				
Property development costs	948	17	-	-
Property, plant and equipment	6	3	-	-
Trade receivables	106	11,237	-	-
Other receivables	2,696	-	-	-
Land held for development	3,408	-	-	-
Write down of inventories	7,746	2,033	-	-
Dividends income from				
subsidiary company	-	-	(5,700)	(5,700)
Allowance for impairment loss in:				
Trade receivables	42	15,423	-	-
Other receivables	11,425	3,785	-	-
Investment in subsidiary companies	-	-	3,133	-
Loss/(Gain) on:				
Fair value adjustments of investment				
properties	10,409	1,594	-	-
Fair value adjustments of investment				
in redeemable preference shares	(8,122)	-	-	-
Disposal of property, plant and equipment	(30)	(44)	(30)	-
Provision for foreseeable losses	7,599	-	-	-
Interest income	(3,552)	(2,497)	(6,103)	(8,537)
Distribution income on short-term funds	(16)	(49)	(16)	(47)
Reversal of allowance for impairment loss				
in trade receivables	(2,075)	-	-	-
Effect of dilution in investment in				
former subsidiary companies	(2,926)	-	-	-
Amortised cost adjustment on redeemable				
preference shares	-	(5,390)	-	-
Adjustment for loss on increase in				
shareholding in a subsidiary company	-	155	-	-
Operating Profit Before Working	135,190	152,225	1,368	1,608
Capital Changes				

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020(cont'd)

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Decrease/(Increase) in:				
Property development costs, net of interest expense of RM610,000 (2019: RM1,770,000) (Note 20(a))	774,995	(360,020)	-	-
Trade receivables (Note (ii))	(19,220)	33,862	-	112
Other receivables and prepaid expenses (Note (iii))	15,777	16,356	339	(384)
Inventories (Note (ii) & (iii))	11,027	14,002	-	-
Contract assets	31,626	(190,583)	-	-
Amount due from joint ventures	(2,518)	-	-	-
Amount due from subsidiary companies	-	-	106,618	36,426
(Decrease)/Increase in:				
Trade payables	(13,533)	60,614	-	-
Other payables and accrued expenses (Note (ii))	(325,786)	165,449	(3,982)	913
Contract liabilities	(4,385)	1,653	-	-
Amount due to subsidiary companies	-	-	(53)	(140)
Cash Generated From/(Used In) Operations	603,173	(106,442)	104,290	38,535
Income tax paid	(38,267)	(40,623)	(2,868)	(3,321)
Income tax refunded	4	105	-	-
Net Cash From/(Used In) Operating Activities	564,910	(146,960)	101,422	35,214
CASH FLOWS USED IN INVESTING ACTIVITIES				
Additions to investment properties, net of interest expense of RMNil (2019: RM772,000) (Note 13)	(4,951)	(4,546)	-	-
Increase in land held for property development, net of interest expense of RM41,000 (2019: RMNil) (Note 14)	(1,865)	(1,508)	-	-
Additions to property, plant and equipment (Note (i))	(5,033)	(7,023)	(320)	(259)
Withdrawal/(Placement) of:				
Fixed deposits pledged to licensed banks	19,612	(1,393)	(78)	(222)
Restricted cash at bank	6,461	(3,914)	-	-
Additions to short-term funds	(16)	989	(16)	918
Advances to subsidiary companies	-	-	(77,500)	(37,952)
Proceeds from disposal of property, plant and equipment	30	44	30	-
Interest received	3,552	2,497	88	79
Distribution income on short-term funds received	16	49	16	47
Additions to investment in redeemable preference shares	(120,687)	-	-	-
Net Cash Used In Investing Activities	(102,881)	(14,805)	(77,780)	(37,389)

(Forward)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

(cont'd)

Note	The Group		The Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES				
Proceeds from bank borrowings	623,643	405,956	180,000	180,000
Repayments of bank borrowings	(833,982)	(233,526)	(190,000)	(170,000)
Repayments of hire-purchase payables	(1,786)	(1,803)	-	(174)
Repayment of lease liabilities	(2,901)	-	(171)	-
Redemption of redeemable preference shares from non-controlling interests	(112,448)	(2,530)	-	-
Dividends paid	(7,923)	(10,563)	(7,923)	(10,563)
Interest paid	(38,290)	(41,084)	(6,008)	(7,821)
Net Cash (Used In)/From Financing Activities	(373,687)	116,450	(24,102)	(8,558)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	88,342	(45,315)	(460)	(10,733)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	46,238	91,553	(4,275)	6,458
CASH AND CASH EQUIVALENTS AT END OF YEAR	36	134,580	(4,735)	(4,275)

Note (i)

During the financial year, the Group and the Company acquired property, plant and equipment at an aggregate cost of RM5,033,000 (2019: RM7,446,000) and RM320,000 (2019: RM259,000) respectively of which RMNil (2019: RM423,000) and RMNil (2019: RMNil) for the Group and the Company respectively were acquired under hire-purchase arrangements. Cash payments for the acquisition of property, plant and equipment of the Group and of the Company amounted to RM5,033,000 (2019: RM7,023,000) and RM320,000 (2019: RM259,000) respectively.

Note (ii)

The Group completed the non-cash transactions with proceeds from sale of completed properties to a third party amounting to RMNil (2019: RM13,061,000), as partial settlement in respect of the proprietor's entitlement payable between a third party and its wholly-owned subsidiary company as disclosed in Note 20(f).

Note (iii)

The Group completed a non-cash transaction with transfer of completed properties from an indirect associated company to the Group amounting to RM12,950,000 (2019: RMNil), as partial settlement in respect of the advance provided by the Group to the indirect associated company as disclosed in Note 22(c).

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies are disclosed in Note 15.

The registered office of the Company is located at 19-0, Level 19, Pavilion Tower, 75, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at Level 18 & 19, Pavilion Tower, 75, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia.

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on 27 October 2020.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with 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 under the historical cost convention except as disclosed in the significant accounting policies in Note 3.

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

Adoption of New Malaysian Financial Reporting Standard, Amendments to MFRSs and Issue Committee ("IC") Interpretation

In the current financial year, the Group and the Company have adopted all the new MFRS, amendments to MFRSs and IC Interpretation issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to its operations and effective for annual financial periods beginning on or after 1 July 2019.

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

The adoption of the new MFRS, amendments to MFRSs and IC Interpretation did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company, except as disclosed below:

Impact of initial application of MFRS 16 Leases

In the current year, the Group and the Company, for the first time, have applied MFRS 16 Leases that is effective for an annual period that begins on or after 1 July 2019.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

Impact of initial application of MFRS 16 Leases (cont'd)

MFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low-value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of MFRS 16 on the Group's and the Company's consolidated financial statements is described below.

The Group and the Company have applied MFRS 16 using the cumulative catch-up approach which:

- Requires the Group and the Company to recognise the cumulative effect of initially applying MFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- Does not permit restatement of comparatives, which continue to be presented under MFRS 117 Leases and IC Interpretation 4 Determining whether an Agreement contains a Lease.

Impact of the new definition of a lease

The Group and the Company have made use of the practical expedient available on transition to MFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with MFRS 117 and IC Interpretation 4 will continue to be applied to those leases entered or modified before 1 July 2019.

The change in definition of a lease mainly relates to the concept of control. MFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group and the Company apply the definition of a lease and related guidance set out in MFRS 16 to all lease contracts entered into or changed on or after 1 July 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of MFRS 16, the Group and the Company have carried out an implementation exercise and noted that new definition in MFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group and the Company.

Impact on lessee accounting

Former operating leases

MFRS 16 changes how the Group and the Company account for leases previously classified as operating leases under MFRS 117, which were off balance sheet.

Applying MFRS 16, for all leases, the Group and the Company:

- Recognise right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of future lease payments;
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the statements of profit or loss; and
- Separate the total amount of cash paid into a principal portion and interest presented within financing activities in the statements of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

Impact of initial application of MFRS 16 Leases (cont'd)

Impact on lessee accounting (cont'd)

Former operating leases (cont'd)

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under MFRS 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expense on a straight-line basis.

Under MFRS 16, right-of-use assets are tested for impairment in accordance with MFRS 136 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers, office furniture and small equipment), the Group and the Company have opted to recognise a lease expense on a straight-line basis as permitted by MFRS 16. This expense is presented within administrative and other expenses in the statements of profit or loss.

On initial application of MFRS 16, the Group and the Company have recognised right-of-use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statements of financial position immediately before the date of initial application.

Former finance leases

The main difference between MFRS 16 and MFRS 117 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. MFRS 16 requires that the Group and the Company recognise as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by MFRS 117. This change does not have a material effect on the Group's and the Company's financial statements.

Impact on Lessor Accounting

MFRS 16 does not change substantially how a lessor accounts for leases. Under MFRS 16, a lessor continues to classify leases as either finance or operating leases and account for those two types of leases differently. However, MFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets. Under MFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of use asset arising from the head lease (and not by reference to the underlying asset as was the case under MFRS 117). However there are no material leases where the Group and the Company act as lessor, accordingly these changes do not have material impact on the Group and on the Company.

Judgement and estimates

MFRS 16 requires certain judgements and estimates to be made. The most significant of these relate to the following:

- The discount rate used in the calculation of the lease liability, which involves estimation. Discount rates are calculated based on estimates of incremental borrowing rate, using the current interest rates for borrowing with similar risk profiles.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

Impact of initial application of MFRS 16 Leases (cont'd)

Judgement and estimates (cont'd)

MFRS 16 requires certain judgements and estimates to be made. The most significant of these relate to the following: (cont'd)

- MFRS 16 defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option. Where a lease includes the option for the Group and the Company to extend the lease term, the Group and the Company make a judgement as to whether it is reasonably certain that the option will be taken. This will take into account the length of time remaining before the option is exercisable; current trading; future trading forecasts as to the ongoing profitability of the branch office of which the right-of-use asset is currently operating at. This judgement is reassessed at each reporting period. A reassessment of the remaining life of the lease could result in a recalculation of the lease liability and a material adjustment to the associated balances.

Financial impact of initial application of MFRS 16

The reconciliation of differences between the operating lease commitments disclosed under the prior standard and the additional lease liabilities recognised on the statements of financial position at 1 July 2019 is as follows:

	The Group RM'000	The Company RM'000
Undiscounted future minimum lease payments under operating leases at 30 June 2019	4,231	284
Impact of discounting ¹	(450)	(6)
Short-term leases and leases of low-value assets ²	(1,354)	(178)
Lease liabilities recognised under optional renewable period	3,474	-
Total lease liability as at 1 July 2019	5,901	100

¹ Under the cumulative catch-up approach, lease payments were discounted at 1 July 2019 using an incremental borrowing rate representing the rate of interest that the Group and the Company entered into the lease would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate applied to each lease was determined taking into account the risk-free rate, adjusted for factors such as the credit rating of the contracting entity and the terms and conditions of the lease. The weighted average incremental borrowing rates applied by the Group and the Company upon transition is 6%.

² The Group and the Company have applied the practical expedient to classify leases for which the lease term ends within 12 months of the date of initial application of MFRS 16 as short-term leases. The Group and the Company have applied the recognition exemption for short-term leases and leases of low-value assets.

With effect from 1 July 2019, payments related to leases previously classified as operating leases are presented under cash flow from financing activities. In 2019, these were reported in cash flow from operating activities.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

Standards and Amendments to MFRSs in issue but not yet effective

The new MFRS and amendments to MFRSs which are in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 17	Insurance Contracts ⁵
Amendments to MFRS 16	Covid-19 Related Rent Concessions ²
Amendments to MFRS 3	Definition of a Business ¹
Amendments to MFRS 3	Reference to Conceptual Framework ⁴
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform ¹
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current ⁵
Amendments to MFRS 101 and MFRS 108	Definition of Material ¹
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use ⁴
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract ⁴
Amendments to References to the Conceptual Framework in MFRS Standards ¹	

¹ Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.

² Effective for annual periods beginning on or after 1 June 2020, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

⁵ Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

⁶ Effective date deferred to a date to be determined and announced, with earlier application permitted.

The abovementioned new MFRS and amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective and the Directors anticipate that the adoption of these new MFRS and amendments to MFRSs will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value-in-use in MFRS 136.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Accounting (cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into different levels of fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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.

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.

(i) 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 project by reference to the progress towards complete satisfaction of that performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Recognition (cont'd)

(i) Property development revenue (cont'd)

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 project).

(ii) Sale of completed properties

Revenue from sales of completed properties is recognised at point in time, when control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

(iii) Revenue from construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work and claims. Under the terms of the contracts, the Group has an enforceable right to payment for performance completed to date and that the customer controls the assets during the course of construction by the Group and that the construction services performed does not create an asset with an alternative use to the Group.

Revenue from construction contracts is recognised progressively over time based on the percentage of completion by using the cost-to-cost method ("input method"), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under MFRS 15. Work done is measured based on actual and expected cost incurred for project activities. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the percentage of completion and the milestone payment is generally within the normal business operating cycle.

(iv) Management fees

Management fees are recognised when such services are rendered.

(v) Dividend income

Dividend income is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably).

(vi) Rental income

Rental income is recognised over the tenure of the rental period of properties.

(vii) Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee Benefits

(i) Short-term benefits

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

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"), a statutory defined contribution plan for all their eligible employees based on certain prescribed rates of the employees' salaries. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(iii) Equity compensation benefits

Under the Company's Employees' Share Option Scheme ("ESOS"), share options to acquire ordinary shares of the Company are granted to eligible employees and directors of the Group. Details of the Company's ESOS are disclosed in Note 27. The ESOS, an equity-settled share-based compensation plan, allows the Group's employees and directors to acquire ordinary shares of the Company. The total fair value of share options granted to employees and directors is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and takes into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

Foreign Currency

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). For the purpose of the financial statements of the Group, the results and financial position of each entity are expressed in RM, which is the functional currency of the Company and the presentation currency for the financial statements of the Group.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign Currency(cont'd)

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 (if any) 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.

For the purpose of presenting financial statements of the Group, the assets and liabilities of the Group's foreign operations are expressed in RM using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

Income Tax

Income tax in profit or loss for the financial year comprises current and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences as of the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax (cont'd)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Directors of the Group reviewed the Group's investment properties and concluded that they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Therefore, the Directors have determined that the 'sale' presumption set out in the amendments to MFRS 112 is not rebutted. As a result, the Group has recognised deferred taxes on changes in fair value of the investment properties based on the expected rate that would apply on disposal of the investment properties.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary companies. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its investment with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Consolidation (cont'd)

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company 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 subsidiary companies to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

Where the Group loses control of a subsidiary company, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary company are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of a financial asset in accordance with MFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business Combination

Acquisitions of subsidiary companies and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under MFRS 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 Income Taxes and MFRS 119 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Business Combination (cont'd)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured as fair value or, when applicable, on the basis specified in another MFRS.

When a business combination is achieved in stages, the Group's previously held interests in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Investments in Subsidiary Companies

Investments in unquoted shares of subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at cost less impairment losses. When there is an indication of impairment in the value of the investment, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of an associate and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with MFRS 5.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments in Associates and Joint Ventures (cont'd)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirement of MFRS 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of the impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the associate or joint venture that are not related to the Group.

Impairment of Non-Financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of Non-Financial Assets (cont'd)

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Capital work-in-progress is not depreciated. Depreciation of other property, plant and equipment is computed on a straight-line basis to write-off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates used are as follows:

Buildings - leasehold	Over the lease period
Furniture and fittings	10%
Office equipment	10%
Motor vehicles	20%
Site equipment	10% - 20%
Electrical installations	10%
Computers	20%
Office renovations	10%
Sales gallery	20%

At the end of each reporting period, the residual values, useful lives and depreciation method of the property, plant and equipment are reviewed, and the effects of any changes are recognised prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement 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 Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are recognised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases

The Group and the Company have applied MFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under MFRS 117. The details of accounting policies under both MFRS 117 and MFRS 16 are presented separately below.

Policies applicable from 1 July 2019

The Group and the Company as lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statements of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases (cont'd)

Policies applicable from 1 July 2019 (cont'd)

The Group and the Company as lessee (cont'd)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group and the Company incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.

The Group and the Company apply MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'administrative and other expenses' in the statements of profit or loss.

Policies applicable prior to 1 July 2019

Prior to the adoption of MFRS 16, the Group's and the Company's leases recognition policy was as under:

(i) Finance Lease

Assets acquired under leases which transfer substantially all of the risks and rewards incident to ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at their fair values or, if lower, at the present value of the minimum lease payments of the leased assets at the inception of the respective leases.

In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in profit or loss over the term of the relevant lease period so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets and assets under hire-purchase is consistent with that for depreciable property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases (cont'd)

Policies applicable prior to 1 July 2019 (cont'd)

(ii) Operating Lease

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating lease are charged to profit or loss over the lease period.

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Investment Properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are based on active market prices, adjusted, if necessary, for any difference in the nature, location or conditions of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair value are included in profit or loss in the period in which they arise.

On the disposal of the investment property, or when it is permanently withdrawn from use and no economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statements of financial position). The difference between the net proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised in other comprehensive income and accumulated in equity as revaluation reserve. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of change in use becomes its deemed cost for subsequent accounting.

Determination of fair value

Fair value of investment properties are determined based on valuation carried out by an external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued or, based on past transacted prices of the same properties and in the absence of past transacted prices, on the basis of the Directors' best estimates.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investment Properties (cont'd)

Determination of fair value (cont'd)

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Inventories

(i) Land held for property development

Land held for property development consists of land held for future development on which no significant development has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less impairment losses (if any). Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is classified as property development cost under current assets when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

(ii) Property development costs

Property development costs are determined on a specific identification basis. Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that meet the definition of inventories are recognised as an asset and stated at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses. The asset is subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

Property development cost of unsold unit is transferred to completed development unit once the development is completed.

(iii) Completed development units and vacant land for sale

Completed property units and vacant land for sale are valued at the lower of cost (determined on the specific identification basis) and net realisable value.

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

Contract Assets and Contract Liabilities

Contract asset is the right to consideration in exchange for goods or services transferred to the customers. The Group's contract asset is the excess of cumulative revenue earned over the billings to-date.

Where there is an objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Contract Assets and Contract Liabilities (cont'd)

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group performs its obligation under the contract.

Contract Costs

The Group recognise the incremental costs of obtaining a contract with a customer, which are expected to be recovered, as an asset. The incremental costs of obtaining a contract are costs incur to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in profit or loss when the carrying amount of the contract cost asset exceeds the expected revenue less expected costs that will be incurred.

Borrowing Costs

Interest incurred on borrowings costs that are directly attributable to the acquisition, construction or production of a qualifying asset related to property development activities or construction of assets are capitalised as part of the cost of the asset during the period of time required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs ceases when the assets are ready for their intended use or sale whereby the assets are no longer qualifying asset.

All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Statement of Cash Flows and Cash and Cash Equivalents

The Group and the Company adopt the indirect method in the preparation of statements of cash flows.

For the purposes of the statements of cash flows, cash and cash equivalents include cash and bank balances, fixed deposits with licensed banks, and short-term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification of financial assets

The Group classifies the financial assets in the following categories:

- at fair value through profit and loss ("FVTPL");
- at fair value through other comprehensive income ("FVTOCI"); or
- at amortised cost.

The Group determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets measured at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

These financial assets are initially recognised at fair value, and subsequently carried at amortised cost using effective interest rate methods less any accumulated impairment. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The interest income is recognised in profit or loss.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts excluding expected credit losses, through the expected life of the financial asset, or, where appropriate, a shorter period, to the gross carrying amount of the financial asset on initial recognition. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Financial assets measured at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. Elected investments in equity instruments at FVTOCI are initially recognised at fair value plus transaction costs. Subsequently, these are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

On initial recognition, the Group makes an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Financial assets measured at fair value through other comprehensive income (cont'd)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Dividends on these investments in equity instruments are recognised in profit or loss when the right to receive payment of the dividend is established.

Financial assets measured at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss. These financial assets are initially recorded at fair value and transaction costs is recognised statement of profit or loss. Subsequently, these are measured at fair value, with fair value changes recognised in the statement of profit or loss in the period in which they arise.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime expected credit loss for trade receivables, contract assets and lease receivables. The expected credit losses on financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime expected credit loss when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss ("ECL").

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

At each reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Impairment of financial assets (cont'd)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in profit or loss as bad debts recovered.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial Liabilities and Equity Instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial Liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest rate method or at FVTPL.

(i) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 9 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

(ii) Financial liabilities measured subsequently at amortised cost

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the amortised cost of a financial liability.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid or payable is recognised in profit or loss.

Financial Guarantee Contracts

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

Financial guarantee contracts issued by the Group are initially recognised at their fair values and, if not designated as at FVTPL, are subsequently measured at higher of:

- the amount of the obligation under the contract, as determined in accordance with MFRS 137 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that make strategic decisions.

Contingent Liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Earnings per Ordinary Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS, if any, is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise of warrants and options.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) Critical Judgements in Applying the Group's Accounting Policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements other than as follows:

(i) Revenue recognition on property development projects

Revenue from property development is recognised 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, which is measured on the basis of 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).

Significant judgement is required in determining the total expected property development, which includes relying on the opinion or service of experts, past experience and continuous monitoring of the budgeting process. These management estimates and judgements affect the cost-based input method computations and the amount of revenue and profit recognised during the year, as well as assessing the recoverability of the property development projects.

Estimated losses are recognised in full when determined. Property development revenue and costs estimates are reviewed and revised periodically as work progresses.

(ii) Revenue recognition on construction contracts

As revenue from on-going construction contracts is recognised over time, the amount of revenue recognised at the reporting date depends on the extent to which the performance obligation has been satisfied. This is done by determining the stage of completion. The stage of completion is determined by the proportion that contract construction costs incurred for work performed to date compare to the estimated total contract construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction project and contract cost. Estimated losses are recognised in full when determined. Construction revenue and costs estimates are reviewed and revised periodically as work progresses and as variation orders are approved.

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for own use for administrative purposes.

If these portions would be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for own use for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as follows:

(i) Impairment of non-financial assets

The Group and the Company review the carrying amount of its non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. When there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU"), will be assessed. The assessment of the recoverable amounts involves a number of methodologies.

In determining the VIU of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Group and the Company make estimates and assumptions that require significant judgements. While the Group and the Company believe these estimates and assumptions of VIU could be reasonable and appropriate, changes on these estimates and assumptions of VIU could impact the Group's and the Company's financial position and results.

(ii) Impairment of trade receivables, other receivables and contract assets - ECL model.

The policy for allowance for impairment loss of the Group and of the Company is based on the ECL model as required by MFRS 9. Significant estimate is required in determining the impairment of trade receivables, other receivables and contract assets. Impairment loss is measured based on expected credit loss model is based on assumptions on the risk of default and expected loss rates. The Group and the Company use judgment in making these assumption and selecting the inputs to the ECL based on past collection records, existing market conditions as well as forward looking estimates as of the end of the reporting period.

(iii) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iv) Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for the financial reporting purposes. The directors use their judgement in selecting and applying an appropriate valuation technique for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged third party qualified valuers to perform the valuation. The directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) Key Sources of Estimation Uncertainty (cont'd)

(v) Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The Group determines net realisable value based on historical trends and management estimates of future selling pricing. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vi) Impairment in investment in subsidiary companies

The Company reviews the carrying amount of its investment in subsidiary companies to determine whether there is an indication that those assets or Cash Generating Unit ("CGU") have suffered an impairment loss. When there is an indication that the carrying amount of an asset or CGU may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU"), will be assessed. The assessment of the recoverable amounts involves a number of methodologies.

In determining the VIU of an asset or CGU, being the future economic benefits to be expected from its continued use and ultimate disposal, the Company makes estimates and assumptions that require significant judgements. While the Company believes these estimates and assumptions of VIU could be reasonable and appropriate, changes on these estimates and assumptions of VIU could impact the Company's financial position and results.

The carrying amount of investment in subsidiary companies as at the reporting period is RM501,016,000 (2019: RM504,149,000). Further details are disclosed in Note 15.

5. REVENUE

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue from:				
Property development (Note 23)	1,688,413	541,215	-	-
Construction contracts (Note 23)	103,043	392,304	-	-
Completed properties	13,709	57,811	-	-
Rental income from investment properties	3,265	620	-	-
Dividends from subsidiary companies (Note 24)	-	-	5,700	5,700
Management fee receivable from subsidiary companies (Note 24)	-	-	16,216	17,832
Others	592	174	-	150
	1,809,022	992,124	21,916	23,682
	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Timing of revenue recognition:				
Point in time	13,709	57,811	5,700	5,700
Over time	1,795,313	934,313	16,216	17,982
	1,809,022	992,124	21,916	23,682

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

6. COST OF SALES

	The Group	
	2020 RM'000	2019 RM'000 (Restated)
Cost of property development sold (Note 20)	1,500,533	423,315
Cost of construction contracts	99,335	332,830
Cost of inventories sold	10,979	29,906
Write down of inventories	7,746	-
Recognition/(Reversal) of provision for foreseeable loss (Note 20)	7,599	(2,053)
	1,626,192	783,998

7. FINANCE COSTS

	The Group		The Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
Interest expenses on:				
Term loans/Bridging loans	13,561	24,920	-	-
Revolving credits	19,112	13,377	5,611	7,455
Bank overdrafts	1,204	1,101	371	363
Lease liabilities (Note 12 & 33)	487	-	26	-
Hire-purchase	171	255	-	3
Trade facilities	3,072	1,267	-	-
Others	683	164	-	-
Amortised cost adjustment on:				
Redeemable preference shares (Note 30)	7,410	-	-	-
Proprietor's entitlements	639	18,091	-	-
	46,339	59,175	6,008	7,821
Less interest capitalised in:				
Investment properties (Note 13)	-	(772)	-	-
Property development costs (Note 20)	(610)	(1,770)	-	-
Land held for development (Note 14)	(41)	-	-	-
	(651)	(2,542)	-	-
	45,688	56,633	6,008	7,821

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

8. PROFIT BEFORE TAX

(a) Profit before tax is arrived at after (crediting)/charging:

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Gain on disposal of property, plant and equipment	(30)	(44)	(30)	-
Interest income on:				
Fixed deposits	(1,529)	(434)	(88)	(79)
Housing development account	(1,641)	(1,006)	-	-
Others	(382)	(1,057)	-	-
Amount owing by subsidiary companies (Note 24)	-	-	(6,015)	(8,458)
	(3,552)	(2,497)	(6,103)	(8,537)
Rental income	(1,480)	(4,208)	-	-
Distribution income on short-term funds	(16)	(49)	(16)	(47)
Gain on fair value adjustment of investment in redeemable preference shares (Note 18)	(8,122)	-	-	-
Reversal of allowance for impairment loss in trade receivables (Note 22)	(2,075)	-	-	-
Effect of dilution in former subsidiary companies	(2,926)	-	-	-
Amortised cost adjustment on redeemable preference share (Note 30)	-	(5,390)	-	-
Loss on fair value adjustments of investment properties (Note 13)	10,409	1,594	-	-
Allowance for impairment loss in:				
Trade receivables (Note 22)	42	15,423	-	-
Other receivables (Note 22)	11,425	3,785	-	-
Depreciation of:				
Property, plant and equipment (Note 11)	7,138	6,901	336	463
Right-of-use assets (Note 12)	3,116	-	190	-
Impairment loss in investment in subsidiary companies (Note 15)	-	-	3,133	-
Write-offs of:				
Property development costs (Note 20)	948	17	-	-
Property, plant and equipment (Note 11)	6	3	-	-
Trade receivables (Note 22)	106	11,237	-	-
Land held for development (Note 14)	3,408	-	-	-
Other receivables	2,696	-	-	-
Write down of inventories (Note 21)	7,746	2,033	-	-
Audit fees:				
Statutory	502	483	105	99
Short term lease rental of premises payable to third party (Note 12)	1,422	4,356	158	363
Low-value assets lease rental (Note 12)	26	26	20	23

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

8. PROFIT BEFORE TAX

(b) Staff costs

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonuses	35,722	31,767	4,494	3,940
Defined contribution plan	3,625	4,127	529	529
Social security contributions	213	213	25	26
EIS contributions	23	23	3	3
	39,583	36,130	5,051	4,498

(c) Directors' remuneration

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Executive directors:				
Salaries and other emoluments	3,269	4,484	3,269	4,484
Defined contribution plan	383	527	383	527
	3,652	5,011	3,652	5,011
Non-executive directors:				
Fees	649	649	382	380
Allowances	36	44	36	44
	685	693	418	424
	4,337	5,704	4,070	5,435

The estimated monetary value of benefits-in-kind received and receivable by the Directors otherwise than in cash from the Group and the Company amounted to RM155,000 and RM155,000 (2019: RM195,000 and RM195,000), respectively.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

9. INCOME TAX EXPENSE

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Estimated tax payable:				
Current	31,168	46,749	2,220	2,634
Under/(Over)provision in prior years	2,099	(140)	(81)	(77)
	33,267	46,609	2,139	2,557
Deferred tax (Note 19):				
Current	2,126	(11,203)	131	-
(Under)/Overprovision in prior years	(1,469)	2,814	8	-
	657	(8,389)	139	-
Income tax expense	33,924	38,220	2,278	2,557

A reconciliation of income tax expense applicable to profit 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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Profit before tax	51,584	62,424	3,550	7,608
Tax expense at the applicable statutory income tax rate of 24% (2019: 24%)	12,380	14,982	852	1,826
Tax effects of:				
Expenses not deductible for tax purposes	19,461	19,788	2,871	2,185
Income not subject to tax	(6,539)	(1,292)	(1,372)	(1,377)
Utilisation of deferred tax assets not recognised previously	(2)	(2,307)	-	-
Deferred tax asset not recognised	4,186	7,132	-	-
Under/(Over)provision in prior years in respect of estimated tax payable	2,099	(140)	(81)	(77)
(Under)/Overprovision in prior years in respect of deferred tax	(1,469)	2,814	8	-
Effect of change in tax rate	3,808	(2,757)	-	-
Income tax expense	33,924	38,220	2,278	2,557

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

9. INCOME TAX EXPENSE (cont'd)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unabsorbed capital allowances which would give rise to deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances can be recognised. As of 30 June 2020, the estimated amount of deductible temporary differences, unused tax losses and unabsorbed capital allowances, for which the tax effects have not been recognised in the financial statements due to uncertainty of their realisation, is as follows:

	The Group	
	2020 RM'000	2019 RM'000 (Restated)
Deductible temporary differences arising from:		
Other payables and accrued expenses	422	412
Right-of-use assets	74	-
Unused tax losses	79,600	62,274
Unabsorbed capital allowances	18	(5)
	<hr/> 80,114	<hr/> 62,681

The unused tax losses and unabsorbed capital allowances are subject to the agreement by the tax authorities. The unused tax losses will expire in year 2025 under the current tax legislation. The unabsorbed capital allowances do not expire under the current tax legislation.

10. EARNINGS PER ORDINARY SHARE

Basic

The basic earnings per ordinary share of the Group has been calculated based on the profit attributable to ordinary equity holders of the Company and on the weighted average number of ordinary shares in issue and ranking for dividend during the year as follows:

	The Group	
	2020 RM'000	2019 RM'000 (Restated)
Profit attributable to ordinary equity holders of the Company	18,088	24,653

	The Group	
	2020 '000	2019 '000
Weighted average number of ordinary shares in issue and ranking for dividend	528,141	528,141

Basic earnings per ordinary share:

	The Group	
	2020 Sen	2019 Sen (Restated)
Profit attributable to ordinary equity holders of the Company	3.42	4.67

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

10. EARNINGS PER ORDINARY SHARE

Diluted

The diluted earnings per ordinary share of the Group has been calculated based on the profit attributable to ordinary equity holders of the Company and on the weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares as follows:

	The Group	
	2020 RM'000	2019 RM'000 (Restated)
Profit attributable to ordinary equity holders of the Company	18,088	24,653

	The Group	
	2020 '000	2019 '000
Weighted average number of ordinary shares in issue and ranking for dividend	528,141	528,141
Effects of share option dilution	-	-
Adjusted weighted average number of ordinary shares in issue and ranking for dividend	528,141	528,141

Diluted earnings per ordinary share:

	The Group	
	2020 Sen	2019 Sen (Restated)
Profit attributable to ordinary equity holders of the Company	3.42	4.67

The assumed conversion of the option has an anti-dilutive effect.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

11. Property, Plant And Equipment

The Group	Leasehold building RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Site equipment RM'000	Electrical installations RM'000	Computers RM'000	Office renovations RM'000	Sales gallery RM'000	Capital work-in-progress RM'000	Total RM'000
Cost											
As of 1 July 2018	5,500	4,169	1,577	10,875	12,228	297	4,075	6,677	8,214	11,814	65,426
Additions	-	239	309	510	3,414	-	256	135	108	2,475	7,446
Disposals	-	-	-	(600)	-	-	-	-	-	-	(600)
Write-offs (Note 8)	-	-	-	-	(50)	-	-	-	-	-	(50)
As of 30 June 2019/1 July 2019	5,500	4,408	1,886	10,785	15,592	297	4,331	6,812	8,322	14,289	72,222
Additions	-	82	125	-	980	-	142	239	1,705	1,760	5,033
Disposal	-	-	-	(320)	-	-	-	-	-	-	(320)
Write-offs (Note 8)	-	-	-	-	(46)	-	-	-	-	-	(46)
As of 30 June 2020	5,500	4,490	2,011	10,465	16,526	297	4,473	7,051	10,027	16,049	76,889

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

11. Property, Plant And Equipment (cont'd)

The Group	Leasehold building RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Site equipment RM'000	Electrical installations RM'000	Computers RM'000	Office renovations RM'000	Sales gallery RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation											
As of 1 July 2018	700	3,474	1,267	7,991	4,491	286	3,108	4,051	411	-	25,779
Charge for the year (Note 8)	100	229	57	1,201	2,392	4	364	890	1,664	-	6,901
Disposals	-	-	-	(600)	-	-	-	-	-	-	(600)
Write-offs (Note 8)	-	-	-	-	(47)	-	-	-	-	-	(47)
As of 30 June 2019/1 July 2019	800	3,703	1,324	8,592	6,836	290	3,472	4,941	2,075	-	32,033
Charge for the year (Note 8)	100	244	94	926	2,623	3	357	684	2,107	-	7,138
Disposal	-	-	-	(320)	-	-	-	-	-	-	(320)
Write-offs (Note 8)	-	-	-	-	(40)	-	-	-	-	-	(40)
As of 30 June 2020	900	3,947	1,418	9,198	9,419	293	3,829	5,625	4,182	-	38,811
Net book value											
As of 30 June 2020	4,600	543	593	1,267	7,107	4	644	1,426	5,845	16,049	38,078
As of 30 June 2019	4,700	705	562	2,193	8,756	7	859	1,871	6,247	14,289	40,189

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

11. Property, Plant And Equipment (Cont'd)

The Company	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Computers RM'000	Office renovations RM'000	Total RM'000
Cost						
As of 1 July 2018	498	266	1,981	1,153	1,062	4,960
Additions	196	16	-	47	-	259
As of 30 June 2019/1 July 2019	694	282	1,981	1,200	1,062	5,219
Additions	66	89	-	40	125	320
Disposal	-	-	(320)	-	-	(320)
As of 30 June 2020	760	371	1,661	1,240	1,187	5,219
Accumulated depreciation						
As of 1 July 2018	361	201	1,814	779	845	4,000
Charge for the year (Note 8)	51	16	166	126	104	463
As of 30 June 2019/1 July 2019	412	217	1,980	905	949	4,463
Charge for the year (Note 8)	70	21	-	124	121	336
Disposal	-	-	(320)	-	-	(320)
As of 30 June 2020	482	238	1,660	1,029	1,070	4,479
Net book value						
As of 30 June 2020	278	133	1	211	117	740
As of 30 June 2019	282	65	1	295	113	756

Included in property, plant and equipment of the Group and of the Company are fully depreciated property, plant and equipment with a cost of RM14,230,000 (2019: RM12,569,000) and RM2,518,000 (2019: RM2,761,000) respectively, which are still in use.

Included in property, plant and equipment of the Group and of the Company are property, plant and equipment under hire-purchase arrangements with net book value of RM3,631,000 (2019: RM5,834,000) and RMNil (2019: RMNil) respectively.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

12. RIGHT-OF-USE ASSETS

	The Group RM'000	The Company RM'000
Cost		
At 1 July 2019 (on adoption of MFRS 16)	5,901	100
Additions	6,759	838
At 30 June 2020	12,660	938
Accumulated depreciation		
At 1 July 2019 (on adoption of MFRS 16)	-	-
Charge for the year (Note 8)	3,116	190
At 30 June 2020	3,116	190
Carrying amount		
At 30 June 2020	9,544	748

(a) The Group and the Company lease several office buildings and sales galleries. The average lease term of the Group and the Company is 2 to 5 years and 2 to 3 years respectively.

(b) In the current financial year, amounts recognised in profit and loss are as below:

	The Group RM'000	The Company RM'000
Amounts recognised in profit and loss		
Depreciation of right-of-use assets (Note 8)	3,116	190
Interest expense on lease liabilities (Note 7)	487	26
Expenses relating to short-term leases (Note 8)	1,422	158
Expenses relating to leases of low-value assets (Note 8)	26	20

(c) During the year, the total cash outflow for leases for the Group and the Company amounted to RM3,388,000 and RM197,000 respectively (Note 33).

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

13. INVESTMENT PROPERTIES

The Group	At fair value		At cost	
	Freehold properties RM'000	Long-term leasehold properties RM'000	Leasehold properties under construction RM'000	Total RM'000
As of 1 July 2018	12,160	32,310	126,689	171,159
Fair value adjustments (Note 8)	-	(1,594)	-	(1,594)
Additions	-	-	5,318	5,318
Reclassification	-	132,007	(132,007)	-
As of 30 June 2019	12,160	162,723	-	174,883
As of 1 July 2019	12,160	162,723	-	174,883
Fair value adjustments (Note 8)	-	(10,409)	-	(10,409)
Additions	-	4,951	-	4,951
As of 30 June 2020	12,160	157,265	-	169,425

(a) Investment properties

(i) At fair value

The fair values of the Group's investment properties as of 30 June 2020 have been arrived at by the directors based, among others, on valuations performed by the independent valuers that are not related to the Group using the comparison method of valuation and current prices in an active market for similar properties.

The fair values of the Group's investment properties are classified as a Level 3 fair value item for the purposes of fair value hierarchy disclosure.

The following table shows the significant unobservable input used in the valuation model:

Type	Significant unobservable inputs	Relationship of unobservable inputs and fair value measurement
Freehold properties	Sale price of comparable land and buildings	The higher the sale price of comparable land and buildings, the higher the fair value
Long-term leasehold properties	Sale price of comparable and buildings	The higher the sale price of comparable land and buildings, the higher the fair value

(ii) At cost

As the fair values of the leasehold properties under construction are not reliably determinable, the leasehold properties under construction are measured at cost until either the fair value becomes reliably determinable or construction is completed, whichever is earlier.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

13. INVESTMENT PROPERTIES (cont'd)

(b) Investment properties pledged as securities

As of 30 June 2020, the long-term leasehold properties of the Group amounting to RM155,844,000 (2019: RM157,913,000), are charged to licensed banks for credit facilities granted to the Group as mentioned in Note 31.

(c) The following are recognised in profit or loss in respect of investment properties:

	The Group	
	2020 RM'000	2019 RM'000
Rental income	(3,265)	(613)
Direct operating expenses	1,367	913

(d) Included in current year additions to investment properties are the following:

	The Group	
	2020 RM'000	2019 RM'000
Interest expense on (Note 7): Revolving credits	-	772

14. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2020 RM'000	2019 RM'000
At beginning of year:		
Freehold land - at cost	11,458	11,458
Long-term leasehold land - at cost	108,300	8,500
Development expenditure	71,511	11,499
	191,269	31,457
Addition to development expenditure during the year	1,906	1,508
Transfer from property development costs (Note 20):		
Long-term leasehold land - at cost	17,484	99,800
Long-term leasehold land - proprietor's entitlement	397,637	-
Development expenditure	58,034	58,504
	473,155	158,304
Reclassification from other receivables (Note 22)		
Long-term leasehold land - proprietor's entitlement	7,130	-
Land held for development written off (Note 8)	(3,408)	-
At end of year:		
Freehold land - at cost	11,458	11,458
Long-term leasehold land - at cost	125,784	108,300
Long-term leasehold land - proprietor's entitlement	404,767	-
Development expenditure	128,043	71,511
	670,052	191,269

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

14. LAND HELD FOR PROPERTY DEVELOPMENT (cont'd)

- (a) Certain long-term leasehold land of the Group amounting to RM199,586,000 (2019: RM170,425,000) are charged to licensed bank for credit facilities granted to the Group as mentioned in Note 31.
- (b) The title deeds in respect of the long-term leasehold land - proprietor's entitlement are not registered under the subsidiary companies' names as these title deeds will be transferred directly to purchasers upon sale of the properties.
- (c) Included in current additions to development expenditure are the following:

	The Group	
	2020 RM'000	2019 RM'000
Interest expense on (Note 7):		
Term loans/Bridging loans	41	-

- (d) Pursuant to the Joint Venture Agreement ("JVA") dated 7 April 2014, Yayasan Wilayah Persekutuan ("Yayasan WP"), a third party, was required to deliver vacant possession of a parcel of long-term leasehold land to Memang Perkasa Sdn Bhd ("MPSB"), a 51% owned subsidiary company, for development. All the development costs shall be borne by MPSB. MPSB is entitled to the gross development value of the development less Yayasan WP's entitlement of RM160,000,000 in accordance with the terms of JVA.

Included in property development costs arising from acquisition of subsidiary company is long-term leasehold land proprietor's entitlement amounting to RM160,000,000 (2019: RM160,000,000), of which RM68,200,000 (2019: RM68,200,000) (Note 34(b)) is payable to Yayasan WP upon the fulfilment of conditions precedent pursuant to the JVA.

On 11 August 2017, Perbadanan Pengurusan Trellises and 9 Others ("the Applicants") had filed a Judicial Review against Datuk Bandar Kuala Lumpur and Dewan Bandaraya Kuala Lumpur, Yayasan Wilayah Persekutuan and MPSB, a wholly owned subsidiary company of the Company, for the following orders:

- (i) An Order of Certiorari to quash the decision of Datuk Bandar Kuala Lumpur to grant a conditional planning approval dated 28 February 2017 for the proposed development on the Land;
- (ii) An Order for Certiorari to quash the decision of Datuk Bandar Kuala Lumpur to grant a Development Order dated 13 July 2017 in relation to the proposed development mentioned in paragraph (i) above; and
- (iii) An Order on Mandamus for Datuk Bandar Kuala Lumpur to adopt the draft Kuala Lumpur local plan 2020 and to publish the said adoption in the gazette pursuant to Section 16 of the Federal Territory (Planning Act) 1982.

On 28 November 2018, the Judge has denied the Applicants' Judicial Review proceeding to quash the development order. Subsequent to this, the Applicants filed a notice of appeal with the Court of Appeal on 13 December 2018. The hearing of the Court of Appeal that was scheduled on 10 September 2019 was postponed to 22 November 2019. On 22 November 2019, the Court of Appeal heard the parties on the Preliminary Objections raised by MPSB in respect of the plans proposed to be included by the Appellant. The Court of Appeal, after hearing the submission of all counsels decided that the Appellant's proposed plans should not be referred to and the Court of Appeal would only refer to the plans in the Bundles of Documents. The full hearing of the substantive appeal was on 5 June 2020 and the Court has adjourned the matter for discussion. No dates for delivery of decision has been fixed.

Barring unforeseen circumstances and based on the opinion of the legal counsel, the management is of the opinion that MPSB has a strong defence of the Judicial Review.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

15. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	515,859	515,859
Less: Accumulated impairment loss	(14,843)	(11,710)
	501,016	504,149
Accumulated impairment losses		
At beginning of year	11,710	11,710
Addition during the year (Note 8)	3,133	-
At end of year	14,843	11,710

2020

(i) Dilution of effective shareholding in former subsidiary companies

Amberstraits Sdn Bhd ("ASB") and Regal Path Sdn Bhd ("RPSB")

On 25 September 2019, RPSB further issued 99,998 ordinary shares and fully taken up by the holding company (ASB) at total cash consideration of RM99,998.

On 25 September 2019, ASB further issued 99,998 ordinary shares whereby 50,998 and 49,000 ordinary shares being taken up by the holding company, (Khuan Choo Realty Sdn Bhd ("KCRSB") and Jelang Tegas Sdn Bhd ("JTSB") respectively at total cash consideration of RM99,998. Consequently, the effective equity interest of the Group in ASB and RPSB decreased from 100% to 51%.

As disclosed in Note 44(a), pursuant to the Amberstraits Shareholders' Agreement dated 25 September 2019 entered between ASB, KCRSB and JTSB, KCRSB and JTSB have a joint control over ASB as all Board Reserve Matters and Shareholder Reserve Matters require the unanimous approval of JTSB and KCRSB. Further, as also disclosed in Note 44(a), pursuant to the Regal Path Shareholders' Agreement dated 10 October 2019 entered between KCRSB, JTSB, Q PBJ Sdn Bhd ("QPBJ"), ASB and RPSB, KCRSB, JTSB and QPBJ have a joint control over RPSB as all Board Reserve Matters and Shareholder Reserve Matters require the unanimous approval of KCRSB, JTSB and QPBJ. Accordingly, management believes that the Group has lost the control over ASB and RPSB as a holding company and therefore, investments in ASB and RPSB have been derecognised as subsidiaries.

ASB and RPSB are assessed as a separate vehicles that have rights to their assets, and obligations for the liabilities, relating to the joint arrangement. KCRSB and JTSB only have the joint arrangement with rights to the net assets of the arrangement. Therefore, investments in ASB and RPSB have been treated as investment in joint ventures as at 30 June 2020.

2019

(ii) Additional investment in an existing subsidiary company

Macorp Sdn Bhd ("MSB")

On 14 January 2019, the Company acquired 65,000 ordinary shares of MSB for a total cash consideration of RM1. The effective equity interest increases from 87% to 100%.

Impairment loss

The Company conducted a review of the recoverable amount of its investment in subsidiary companies of which its cost of investment exceeded its share of net assets in the subsidiary companies at the reporting date. The review gave rise to the recognition of impairment loss in investment in Domain Stable Construction Sdn Bhd ("DSC"), a wholly owned subsidiary company, amounting to RM3,133,000 (2019: RMNil).

The recoverable amount of the investment in DSC is within level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

15. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

Impairment loss (Cont'd)

The following table shows the significant unobservable input used:

Significant unobservable inputs	Relationship of unobservable inputs and fair value measurement
Discounted cash flows	The higher the discounted cash flows, the higher the fair value

The details of the subsidiary companies are as follows:

Name	Country of incorporation	Proportion of ownership interest and voting power		Principal activities
		2020 %	2019 %	
Direct Subsidiary Companies				
Khuan Choo Realty Sdn Bhd	Malaysia	100	100	Investment in property, investment holding, and provision of management services
Bukit Rimau Development Sdn Bhd	Malaysia	100	100	Property development
Domain Resources Sdn Bhd	Malaysia	100	100	Construction, project management, consultancy services and property trading
Domain Stable Construction Sdn Bhd	Malaysia	100	100	Property development
Pembinaan Gapadu Sdn Bhd	Malaysia	100	100	Property development
Regal Marvel Construction Sdn Bhd	Malaysia	100	100	Investment holding and provision of treasury and fund management services
Khuan Choo Property Management Sdn Bhd	Malaysia	100	100	Property development
Malton Development Sdn Bhd	Malaysia	100	100	Property development
Kumpulan Gapadu Sdn Bhd	Malaysia	100	100	Property development and investment holding
Layar Raya Sdn Bhd	Malaysia	100	100	Property development
Beijing Malton Investment Consultancy Ltd *	People’s Republic of China	100	100	Dormant
Malton Assets Limited *	British Virgin Islands	100	100	Dormant
Malton Asia Limited *	British Virgin Islands	100	100	Dormant
Ehsan Armada Sdn Bhd	Malaysia	100	100	Property development
Macorp Sdn Bhd	Malaysia	100	100	Investment holding
Memang Perkasa Sdn Bhd	Malaysia	51	51	Property development

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

15. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

The details of the subsidiary companies are as follows: (Cont'd)

Name	Country of incorporation	Proportion of ownership interest and voting power		Principal activities
		2020 %	2019 %	
Indirect Subsidiary Companies (Held through Khuan Choo Realty Sdn Bhd)				
Asia-Condo Corporation Sdn Bhd	Malaysia	100	100	Property development and investment
Gapadu Development Sdn Bhd	Malaysia	100	100	Property development
Gapadu Harta Sdn Bhd	Malaysia	100	100	Property development
Khuan Choo Development Sdn Bhd	Malaysia	100	100	Property development
Horizontal Promenade Sdn Bhd	Malaysia	100	100	Property development
Rentak Sejati Sdn Bhd	Malaysia	100	100	Property development
Silver Setup Sdn Bhd	Malaysia	100	100	Property development and investment holding
Khuan Choo Sdn Bhd	Malaysia	100	100	Property trading
Melariang Sdn Bhd	Malaysia	100	100	Property development and investment holding
Ambang Suriamas Sdn Bhd	Malaysia	100	100	Dormant
Indirect Subsidiary Companies (Held through Domain Resources Sdn Bhd)				
Domain Property Services Sdn Bhd	Malaysia	100	100	Property management services
Domain EPC Sdn Bhd	Malaysia	100	100	Project management
DMP Construction Sdn Bhd	Malaysia	100	100	Dormant
Domain Project Management Sdn Bhd	Malaysia	100	100	Dormant
Indirect Subsidiary Company (Held through Silver Setup Sdn Bhd)				
Silver Quest Development Sdn Bhd	Malaysia	100	100	Property development
Indirect Subsidiary Company (Held through Melariang Sdn Bhd)				
Interpile (M) Sdn Bhd	Malaysia	100	100	Property development
(Forward)				

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

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15. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

The details of the subsidiary companies are as follows: (Cont'd)

Name	Country of incorporation	Proportion of ownership interest and voting power		Principal activities
		2020	2019	
		%	%	
Indirect Subsidiary Company (Held through Kumpulan Gapadu Sdn Bhd)				
Pioneer Haven Sdn Bhd	Malaysia	100	100	Property development

* The financial statements of these subsidiary companies are audited for the purpose of consolidation.

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal Activity	Country of incorporation	Number of wholly-owned subsidiaries	
		2020	2019
Property development	Malaysia	18	18
Construction contracts	Malaysia	3	3
Property trading	Malaysia	1	1
Investment holding	Malaysia	4	6
Dormant	Malaysia	3	3
	People's Republic of China	1	1
	British Virgin Islands	2	2
		<hr/>	
Principal Activity	Country of incorporation	Number of non-wholly-owned subsidiaries	
		2020	2019
Property development	Malaysia	1	1
		<hr/>	

Details of non-wholly owned subsidiary companies that have material non-controlling interests are as follows:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests (Note 29)	
		2020	2019	2020	2019	2020	2019
		%	%	RM'000	RM'000	RM'000	RM'000
Memang Perkasa Sdn Bhd ("MPSB")	Malaysia	49	49	(428)	(449)	19,467	132,343

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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15. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

Summarised financial information in respect of each of the Group's subsidiary company that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations:

	2020 RM'000	2019 RM'000
MPSB		
Non-current asset	232,689	-
Current assets	193	281,447
Current liabilities	(171,681)	(106,496)
Equity attributable to owners of the Company	41,734	42,608
Non-controlling interests	19,467	132,343
Selling and distribution expenses	(63)	(41)
Administration expenses	(811)	(876)
Loss before tax	(874)	(917)
Income tax expense	-	-
Loss for the year	(874)	(917)

16. INVESTMENT IN ASSOCIATED COMPANIES

	2020 RM'000	The Group 2019 RM'000
Unquoted shares, at cost	*	*
Share in post-acquisition reserves	-	-
	-	-

* The cost of investment is RM45 as of 30 June 2020 and 30 June 2019.

In 2018, the Group conducted a review of the recoverable amount of its investment in associated company in view of the negative equity position of the associated company and that the company is dormant. The review gave rise to the recognition of a net impairment loss of investment in associated company amounting to RM2,232,000. The recoverable amount was based on higher of the value-in-use and the fair value less costs to sell off the associated company.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

16. INVESTMENT IN ASSOCIATED COMPANIES (Cont'd)

The summarised management financial statements of the associated companies are as follows:

	2020 RM'000	2019 RM'000
Assets and Liabilities		
Total assets	4,850	23,956
Total liabilities	(9,865)	(31,434)
Net liabilities	(5,015)	(7,478)
Group's share of net assets of associated companies	-	-
Results		
Total revenue	-	-
Profit for the financial year	-	-
Group's share of loss for the financial year	-	-

The details of the associated companies are as follows:

Name	Country of incorporation	Proportion of ownership interest and voting power		Principal activities
		2020 %	2019 %	
Indirect Associated Company (Held through Khuan Choo Sdn Bhd)				
Reliance Star Limited ^	British Virgin Islands	45	45	Investment holding
Indirect Associated Company (Held through Reliance Star Limited)				
Perfect Express Global Ltd ^	British Virgin Islands	45	45	Investment holding
Indirect Associated Company (Held through Perfect Express Global Ltd)				
Inai Berkah Sdn Bhd *@	Malaysia	45	45	Investment holding

* The financial statements of these associated companies are audited by auditors other than the auditors of the Company.

@ The financial year end of these associated companies is 31 December.

^ The financial statements of these associated companies are examined for the purpose of equity accounting.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

17. INVESTMENT IN JOINT VENTURES

	The Group	
	2020 RM'000	2019 RM'000
At beginning of year	-	-
Transferred from subsidiaries	102	-
At end of year	102	-
Unquoted ordinary shares, at cost	102	-
Share in post-acquisition reserves	(102)	-
	-	-

As disclosed in Notes 15 and 44(a), investment in joint ventures represents investment in ASB and RPSB.

18. OTHER INVESTMENTS

	The Group	
	2020 RM'000	2019 RM'000
Transferable golf and country club memberships - at cost	245	245
Redeemable preference shares ("RPS") - B	128,809	-
	129,054	245

As disclosed in Note 44(a), during the year, the Group has subscribed RPS-B of RM120,687,000 issued by RPSB, a joint venture entity.

The salient features of the RPS-B are as follows:

- (i) The RPS-B shall have no voting rights, save for the right of a holder of a RPS-B to one vote per RPS-B held at a meeting of RPSB on a resolution to vary any right attached to RPS-B, the holders of RPS-B shall vote as a class of their own. All issued and outstanding RPS-B shall be deemed to form a single class of shares in RPSB.
- (ii) The RPS-B entitle the holder to annual cumulative preferential dividend payable in cash at the rate of seven percent (7.0%) per annum calculated based on the issue price of RM1.00 per RPS-B which will be accrued until the RPS-B are redeemed ("RPS Preference Dividend").
- (iii) RPS-B are redeemable in the following events:
 - (a) Optional Redemption (may be effected by RPSB at any time); or
 - (b) Early Redemption (upon the occurrence of an Asset Sale Event - a sale, conveyance or other disposition, directly or indirectly, of the Pavilion Bukit Jalil Mall by RPSB where the proceeds received by RPSB from such sale, conveyance or disposition are sufficient to pay the aggregate redemption amounts of RPS-A, RPS-B and RPS-C issued by RPSB and RPS-D, RPS-A2 and RPS-B2 if issued by RPSB); or
 - (c) Mandatory Redemption (on the seventh (7th) anniversary of the issue date of the first tranche of RPS-A. However, RPS-A holders have the option to postpone the mandatory redemption date of both RPS-A and RPS-B by one (1) calendar year by delivering a written notice to RPSB on or before the sixth (6th) anniversary of the issue date of the first tranche of RPS-A.); or
 - (d) Reinvestment (as set out in (vii) below) (effected by RPS-A holders serving a reinvestment notice to RPSB).

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

18. OTHER INVESTMENTS (Cont'd)

The salient features of the RPS-B are as follows: (Cont'd)

(iv) In the event of an Optional Redemption of RPS-B:

- (a) RPSB to the extent permitted by applicable law, declare and pay to each RPS-B holders the sum of all the accrued and unpaid RPS Preference Dividend plus an amount that would result in the RPS-B holders achieving an IRR of 12% in respect of such RPS-B after taking into account and without double counting, all accrued and unpaid RPS Preference Dividend, plus the aggregate of the RPS-B Cash Flows¹ received by the RPS-B holders in respect of such RPS-B (collectively referred to as "RPS-B Final Dividend Amount").

¹ RPS-B Cash Flows, in relation to each RPS-B, means:

- dividends (including RPS Preference Dividend), interests and distribution received by RPS-B holders; plus
- moneys received by RPS-B holders on the redemption or any return of capital; plus
- the proportional RPS-D redemption amount received by the relevant RPS-B holders in respect of such RPS-B.

- (b) RPSB shall redeem all of the RPS-B outstanding for an amount equal to the RPS-B Redemption Amount² for every one RPS-B held.

² RPS-B Redemption Amount, means:

- where, after payment in full of the final dividend and redemption amount of RPS-A, RPSB is permitted to declare and pay the RPS-B Final Dividend Amount in full, the RPS-B Issue Price, or
- where, after payment in full of the redemption of RPS-A, RPSB does not have sufficient distributable profits to permit the declaration and payment in full of the RPS-B Final Dividend Amount, the sum of RPS-B Issue Price plus an amount not exceeding the RPS-B Final Dividend Amount that RPSB is unable to pay as dividends.

(v) In the event of an Early Redemption of RPS-B and prior to the completion of the Reinvestment:

Each RPS-B holder shall be entitled to receive, for each RPS-B held by such holder, on parity and rateably with each other, an amount equal to the RPS-B Issue Price of RM1.00 each and the RPS-B Final Dividend Amount in respect of such RPS-B held; provided that if the assets and funds available to be distributed among the RPS-B holders after payment in full of the amounts due to the RPS-A and RPS-C holders. In the event that the assets and funds are insufficient to permit the payment in full of the amounts due in respect of all outstanding RPS-B held by the RPS-B holders, the entire assets and funds available for distribution shall be distributed rateably among all RPS-B holders in proportion to the applicable amounts to each RPS-B holder is entitled to receive in aggregate in respect of all the applicable RPS-B held by it.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

18. OTHER INVESTMENTS (Cont'd)

The salient features of the RPS-B are as follows: (Cont'd)

(vi) In the event of a Mandatory Redemption of RPS-B:

RPSB shall pay the RPS-B Final Dividend Amount and the RPS-B Redemption Amount in the manner set out in (iv)(a) and (iv)(b) above. Each RPS-B holder shall also pay to RPSB an amount equal to the RPS-B issue price of RM1.00 for every one RPS-B held to concurrently subscribe for one ordinary share in RPSB.

Provided always that if RPS-A holders deliver a written notice to RPSB by no later than thirty (30) days prior to the sixth (6th) anniversary of the issue date of the first tranche of RPS-A (or seventh (7th) anniversary if the mandatory redemption date of both RPS-A and RPS-B is extended by one (1) calendar year), indicating that they do not intend to subscribe for ordinary shares in RPSB, RPSB shall only be required to declare a final dividend and redeem each outstanding RPS-B in cash without the relevant RPS-B holders subscribing for ordinary shares in RPSB.

(vii) RPS-A holders have the option to require RPSB to effect the Reinvestment, where the RPS-A holders shall reinvest the RPS-A redemption amount (and the RPS-A final dividend amount, if applicable) due to it and each RPS-B holders shall reinvest the RPS-B Redemption Amount (and the RPS-B Final Dividend Amount, if applicable) due to it respectively in consideration for the issuance of new ordinary shares in RPSB, RPS-A2 and/or RPS-B2 (as applicable) to the RPS-A and RPS-B holders respectively, in accordance with the constitution of RPSB.

RPS-A holders may effect the Reinvestment by giving written notice to RPSB any time from the date falling twenty-two (22) months, or such other period as RPSB and the RPS-A holders may agree, after the issue date of the first RPS-A up to 30 days prior to the sixth (6th) anniversary of the issue date of the first tranche of RPS-A ("Election Date") (in the event that RPS-A holders exercise its option to postpone the mandatory redemption date of RPS-A and RPS-B by one (1) calendar year, the Election Date will be postponed to 30 days prior to the seventh (7th) anniversary of the first issue date of the first tranche of RPS-A).

(viii) In the event of the Reinvestment being effected by RPS-A holders:

RPSB shall pay the RPS-B Final Dividend Amount and the RPS-B Redemption Amount in the manner set out in (iv)(a) and (iv)(b) above. Each RPS-B holder shall pay to RPSB an amount equal to the RPS-B issue price of RM1.00 for every one RPS-B held to concurrently subscribe for one ordinary share in RPSB.

If RPSB does not have sufficient distributable profits, or is not otherwise permitted by law to redeem all of the RPS-B outstanding and/or to declare a final dividend to enable each RPS-B holder to receive the sum of the RPS-B Issue Price of RM1.00 for each RPS-B held and RPS-B Final Dividend Amount in full for each RPS-B held by such RPS-B holder on the Reinvestment date, each RPS-B holder shall subscribe and RPSB shall issue RPS-B2 at an issue price of RM0.0001 each.

(ix) The rights attached to the RPS-B may only be varied or abrogated with the consent in writing of the RPS-B holders of at least seventy-five percent (75%) of the issued RPS-B respectively, and may be so varied or abrogated either whilst RPSB is a going concern or during or in contemplation of a winding-up.

Included in the investment in redeemable preference shares is the gain on fair value adjustment amounting to RM8,122,000 (Note 8).

NOTES TO THE FINANCIAL STATEMENTS

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19. DEFERRED TAX ASSETS/(LIABILITIES)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is an analysis of the deferred tax balances (after offset) for statements of financial position purposes:

	30.6.2020 RM'000	The Group 30.6.2019 RM'000 (Restated)	1.7.2018 RM'000 (Restated)
Deferred tax assets	22,762	24,325	21,412
Deferred tax liabilities	(57,894)	(58,800)	(64,276)
	(35,132)	(34,475)	(42,864)

	30.6.2020 RM'000	The Company 30.6.2019 RM'000
Deferred tax assets	328	533
Deferred tax liabilities	(5)	(71)
	323	462

The deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects on the following:

	At beginning of year RM'000 (Restated)	Recognised in profit or loss (Note 9) RM'000	At end of year RM'000
The Group			
30.6.2020			
Deferred tax liabilities:			
Property development cost	(57,600)	-	(57,600)
Investment properties	(2,638)	(865)	(3,503)
Property, plant and equipment	(760)	542	(218)
Right-of-use assets	-	(813)	(813)
	(60,998)	(1,136)	(62,134)
Deferred tax assets:			
Unused tax losses	7,497	(11,249)	(3,752)
Property development cost	15,349	(9,148)	6,201
Redeemable preference shares	795	2,492	3,287
Other payables and accrued expenses	1,933	11,906	13,839
Unabsorbed capital allowances	40	2,567	2,607
Property, plant and equipment	-	798	798
Lease liabilities	-	830	830
Others	909	2,283	3,192
	26,523	479	27,002
	(34,475)	(657)	(35,132)

NOTES TO THE FINANCIAL STATEMENTS

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19. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

The deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects on the following: (Cont'd)

	At beginning of year RM'000	Recognised in profit or loss (Note 9) RM'000	At end of year RM'000
The Group			
30.6.2019 (Restated)			
Deferred tax liabilities:			
Property development cost	(57,458)	(142)	(57,600)
Investment properties	(4,805)	2,167	(2,638)
Property, plant and equipment	(657)	(103)	(760)
	(62,920)	1,922	(60,998)
Deferred tax assets:			
Unused tax losses	5,688	1,809	7,497
Property development cost	9,742	5,607	15,349
Redeemable preference shares	1,837	(1,042)	795
Other payables and accrued expenses	884	1,049	1,933
Unabsorbed capital allowances	33	7	40
Others	1,872	(963)	909
	20,056	6,467	26,523
	(42,864)	8,389	(34,475)

The Company 2020

Deferred tax liabilities:			
Property, plant and equipment	(71)	66	(5)
Deferred tax assets:			
Other payables and accrued expenses	533	(210)	323
Right-of-use assets	-	5	5
	462	(139)	323

2019

Deferred tax liabilities:			
Property, plant and equipment	(71)	-	(71)
Deferred tax assets:			
Other payables and accrued expenses	533	-	533
Right-of-use assets	-	-	-
	462	-	462

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

20. PROPERTY DEVELOPMENT COSTS

	The Group	
	2020 RM'000	2019 RM'000 (Restated)
At beginning of year:		
Freehold land - at cost	4,928	4,928
Freehold land - proprietor's entitlement	547,909	315,330
Long-term leasehold land - at cost	22,684	122,484
Long-term leasehold land - proprietor's entitlement	653,298	655,808
Development expenditure	1,381,985	1,058,014
	2,610,804	2,156,564
Additions during the year:		
Freehold land - at cost	28	9
Freehold land - proprietor's entitlement	14,001	245,341
Long-term leasehold land - at cost	18	-
Long-term leasehold land - proprietor's entitlement	73	(2,510)
Development expenditure	711,389	521,685
	725,509	764,525
Transfer to land held for property development (Note 14):		
Long-term leasehold land - at cost	(17,484)	(99,800)
Long-term leasehold land - proprietor's entitlement	(397,637)	-
Development expenditure	(58,034)	(58,504)
	(473,155)	(158,304)
Cumulative costs realisable as an expense in profit or loss:		
Previous years	(822,368)	(496,157)
Current year (Note 6)	(1,500,533)	(423,315)
Closed out due to completion of projects	633,582	97,104
	(1,689,319)	(822,368)
Costs closed out during the year due to completion of projects	(633,582)	(97,104)
Provision for foreseeable losses		
Previous years	(1,197)	(3,250)
Current year (Note 6)	(7,599)	2,053
	(8,796)	(1,197)
Property development costs written off (Note 8)	(948)	(17)
Transfer to inventories	(24,060)	(54,860)
At end of year	506,453	1,787,239

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

20. PROPERTY DEVELOPMENT COSTS (Cont'd)

- (a) Included in current additions to development expenditure are the following:

	The Group	
	2020 RM'000	2019 RM'000
Interest expense on (Note 7):		
Term loans/Bridging loans	610	1,770

- (b) The title deeds in respect of the freehold and long-term leasehold land - proprietor's entitlement are not registered under the subsidiary companies' names as these title deeds will be transferred directly to purchasers upon sale of the properties.
- (c) Certain freehold land, long-term leasehold land, freehold land - proprietor's entitlement and long-term leasehold land - proprietor's entitlement of the Group under property development amounting to RM5,601,000 (2019: RM5,022,000; 2018: RM4,892,000), RMNil (2019: RM29,062,000; 2018: RM176,340,000), RM92,191,000 (2019: RM729,268,000; 2018: RM501,894,000) and RM382,507,000 (2019: RM361,961,000; 2018: RM271,949,000), respectively are charged to licensed banks for credit facilities granted to the Group as mentioned in Note 31.
- (d) Pursuant to the Joint Development Agreement ("JDA") dated 16 March 2010, and the Supplemental Agreement dated 3 July 2012 ("SA"), Bukit Jalil Development Sdn Bhd ("BJDSB"), a third party, was required to deliver vacant possession of a parcel of freehold land measuring approximately 50 acres to PHSB for development. All the development costs shall be borne by PHSB. PHSB is entitled to 82% of the gross development value of the development, whereas BJDSB is entitled to 18% of the gross development value of the development provided that the total entitlement of BJDSB should not be lesser than RM220,000,000 in accordance with the terms of the JDA and the SA.

Included in property development costs is freehold land proprietor's entitlement amounting to RM561,910,000 (2019: RM542,581,000; 2018: RM302,252,000), of which RM153,275,000 (2019: RM405,390,000; 2018: RM253,358,000) (Note 34(c)) is payable to BJDSB, a third party. The directors have recognised the said proprietor's entitlement progressively in respect of the completed developments and on-going development projects, pursuant to the JDA and the SA.

During the financial year, proceeds from sale of completed properties of the Group to BJDSB totalling RMNil (2019: RM13,061,000; 2018: RM13,450,000), represents partial settlement in respect of the proprietor's entitlement payable to BJDSB.

- (e) Pursuant to the Joint Venture Agreement ("JVA") dated 3 January 2012, Gagasan Matrik Sdn Bhd ("GMSB"), a third party, was required to deliver vacant possession of a parcel of long-term leasehold land to Kumpulan Gapadu Sdn Bhd ("KGSB"), a wholly-owned subsidiary company, for development. All the development costs shall be borne by KGSB. KGSB is entitled to the gross development value of the development less GMSB's entitlement of RM102,000,000 in accordance with the terms of the JVA.

Included in property development costs is long-term leasehold land proprietor's entitlement amounting to RM102,000,000 (2019: RM102,000,000; 2018: RM102,000,000), of which RM5,372,000 (2019: RM5,372,000; 2018: RM5,372,000) (Note 34(b)) is payable to GMSB, a third party.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

20. PROPERTY DEVELOPMENT COSTS (Cont'd)

- (f) In 2012, Malton Development Sdn Bhd ("MDSB"), a wholly-owned subsidiary company, entered into a Joint Venture Agreement ("JVA") with Virtue Court Sdn Bhd ("VCSB"), a third party. Pursuant to the JVA and a Supplemental Agreement dated 5 May 2014 ("SA"), VCSB is required to deliver vacant possession of a parcel of a long-term leasehold land measuring approximately 19,859 square meters to MDSB for development. All the development costs shall be borne by MDSB. MDSB is entitled to the gross development value of the development less VCSB's entitlement of RM74,800,000 in accordance with the terms of the JVA and the SA.

Included in property development costs is long-term leasehold land proprietor's entitlement amounting to RM74,800,000, (2019: RM74,800,000; 2018: RM74,800,000) of which RM226,000 (2019: RM226,000; 2018: RM226,000) (Note 34(b)) is payable to VCSB.

- (g) In 2003, Ehsan Armada Sdn Bhd ("EASB"), a wholly-owned subsidiary company entered into a Joint Development Agreement ("JDA") with Darul Omni Sdn Bhd ("DOSB"), a third party. Pursuant to the JDA and the Supplemental Letter dated 8 December 2010 ("SL"), DOSB was required to deliver vacant possession of a parcel of leasehold land measuring approximately 83 acres to EASB for development. All the development costs shall be borne by EASB. EASB is entitled to 80.5% of the gross development value of the development, whereas DOSB is entitled to 19.5% of the gross development value of the development. Pursuant to the Supplemental Letter dated 27 August 2018 ("SL"), there is a revision of the entitlement to 3.2% of the gross development value of the development for the balance commercial development land.

Included in property development costs is long-term leasehold land proprietor's entitlement amounting to RM12,549,000 (2019: RM12,549,000; 2018: RM15,059,000).

- (h) In 2010, Asia-Condo Corporation Sdn Bhd ("ACCSB"), a wholly-owned subsidiary company entered into a Joint Venture Agreement ("JVA") with Tekad Harapan Sdn Bhd ("THSB"), a third party. THSB is required to deliver vacant possession of a parcel of long-term leasehold land to ACCSB for development. All the development costs shall be borne by ACCSB. ACCSB is entitled to the gross development value of the development less THSB's entitlement in accordance with the terms of the JVA. THSB is entitled to 20% of the gross development value of the development and 35% of profit after tax of the entire development project.

Included in property development costs is long-term leasehold land proprietor's entitlement amounting to RM66,312,000 (2019: RM66,312,000; 2018: RM66,312,000).

21. INVENTORIES

	30.6.2020 RM'000	The Group 30.6.2019 RM'000 (Restated)	1.7.2018 RM'000
Completed properties	161,179	142,942	116,742
Commercial land	9,000	9,000	9,000
	170,179	151,942	125,742

The Group recognised an expense of RM7,746,000 (2019: RM2,033,000) (Note 8) in respect of inventories written down to its net realisable value.

Included in inventories are completed properties with cost amounting to RM19,385,000 (2019: RM19,385,000) charged to licensed banks for credit facilities granted to the Group as mentioned in Note 31.

Included in inventories are completed properties and commercial land with cost amounting to RM35,901,000 (2019: RM39,395,000) charged to licensed banks for credit facilities granted to certain subsidiary companies as mentioned in Note 31.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

22. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

Trade receivables comprise mainly amounts receivable from customers for construction works carried out, project management services provided and sales of properties developed by the Group. The credit period granted to customers generally ranges from 7 to 90 days (2019: 7 to 90 days) unless otherwise agreed under contractual obligations.

Trade receivables are as follows:

	The Group	
	2020 RM'000	2019 RM'000
Trade receivables	82,097	87,253
Less: Allowance for impairment loss	(13,390)	(15,423)
	68,707	71,830
Retention sum held by contract customers	34,225	56,228
Stakeholder sum held by solicitors	51,399	5,126
	154,331	133,184

The Group recognised an expense of RM106,000 (2019: RM11,237,000) (Note 8) in respect of bad debts written off.

Retention sum held by contract customers and stakeholder sum held by solicitors are due upon expiry of retention periods ranging from 6 to 24 months (2019: 6 to 24 months).

Trade receivables that are past due but not impaired are mainly related to the progress billings to be settled by the purchasers or the purchasers' end financiers. However, these debts are expected to be realised in full without material losses in the ordinary course of business as majority of the customers are with financing facilities obtained from reputable end financiers.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

The Group recognises impairment losses based on expected credit losses ("ECL") model using the simplified approach, which measures the impairment losses at an amount equal to lifetime ECL.

Movement in the allowance for impairment loss

	The Group	
	2020 RM'000	2019 RM'000
At beginning of year	15,423	-
Impairment loss recognised (Note 8)	42	15,423
Reversal of impairment loss (Note 8)	(2,075)	-
At end of year	13,390	15,423

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

22. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES (Cont'd)

Aging analysis of trade receivables

	The Group	
	2020 RM'000	2019 RM'000
Retention sum/stakeholder sum	85,624	61,354
Not past due	10,462	35,290
Past due more than 1 month	6,437	2,239
Past due 1 to 2 months	2,050	386
Past due more than 2 months	49,758	33,915
Total	154,331	133,184

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

Other receivables and prepaid expenses consist of:

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other receivables (Notes (b))	50,034	58,011	653	987
Reclassification (Note (a))	(7,130)	-	-	-
Less: Allowance for impairment loss	(15,210)	(3,785)	-	-
	27,694	54,226	653	987
Deposits	14,240	10,673	146	145
Prepaid expenses	5,296	3,325	-	6
Advance to an indirect associated company (Note (c))	-	28,984	-	-
	47,230	97,208	799	1,138

Movement in the allowance for impairment loss

	The Group	
	2020 RM'000	2019 RM'000
At beginning of year	3,785	-
Impairment loss recognised (Note 8)	11,425	3,785
At end of year	15,210	3,785

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

22. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES (Cont'd)

- (a) In 2006, MDSB entered into joint venture development agreements ("JVDA") with various third parties ("JV Partners"). Pursuant to the JVDA, the JV Partners were required to deliver vacant possession of the leasehold land ("the Land") to MDSB for development. All the development costs would be borne by MDSB and MDSB was entitled to the entire proceeds from the development. In consideration for the Land delivered, the JV Partners were entitled to a fixed sum of RM25,000,000 paid by MDSB in accordance with the terms of the JVDA.

In 2010, MDSB and the JV Partners entered into a deed of assignment with a third party, to assign the development rights of a portion of the Land to the said third party for a total consideration of RM10. Pursuant to the deed of assignment, a portion of the said Land amounting to RM8,000,000 was recoverable from the said third party in 2014 upon receipt of proceeds from the sale of the completed properties developed by the said third party.

In 2011, MDSB and the JV Partners entered into another deed of assignment with the said third party dated, to assign the development rights of the balance portion of the Land to the said third party for a total consideration of RM10. Pursuant to the deed of assignment, the balance of the said Land amounting to RM17,000,000 was recoverable from the said third party immediately upon receipt of proceeds from the sale of the completed properties developed by the said third party in 2019.

Pursuant to the deed of assignment dated 26 June 2020, MDSB, the JV Partners and the said third party entered into another deed of assignment to re-assign the development rights of the balance portion of the land valued to RM7,130,000 to MDSB for a total consideration of RM10. As of 30 June 2020, the amount receivable from the said third party is RMNil (2019: RM16,030,000), net of allowance for impairment loss amounting to RM8,900,000 (2019: RMNil).

- (b) Included in other receivables of the Group is an amount of RM13,918,000 (2019: RM13,803,000), which represents deposits and advances made by Domain Resources Sdn Bhd ("DRSB"), a wholly-owned subsidiary company, to Acres and Hectares Development Sdn Bhd ("A&H"), a third party, pursuant to Joint Development Agreement dated 9 December 2014. A&H appointed DRSB as the Project Development Manager for a project known as Taman Perumahan Yayasan Islam Kelantan ("Project"). Advances to A&H is interest-free, unsecured and repayable on demand.

Pursuant to the letter of appointment, DRSB is required to carry out and perform works on behalf of A&H. In consideration for DRSB agreeing to be appointed as the Project Development Manager in accordance with the scope of works, DRSB shall be entitled to a remuneration of a sum equivalent to 70% of the profit before taxation derived from the Project, after taking into account all development costs relating to the Project but before taking into account DRSB's remuneration.

- (c) Advance to an indirect associated company amounting to RMNil (2019: RM25,199,000), net of allowance for impairment loss amounting to RM6,278,000 (2019: RM3,785,000) is interest-free, unsecured and repayable on demand. The Group completed a non-cash transaction with transfer of completed properties from an indirect associated company to the Group amounting to RM12,950,000 (2019: RMNil), as partial settlement in respect of the advance provided by the Group to the indirect associated company.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

23. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2020 RM'000	2019 RM'000
Contract assets:		
Property development	210,751	216,678
Construction	23,927	66,576
	234,678	283,254
Contract cost:		
Property development		
Sales commission and agency fee	40,359	23,409
Total	275,037	306,663
Contract liabilities:		
Property development	4,220	8,702
Construction	258	161
	4,478	8,863

Staff costs included in current additions of construction include salaries, contributions to Employees Provident Fund ("EPF") and all other staff related expenses. Contributions to EPF by the Group during the year amounted to RM1,465,258 (2019: RM1,555,363).

(a) Contract assets and contract liabilities from property development:

	The Group	
	2020 RM'000	2019 RM'000
Contract assets	210,751	216,678
Contract liabilities	(4,220)	(8,702)
Net	206,531	207,976
At beginning of the year	207,976	57,874
Consideration paid/payable to customers	14,084	58,482
Revenue recognised during the year (Note 5)	1,688,413	541,215
Progress billing during the year	(1,703,942)	(449,595)
At end of the year	206,531	207,976

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

23. CONTRACT ASSETS/(LIABILITIES) (Cont'd)

(a) Contract assets and contract liabilities from property development: (Cont'd)

The transaction price allocated to the unsatisfied performance obligations as at 30 June 2020 is RM965,356,000 (2019: RM922,447,000). The remaining performance obligations are expected to be recognised as below:

	The Group	
	2020 RM'000	2019 RM'000
Within 1 year	677,603	490,193
Between 1 to 4 years	287,753	432,254
Total	965,356	922,447

(b) Contract assets and contract liabilities from construction:

	The Group	
	2020 RM'000	2019 RM'000
Contract assets	23,927	66,576
Contract liabilities	(258)	(161)
Net	23,669	66,415
At beginning of the year	66,415	17,435
Revenue recognised during the year (Note 5)	103,043	392,304
Progress billing during the year	(145,789)	(343,324)
At end of the year	23,669	66,415

The construction revenue is recognised progressively based on the actual cost incurred to date on the construction projects as compared to the total budgeted cost for the respective projects.

(c) Contract cost:

The above cost to obtain contracts are amortised to cost of sales when the related revenues are recognised.

24. RELATED PARTY TRANSACTIONS AND BALANCES

Amount owing by subsidiary companies, comprising mainly unsecured advances and payments made on behalf, is repayable on demand and bears interest ranged at 4.75% to 5.75% (2019: 5.75% to 6.00%) per annum except for management fees receivable, which is interest-free.

Amount owing to subsidiary companies, which arose mainly from unsecured advances and payments made on behalf, is interest-free and repayable on demand.

Amount owing from joint ventures, which arose mainly from progress billings receivable, is interest-free and repayable on demand and unsecured advances and payments made on behalf, is repayable on demand and bears interest ranged at 4.75% to 5.75%.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

24. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

The related parties of the Company and subsidiary companies and its relationship are as follows:

Related Parties	Relationship
Pavilion REIT ("REIT")	A real estate investment trust in which certain directors of the Company, namely Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong are directors of the manager of the REIT and have direct financial interests.
Pavilion REIT Management Sdn Bhd	A company in which certain directors of the Company, namely Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong have direct financial interest.
Impian Ekspresi Sdn Bhd	A company in which a director of the Company, namely Tan Sri Lim Siew Choon has indirect financial interest.
Harmoni Perkasa Sdn Bhd	A company in which a director of the Company, namely Tan Sri Lim Siew Choon has indirect financial interest.
Jendela Mayang Sdn Bhd	A company in which a director of the Company, namely Tan Sri Lim Siew Choon has direct financial interest.
SECG Bina Sdn Bhd	A company in which a director of the Company, namely Tan Sri Lim Siew Choon is related to its director/shareholder.
WCT Holdings Berhad	A company in which a director of the Company, namely Tan Sri Lim Siew Choon has direct financial interest.
Dream Domain Sdn Bhd	A company in which a director of the Company, namely Chua Thian Teck has direct financial interest.
Kuala Lumpur Pavilion Sdn Bhd	A company in which certain directors of the Company, namely Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong have direct financial interest.
Regal Path Sdn Bhd	A company in which certain directors of the Company and its subsidiary company has indirect financial interest.
Amberstraits Sdn Bhd	A company in which certain directors of the Company and its subsidiary company has direct financial interest.

During the financial year, significant related party transactions, which are carried out on negotiated basis are as follows:

	The Company	
	2020	2019
	RM'000	RM'000
With subsidiary companies:		
Dividends received/receivable (Note 5)	(5,700)	(5,700)
Management fee received/receivable (Note 5)	(16,216)	(17,832)
Interest income received/receivable (Note 8)	(6,015)	(8,458)
Accounting fees paid/payable	96	96
Novation of bank borrowings (Note 31)	-	(30,000)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

24. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
With related parties:				
Impian Ekspresi Sdn Bhd				
Progress billing receivable	(79,868)	(180,256)	-	-
Harmoni Perkasa Sdn Bhd				
Progress billing receivable	(2,655)	(91,896)	-	-
Jendela Mayang Sdn Bhd				
Progress billing receivable	(31,566)	(5,295)	-	-
Pavilion REIT				
Rental of premises paid/payable	3,121	3,772	350	363
Pavilion REIT Management Sdn Bhd				
Rental of premises received/receivable	(361)	-	-	-
SECG Bina Sdn Bhd				
Progress billing paid/payable	4,865	3,802	-	-
Dream Domain Sdn Bhd				
Rental of premises paid/payable	192	192	-	-
Rental of premises paid to Mr. Lim Siew Fai	-	176	-	-
Kuala Lumpur Pavilion Sdn Bhd				
Property management fee	1,212	62	-	-
Sale of properties to certain family members of a director of the Company	(1,910)	(5,877)	-	-
WCT Holdings Bhd				
Rental received from letting office space	(361)	-	-	-
Regal Path Sdn Bhd				
Progress billing receivable	(1,086,022)	-	-	-
Interest receivable	(537)	-	-	-
Accounting, banking and general fee receivable	(5)	-	-	-
Amberstraits Sdn Bhd				
Interest receivable	(3)	-	-	-
Accounting, banking and general fee receivable	(5)	-	-	-

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 of the Group and of the Company include Executive Directors of the Company and certain members of senior management of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

24. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

Compensation of key management personnel (Cont'd)

The remuneration of key management personnel during the year are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	6,757	8,030	3,687	4,908
Defined contribution plans	536	683	383	527
	7,293	8,713	4,070	5,435

The estimated monetary value of benefits-in-kind received and receivable by the key management personnel otherwise than in cash from the Group and from the Company during the financial year amounted to RM192,000 and RM155,000 (2019: RM229,000 and RM195,000), respectively.

Included in the remuneration of key management personnel is the remuneration of Directors of the Company as disclosed in Note 8(c).

25. SHORT-TERM FUNDS

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
At fair value through other profit or loss				
Investments in unit trust funds in Malaysia	489	473	489	473

26. CASH AND BANK BALANCES

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	21,084	33,680	217	683
Housing development accounts	128,172	47,346	-	-
	149,256	81,026	217	683

The housing development accounts are maintained by the Group in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. These accounts, which consist of monies received from house purchasers, are for the payments of property development expenditure incurred and are restricted from use in other operations. The surplus monies, if any, will be released to the Group upon completion of the property development projects and after all property development expenditure have been fully settled.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

27. SHARE CAPITAL

	The Group and The Company			
	2020		2019	
	No. of shares (‘000)	RM’000	No. of shares (‘000)	RM’000
Issued and fully paid-up:				
Ordinary shares	528,141	528,552	528,141	528,552

In 2019, the issued and paid-up share capital of the Company was increased from RM528,552,432 to RM528,552,632 pursuant to the exercise of warrant. The new shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

Share Options

The Employees’ Share Option Scheme (“ESOS”) which was established on 20 April 2016 for the benefit of eligible employees and directors of the Group will expire on 19 April 2021.

The number in the Company’s ESOS options are as follows:

	2020 Unit ‘000	2019 Unit ‘000
Number of options over ordinary shares	4,881	4,881

The salient features of the ESOS are as follows:

- (a) The total number of shares which may be made available shall not exceed 15% of the issued and paid-up share capital of the Company at the time of offer of the ESOS.
- (b) The ESOS shall be in force for a duration of five years with effect from 20 April 2016 and may be further extended for such durations, subject to an aggregate duration of not more than ten years from the effective date of the ESOS.
- (c) All employees, including directors, who are confirmed full-time employees of the Group and have been serving for at least one year within the Group are eligible.
- (d) Any allocation of options under the ESOS shall require prior approval from the ESOS committee.
- (e) No option shall be granted for less than 100 shares or more than the maximum allowable allotment as follows:
 - (i) the number of options allocated, in aggregate, to the directors and senior management of the Group shall not exceed 70% of the total options available under the ESOS; and
 - (ii) number of options allocated to any individual director or executive who, either singly or collectively through his/her associates, holding 20% or more in the issued and paid-up share capital of the Company shall not exceed 10% of the total options available under the ESOS.
- (f) The option price shall be at a discount of not more than 10% from the weighted average market price of the Company as shown in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five market days immediately preceding the date of offer or at par value of the ordinary shares of the Company, whichever is higher.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

27. SHARE CAPITAL (Cont'd)

- (g) There is no retention period imposed on the shares arising from the exercise of ESOS options except for the non-executive directors which has a retention period of 1 year.
- (h) The ESOS Committee may at any time and from time to time, during the duration of the ESOS and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion including amending or varying any terms and conditions imposed earlier in the discretion think fit.

28. RESERVES

	30.6.2020 RM'000	The Group 30.6.2019 RM'000 (Restated)	1.7.2018 RM'000 (Restated)
Non-distributable:			
Available-for-sale reserve	-	-	46
Revaluation reserve	2,065	2,065	2,065
Option reserve	1,153	1,153	1,153
Distributable:			
Retained earnings	392,931	382,766	368,676
Total	396,149	385,984	371,940

	The Company 2020 RM'000	2019 RM'000
Non-distributable:		
Available-for-sale reserve	-	-
Option reserve	1,153	1,153
Distributable:		
Retained earnings	5,354	12,005
Total	6,507	13,158

Available-for-sale reserve

Available-for-sale reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

Revaluation reserve

Revaluation reserve represents the increase in the fair value of long-term leasehold properties prior to its reclassification as investment properties.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

28. RESERVES (Cont'd)

Option reserve

Option reserve, which relates to the equity-settled share options granted to eligible employees by the Group and the Company, is made up of the cumulative value of services received from employees recorded on grant of the share options. When the grant is exercised, the amount from the option reserve is transferred to share capital. When the share grants expire, the amount from the option reserve is transferred to retained earnings.

Retained earnings

As of 30 June 2020, the entire retained earnings of the Company are available for distribution as single-tier dividends.

29. NON-CONTROLLING INTERESTS

Included in non-controlling interests is 3,385,000 (2019: 23,830,000) Redeemable Preference Shares ("RPS") issued by MPSB which is held by Tegap Dinamik Sdn Bhd ("TDSB"), a third party, amounting to RM18,617,500 (2019: RM131,065,000).

During the financial year, the Group redeemed 20,445,000 (2019: 460,000) RPS of a subsidiary company, which was held by TDSB, for a total redemption price of RM112,447,500 (2019: RM2,530,000).

The RPS shall confer on the holder the following rights:

- (a) The RPS shall not be entitled to receive any fixed dividend;
- (b) The RPS shall not be mandatorily redeemed on the maturity date, which is 3 December 2025;
- (c) Unless redeemed earlier, RPS shall, on the maturity date, be automatically converted into new ordinary shares at conversion ratio fixed at 100 RPS surrendered for cancellation for every one new ordinary share of RM1.00 each;
- (d) The RPS shall rank in priority to the ordinary shares of MPSB but rank behind all secured and unsecured obligations of MPSB; and
- (e) The RPS is redeemable at the option of the issuer at any time after the issued date and during the tenure of the RPS.

30. REDEEMABLE PREFERENCE SHARES

	30.6.2020 RM'000	The Group 30.6.2019 RM'000 (Restated)	1.7.2018 RM'000 (Restated)
Principal	3,000	3,000	3,000
Accrued interest	14,818	7,408	12,798
	17,818	10,408	15,798

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

30. REDEEMABLE PREFERENCE SHARES (Cont'd)

On 5 September 2013, PHSB had entered into Subscription Agreement with a third party, to issue 3,000,000 redeemable preference shares ("RPS") of RM1 each.

The RPS is carried at amortised cost and the premium payable at redemption is to be accounted for as interest expense over the expected life of the RPS. During the year, the Group recognised an amortised cost adjustment of RM7,410,000 as disclosed in Note 7 (2019: RM5,390,000 as disclosed in Note 8).

The salient features of the redeemable preference shares are as follows:

- (a) The RPS shall not bear any fixed dividend. No dividend shall be declared and paid on the ordinary shares of PHSB unless the dividends on the RPS have been declared and paid on the basis that the dividend payable on each RPS shall not be lesser than the dividend payable on the ordinary shares for any of the financial year.
- (b) The RPS shall rank behind all secured and unsecured obligations of PHSB but will rank in priority to the ordinary shares of PHSB in respect of return of capital upon liquidation or otherwise for the par value of the RPS. All RPS rank pari passu amongst one another.
- (c) The total issued and paid up preference share capital shall always represent 30% of the total share capital of PHSB.
- (d) Each RPS entitles the holder to participate in any distributions of PHSB (including surplus assets and profits) on the basis that such distribution accrued to/payable on each RPS shall not be lesser than the distributions declared and/or payable in respect of each ordinary share.
- (e) Each RPS entitles the holder to participate in any further preference shares issued/offered by PHSB.
- (f) The registered holder of the RPS shall not have any right to vote at any general meeting of PHSB, unless the meeting was converted for the purpose of reducing the capital, or winding-up or where the proposition to be submitted to the meeting directly affects the rights and privileges of the holder of RPS.
- (g) The RPS shall not be convertible into ordinary shares of PHSB.
- (h) The RPS may be redeemable wholly in cash at the option of PHSB or the subscriber, upon full completion of the mixed development project undertaken by PHSB and full disposal of all saleable development units of the said project. Partial redemption is not permissible.

31. BANK BORROWINGS

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Secured:				
Term loans	65,771	253,582	-	-
Bank overdrafts (Note 36)	20,429	21,015	4,952	4,958
Revolving credits	277,549	335,934	90,000	100,000
Trade facilities	92,907	45,925	-	-
Bridging loans	34,705	45,830	-	-
	491,361	702,286	94,952	104,958
Less: Amount due within next 12 months (included under current liabilities)	(425,054)	(578,273)	(94,952)	(104,958)
Non-current portion	66,307	124,013	-	-

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31. BANK BORROWINGS (Cont'd)

The non-current portion is repayable as follows:

	The Group	
	2020 RM'000	2019 RM'000
Between 1 - 2 years	36,592	38,621
Between 2 - 5 years	29,715	85,392
	66,307	124,013

In 2019, the Company had novated bank borrowings amounting to RM30,000,000 in favour of a subsidiary company as disclosed in Note 24.

As of reporting date, the Group and the Company have the following credit facilities from licensed banks:

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Secured:				
Term loans	288,000	656,200	-	-
Bridging loans	195,000	496,000	-	-
Revolving credits	405,000	335,000	120,000	120,000
Trade facilities	100,000	50,000	-	-
Bankers guarantee	57,000	90,750	14,000	14,000
Bank overdrafts	17,000	17,000	-	-
Islamic financing	5,000	18,000	5,000	5,000
	1,067,000	1,662,950	139,000	139,000

The interest rates per annum are as follows:

	The Group		The Company	
	2020 per annum %	2019 per annum %	2020 per annum %	2019 per annum %
Secured:				
Term loans	3.91 to 9.50	5.20 to 8.45	-	-
Bridging loans	4.88 to 6.70	6.34	-	-
Revolving credits	4.39 to 8.00	5.57 to 8.20	4.49 to 7.95	5.57 to 8.20
Bank overdrafts	5.15 to 6.29	5.70 to 7.42	-	-
Islamic financing	6.81 to 7.81	7.85	6.81 to 7.81	7.85

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

31. BANK BORROWINGS (Cont'd)

The borrowings of the Group and of the Company are secured against the following:

- (i) Charge over the investment properties, land held for property development, property development, completed properties and commercial land of certain subsidiary companies as mentioned in Notes 13, 14, 20 and 21, respectively.
- (ii) A debenture incorporating a fixed and floating charge over present and future assets of certain subsidiary companies.
- (iii) Fixed deposits of the Company and certain subsidiary companies as mentioned in Note 36.
- (iv) Assignment and charge over the Debt Service Reserve Account and Interest Service Reserve Account as mentioned in Note 36.

The borrowings of the subsidiary companies are also covered by the corporate guarantee of the Company.

During the year, the Group and the Company have taken loan moratoriums for certain loans by virtue of which the repayment dates of these loans have been deferred for a period of up to six months.

32. HIRE-PURCHASE PAYABLES

	The Group	
	2020 RM'000	2019 RM'000
Total outstanding	2,091	4,048
Less: Interest-in suspense outstanding	(103)	(274)
Principal outstanding	1,988	3,774
Less: Amount due within 12 months (included under current liabilities)	(1,245)	(1,786)
Non-current portion	743	1,988

The non-current portion is payable as follows:

	The Group	
	2020 RM'000	2019 RM'000
Between 1 - 2 years	565	1,245
Between 2 - 5 years	178	743
	743	1,988

For the financial year ended 30 June 2020, the effective interest rates for the hire-purchase payables of the Group ranges from 4.50% to 7.97% (2019: 4.50% to 7.97%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

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33. LEASE LIABILITIES

	The Group 2020 RM'000	The Company 2020 RM'000
At 1 July (on adoption of MFRS 16)	5,901	100
Addition during the year	6,759	838
Finance costs (Note 7)	487	26
Payment of lease rental (Note 12)	(3,388)	(197)
At 30 June	9,759	767

	The Group 2020 RM'000	The Company 2020 RM'000
Non-current	6,020	441
Current	3,739	326
At 30 June	9,759	767

	The Group 2020 RM'000	The Company 2020 RM'000
Maturity Analysis:		
Year 1	3,739	326
Year 2	3,017	290
Year 3	1,995	151
Year 4	832	-
Year 5	176	-
	9,759	767

NOTES TO THE FINANCIAL STATEMENTS

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34. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables comprise mainly amount outstanding to contractors and consultants for property development projects. The credit period granted to the Group ranges from 30 to 120 days (2019: 30 to 120 days).

Trade payables are as follows:

	The Group	
	2020	2019
	RM'000	RM'000
Trade payables	231,185	285,943
Accrued costs to completion of projects	41,213	25,048
Accrued uncertified work performed by sub-contractors	183,262	153,058
	455,660	464,049
Retention sum payable to sub-contractors	106,225	111,369
	561,885	575,418

Other payables and accrued expenses are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Other payables (Note (b), (c) and (d))	260,475	583,381	494	3,641
Accrued expenses	12,985	16,223	1,606	2,441
Amount owing to directors Note (a))	564	206	-	-
	274,024	599,810	2,100	6,082
Less: Other payable - non-current portion (Note (c))	(5,227)	(11,105)	-	-
	268,797	588,705	2,100	6,082

- (a) Amount owing to directors, which arose mainly from unsecured advances, was interest-free and repayable on demand.
- (b) Included in other payables are proprietor's entitlements payable to Yayasan WP, Gagasan Matrik Sdn Bhd and Virtue Court Sdn Bhd, third parties, of RM68,200,000 (Note 14(d)), RM5,372,000 (Note 20(e)) and RM226,000 (Note 20(f)) (2019: RM68,200,000 (Note 14(d)), RM5,372,000 (Note 20(e)), and RM226,000 (Note 20(f))) respectively.
- (c) Included in other payables is an amount of RM153,275,000 (2019: RM405,390,000) representing the proprietor's entitlement payable to BJDSB, pursuant to the Joint Development Agreement dated 16 March 2010 and Supplemental Agreement dated 3 July 2012 as disclosed in Note 20(d). As of 30 June 2020, an amount payable to the said third party of RM5,227,000 (2019: RM11,105,000) is classified as non-current as the amount is due after the next 12 months.
- (d) Included in other payables is an amount of RMNil (2019: RM2,255,000) representing the amount due to the substantial corporate shareholder of the Company.

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35. DIVIDENDS

	The Group and The Company	
	2020 RM'000	2019 RM'000
Declared and paid to the equity holders of the Company:		
First and final single-tier dividend of 1.5 sen per share (2019:		
First and final single-tier dividend of 2.0 sen per share)	7,923	10,563

On 13 December 2019, the Company paid a first and final single-tier dividend of 1.5 sen per share amounting to RM7,922,852 in respect of the financial year ended 30 June 2019 as approved by the shareholders at the last Annual General Meeting.

The Directors do not recommend any declaration of dividend in respect of the current financial year.

36. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed deposits with licensed banks	33,458	40,005	2,530	2,452
Cash and bank balances (Note 26)	149,256	81,026	217	683
Bank overdrafts (Note 31)	(20,429)	(21,015)	(4,952)	(4,958)
	162,285	100,016	(2,205)	(1,823)
Less: Non cash and cash equivalents:				
Fixed deposits pledged to licensed banks	(20,393)	(40,005)	(2,530)	(2,452)
Debt Service Reserve Account and Interest Service Reserve Account	(7,312)	(13,773)	-	-
	134,580	46,238	(4,735)	(4,275)

Included in fixed deposits with licensed banks of the Group and of the Company is an amount of RM20,393,000 (2019: RM40,005,000) and RM2,530,000 (2019: RM2,452,000) respectively, pledged to financial institutions for banking facilities granted to subsidiary companies as mentioned in Note 31.

Included in cash and bank balances is an amount of RM7,312,000 (2019: RM13,773,000) representing Debt Service Reserve Account and Interest Service Reserve Account with licensed banks to secure the banking facilities granted to the subsidiary companies as mentioned in Note 31. The Group has restricted rights on the accounts and therefore the amount cannot be used in business operation.

The interest rates for fixed deposits range from 1.45% to 3.15% (2019: 2.75% to 3.15%) per annum. The fixed deposits have a maturity period of 1 to 365 days (2019: 1 to 365 days).

NOTES TO THE FINANCIAL STATEMENTS

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37. CAPITAL COMMITMENT

	The Group	
	2020 RM'000	2019 RM'000
Approved and contracted for: Sales gallery	2,996	-

38. SEGMENTAL REPORTING

For management purposes, the Group is organised into the following operating divisions:

- (i) Property development segment is involved in the business of constructing and developing residential and commercial properties. The reportable segment has been formed by aggregating the property construction and development segments, which are regarded by management to exhibit similar economic characteristics.
- (ii) Construction contracts segment is involved in the business of construction works for development of residential and commercial properties.
- (iii) Property trading segment is involved in the business of sales of developed residential and commercial properties.
- (iv) Others segment, which is involved in the business of investment holding, project management, property investment and management, and provision of management and accounting services, is not material to the Group and therefore not separately reported.

Inter-segment revenue mainly comprise construction works performed and provision of management services to the subsidiary companies.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

NOTES TO THE FINANCIAL STATEMENTS

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38. SEGMENTAL REPORTING (Cont'd)

30.6.2020	Property development RM'000	Construction contracts RM'000	Property trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	1,688,413	103,043	13,709	3,857	-	1,809,022
Inter-segment sales	-	488,876	-	69,019	(557,895)	-
	1,688,413	591,919	13,709	72,876	(557,895)	1,809,022
Results						
Segment results	64,055	45,556	(8,233)	44,562	(52,134)	93,806
Distribution income on short-term funds and interest income						3,568
Finance costs						(45,688)
Share in results of associated companies						(102)
Profit before tax						51,584
Income tax expense						(33,924)
Profit for the year						17,660
Attributable to:						
Owners of the Company						18,088
Non-controlling interests						(428)
						17,660
Assets						
Segment assets	2,160,442	925,309	172,933	1,820,983	(2,721,637)	2,358,030
Unallocated assets						22,888
						2,380,918
Liabilities						
Segment liabilities	1,594,831	654,233	47,353	1,578,089	(2,513,193)	1,361,313
Unallocated liabilities						75,437
						1,436,750
Other information						
Capital expenditure	5,494	1,035	-	6,947	-	13,476
Depreciation of property, plant and equipment	3,384	3,384	-	370	-	7,138
(Forward)						

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

38. SEGMENTAL REPORTING (Cont'd)

30.6.2019	Property development RM'000 (Restated)	Construction contracts RM'000	Property trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000 (Restated)
Revenue						
External sales	541,215	392,304	57,811	794	-	992,124
Inter-segment sales	-	384,394	-	24,169	(408,563)	-
	541,215	776,698	57,811	24,963	(408,563)	992,124
Results						
Segment results	80,104	40,224	15,684	5,744	(25,246)	116,510
Distribution income on short-term funds and interest income						2,546
Finance costs						(56,632)
Share in results of associated companies						-
Profit before tax						62,424
Income tax expense						(38,220)
Profit for the year						24,204
Attributable to:						
Owners of the Company						24,653
Non-controlling interests						(449)
						24,204
Assets						
Segment assets	2,697,048	883,450	184,430	1,477,019	(2,237,621)	3,004,326
Unallocated assets						24,446
						3,028,772
Liabilities						
Segment liabilities	2,091,769	670,528	54,307	1,189,180	(2,105,225)	1,900,559
Unallocated liabilities						81,334
						1,981,893
Other information						
Capital expenditure	3,687	4,348	18	5,781	-	13,834
Depreciation of property, plant and equipment	3,363	3,063	-	475	-	6,901

NOTES TO THE FINANCIAL STATEMENTS

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38. SEGMENTAL REPORTING (Cont'd)

1.7.2018	Property development RM'000 (Restated)	Construction contracts RM'000	Property trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000 (Restated)
Assets						
Segment assets	2,041,007	777,631	155,328	1,372,748	(1,731,295)	2,615,419
Unallocated assets						21,601
						<u>2,637,020</u>
Liabilities						
Segment liabilities	1,426,253	596,025	52,066	1,062,554	(1,616,324)	1,520,574
Unallocated liabilities						80,787
						<u>1,601,361</u>
Other information						
Capital expenditure	21,939	6,825	10	32,306	-	61,080
Depreciation of property, plant and equipment	1,976	2,110	-	697	-	4,783
Impairment of investment in subsidiary companies	-	-	-	11,343	(11,343)	-

39. FINANCIAL INSTRUMENTS

(i) Capital Risk Management

The Group and the Company manage their capital to ensure that it will be able to continue as a going-concern while maximising returns to their shareholders through the optimisation of debt and equity balance. The Group's and the Company's overall strategy remain unchanged from 2019.

The Group and the Company did not engage in any transaction involving financial derivative instruments during the financial year.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristic of the underlying assets. No changes were made in the objectives, policies or processes during the financial year ended 30 June 2020.

The Group is not subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(i) Capital Risk Management (Cont'd)

Gearing ratio

The gearing ratio at the end of the reporting period is as follows:

	30.6.2020 RM'000	The Group 30.6.2019 RM'000 (Restated)	1.7.2018 RM'000 (Restated)
Total debts	520,926	716,468	551,138
Cash and bank balances	(149,256)	(81,026)	(122,757)
Net debts	371,670	635,442	428,381
Equity	944,168	1,046,879	1,035,659
Debt to equity ratio	39.36%	60.70%	41.36%

Total debts are defined as redeemable preference shares, long and short-term borrowings, hire-purchase payables and lease liabilities as described in Notes 30, 31, 32 and 33.

Equity includes all capital and reserves of the Group that are managed as capital.

Significant Accounting Policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement and the bases for recognition of income and expenses), for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

Categories of Financial Instruments

	30.6.2020 RM'000	The Group 30.6.2019 RM'000 (Restated)	1.7.2018 RM'000 (Restated)
Financial assets			
At FVTPL:			
Other investments	129,054	245	245
Short-term funds	489	473	1,508
At amortised cost:			
Trade receivables	154,331	133,184	193,706
Other receivables	40,737	82,127	104,857
Amount owing by joint ventures	5,444	-	-
Fixed deposits with licensed banks	33,458	40,005	38,612
Cash and bank balances	149,256	81,026	122,757

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NOTES TO THE FINANCIAL STATEMENTS

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39. FINANCIAL INSTRUMENTS (Cont'd)

(i) Capital Risk Management (Cont'd)

Categories of Financial Instruments (Cont'd)

	30.6.2020 RM'000	The Group 30.6.2019 RM'000 (Restated)	1.7.2018 RM'000 (Restated)
Financial liabilities			
At amortised cost:			
Trade payables	561,885	575,418	514,804
Other payables and accrued expenses	274,024	599,810	447,422
Bank borrowings	491,361	702,286	530,186
Redeemable preference shares	17,818	10,408	15,798
Hire-purchase payables	1,988	3,774	5,154
Lease liabilities	9,759	-	-

	The Company	
	2020 RM'000	2019 RM'000
Financial assets		
At FVTPL:		
Short-term funds	489	473
At amortised cost:		
Other receivables	799	1,132
Amount owing by subsidiary companies	126,779	144,181
Fixed deposits with licensed banks	2,530	2,452
Cash and bank balances	217	683

Financial liabilities		
At amortised cost:		
Other payables and accrued expenses	2,100	6,082
Bank borrowings	94,952	104,958
Amount owing by subsidiary companies	260	313
Lease liabilities	767	-

(ii) Financial Risk Management Objectives

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk.

The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which cover the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(ii) Financial Risk Management Objectives (Cont'd)

(a) Foreign Currency Risk Management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to foreign exchange rate risk is minimal and mainly through its other investments in unquoted shares outside Malaysia.

(b) Interest Rate Risk Management

The Group and the Company are exposed to interest rate risk through the impact of rate changes on interest-bearing borrowings.

The carrying amounts, the range of applicable interest rates during the year and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk are disclosed in Note 31.

Interest rate exposure is measured using sensitivity analysis as disclosed below:

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease 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.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's and the Company's profit after tax for the financial year ended 30 June 2020 would decrease/increase by RM1,867,000 and RM361,000 (2019: RM2,669,000 and RM399,000) respectively. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Group's sensitivity to interest rates has decreased during the current period mainly due to the lower variable rate debt instruments.

(c) Credit Risk Management

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Group.

The Group is exposed to credit risk mainly from its trade receivables, other receivables and contract assets. The Group extends credit to its customers/debtors based upon careful evaluation of the customer's/debtor's financial condition and credit history. Trade and other receivables are monitored on an ongoing basis by the Group's credit control department.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counter parties and customers.

The Company is exposed to credit risk mainly from its subsidiary companies. The Company monitors the results of its subsidiary companies regularly and repayments made by the subsidiary companies.

The Group's and the Company's credit risk on deposits and cash and bank balances are limited as the Group and the Company place their funds with reputable financial institutions with high credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(ii) Financial Risk Management Objectives (Cont'd)

(c) Credit Risk Management (Cont'd)

Exposure to credit risk

The Group measures the loss allowance for trade receivables, other receivables and contract assets at an amount equal to lifetime expected credit loss (ECL) and for other financial assets (measured at amortised cost) at 12-month ECL by applying simplified approach and general approach respectively, as required by MFRS 9. The Company measures the loss allowance for other receivables and amount owing by subsidiary companies at an amount equal to lifetime expected credit loss (ECL) and for other financial assets (measured at amortised cost) at 12-month ECL by applying simplified approach and general approach respectively, as required by MFRS 9. Impairment loss is measured based on expected credit loss model is based on assumptions on the risk of default and expected loss rates. The Group and the Company use judgment in making these assumption and selecting the inputs to the ECL based on past collection records, existing market conditions as well as forward looking estimates as of the end of the reporting period.

As at the end of the reporting period, the Group's maximum exposure to credit risk is the carrying amount of financial assets which are mainly trade and other receivables, short-term funds, fixed deposits with licensed banks and cash and bank balances. The Company's maximum exposure to credit risk is the carrying amount of financial assets which are mainly other receivables, amount owing by subsidiary companies, short-term funds, fixed deposits with licensed banks and cash and bank balances.

(d) Liquidity Risk Management

The Group and the Company seek to invest cash assets safely and profitably. The Group and the Company also seek to control credit risk by setting counterparty limits and ensuring that sale of goods and services are made to customers with an appropriate credit history, and monitoring customers' financial standing through periodic credit review and credit checks at point of sales. The Group and the Company consider the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

The following tables detail the Group's and the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group and the Company may be required to pay.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(ii) Financial Risk Management Objectives (Cont'd)

(d) Liquidity Risk Management (Cont'd)

	Weighted average effective interest rate per annum %	Less than 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000	Total RM'000
The Group						
30.6.2020						
Non-interest bearing instruments	-	769,356	-	-	-	769,356
Hire-purchase payables	5.64	1,320	671	100	-	2,091
Variable interest rate instruments	5.07	504,534	35,025	39,436	-	578,995
Redeemable preference shares	45.65	8,134	11,846	17,254	-	37,234
Lease liabilities	5.50 - 6.00	4,225	4,252	2,227	-	10,704
The Company						
30.6.2020						
Non-interest bearing instruments	-	2,360	-	-	-	2,360
Variable interest rate instruments	5.33	100,014	-	-	-	100,014
Lease liabilities	5.50 - 6.00	361	307	153	-	821
Financial guarantee*	-	-	-	-	-	-
The Group						
30.6.2019						
Non-interest bearing instruments (Restated)	-	1,161,125	-	14,103	-	1,175,228
Hire-purchase payables	5.58	1,898	1,335	815	-	4,048
Variable interest rate instruments	7.12	665,242	45,293	99,831	-	810,366
Redeemable preference shares (Restated)	45.65	4,751	6,920	24,759	-	36,430
The Company						
30.6.2019						
Non-interest bearing instruments	-	6,395	-	-	-	6,395
Variable interest rate instruments	6.86	112,150	-	-	-	112,150
Financial guarantee*	-	-	-	-	-	-

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39. FINANCIAL INSTRUMENTS (Cont'd)

(ii) Financial Risk Management Objectives (Cont'd)

(d) Liquidity Risk Management (Cont'd)

	Weighted average effective interest rate per annum %	Less than 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000	Total RM'000
The Group						
1.7.2018						
Non-interest bearing instruments (Restated)	-	861,468	-	100,758	-	962,226
Hire-purchase payables	4.69	2,900	1,543	1,069	-	5,512
Variable interest rate instruments	6.32	547,414	40,069	20,205	-	607,688
Redeemable preference shares (Restated)	45.65	7,211	10,503	70,032	-	87,746

* At the end of each reporting period, it was not probable that the counterparties to financial guarantee contracts will claim under the contracts. Consequently, the amount included above is RMNil.

(e) Cash Flow Risk

The Group and the Company review their cash flow position regularly to manage their exposure to fluctuations in future cash flows associated with their monetary financial instruments.

(iii) Fair Value of Financial Instruments

- (a) The carrying amounts of current financial assets and financial liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date. The fair value of long-term financial assets and financial liabilities are determined by the present value of future cash flow estimated and discounted using the current interest rates for similar instruments at the end of the reporting period. There is no material difference between fair values and carrying values of these assets and liabilities as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(iii) Fair Value of Financial Instruments (Cont'd)

(b) Fair value hierarchy

As at the end of the reporting period, the Group and the Company held the following financial instruments carried at fair values in the statements of financial position:

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Level 2				
Financial assets at FVTPL:				
Short-term funds #	489	473	489	473
Other investments ^	245	245	-	-
Level 3				
Financial assets at FVTPL:				
Other investments	128,809	-	-	-

The fair values of investments in unit trust funds are valued using the net asset value of the investment funds.

^ The fair values of unquoted investment in transferable golf and country club memberships are determined by reference to recent market transactions of identical assets.

40. CORPORATE GUARANTEES

	The Group and the Company	
	2020	2019
	RM'000	RM'000
Corporate guarantee given to contractors/suppliers of subsidiary companies	5,728	2,762
	The Company	
	2020	2019
	RM'000	RM'000
Corporate guarantee given to financial institutions for credit facilities granted to subsidiary companies	420,040	619,640

The total amount of corporate guarantees provided by the Company to financial institutions for the credit facilities granted to subsidiary companies amounted to RM420,040,000 (2019: RM619,640,000). The financial guarantees have not been recognised in the financial statements since the fair value on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiary companies' borrowings in view of the securities pledged by the subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS

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41. OPERATING LEASE COMMITMENTS

As Lessee - for the lease of office buildings

In 2019, operating lease commitments for rental of office buildings and sales galleries contracted are as follows:

	The Group RM'000	The Company RM'000
Lease rental payables		
Less than one year	3,291	230
One to two year	940	54
	4,231	284

During the year, the Group and the Company have adopted MFRS 16, therefore, leases as of 30 June 2020 have been disclosed in Note 12.

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the reconciliation of the opening and closing amounts in the statements of financial position of the Group and the Company for each liability for which cash flows have been, or would be, classified as financing activities in the statements of cash flows of the Group and the Company:

	As at 1.7.2019 RM'000	Drawdown RM'000	Repayment RM'000	Non-cash item RM'000	As at 30.6.2020 RM'000
The Group					
Bank borrowings (Note 31)	681,271	623,643	(833,982)	-	470,932
Hire-purchase payables (Note 32)	3,774	-	(1,786)	-	1,988
Lease liabilities (Note 33)	-	-	(3,388)	13,147	9,759

	As at 1.7.2018 RM'000	Drawdown RM'000	Repayment RM'000	Non-cash item* RM'000	As at 30.6.2019 RM'000
The Group					
Bank borrowings (Note 31)	508,841	405,956	(233,526)	-	681,271
Hire-purchase payables (Note 32)	5,154	-	(1,803)	423	3,774

	As at 1.7.2019 RM'000	Drawdown RM'000	Repayment RM'000	Non-cash item RM'000	As at 30.6.2020 RM'000
The Company					
Bank borrowings (Note 31)	100,000	180,000	(190,000)	-	90,000
Lease liabilities (Note 33)	-	-	(197)	964	767

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Cont'd)

	As at 1.7.2018 RM'000	Drawdown RM'000	Repayment RM'000	Non-cash item** RM'000	As at 30.6.2019 RM'000
The Company					
Bank borrowings (Note 31)	120,000	180,000	(170,000)	(30,000)	100,000
Hire-purchase payables (Note 32)	174	-	(174)	-	-

* These represent the additions in property, plant and equipment for motor vehicles acquired under hire-purchase arrangement.

** This represents the novation of bank borrowings by the Company to the subsidiary company (Note 31).

43. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES

In the current year financial statements, certain restatements have been made in previously reported figures and balances in the Group's financial statements in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* are as follows:

a) *Amortised cost adjustment of proprietor's entitlements recorded in property development cost*

PHSB has entered into Joint Development Agreement ("JDA") with BJDSB entitled to long term proprietor's entitlements. Such long term proprietor's entitlements payable is measured at present value for the amount payable after a period of more than 12 months after end of the financial year and subsequently measured at amortised cost. The subsequent charge-out of amortisation on the long term proprietor's entitlements from property development cost with effect from 1 July 2017 (date of adoption of Agenda Decision on IAS 23) was inadvertently omitted.

b) *Amortised cost adjustment of redeemable preference shares*

PHSB entered into subscription agreement with Bayu Untung Sdn Bhd, a third party, to issue 3,000,000 RPS of nominal value of RM1.00 each. The RPS is classified as a financial liability and the premium/return payable shall be measured at amortised cost using the effective interest method after initial recognition which was inadvertently omitted.

c) *Deferred tax impact of property development cost*

PHSB early adopted the IFRIC Agenda Decision on MFRS 123 Borrowing Costs in the financial year ended 2019 as a transitional entity from FRS to MFRS. The finance cost incurred prior to 1 July 2017 is permitted to be capitalised in property development cost and finance cost starting from 1 July 2017 is to be charged to profit or loss when it incurs. The temporary differences arisen from the timing differences of recognising the deductibility of finance cost from the perspective of accounting treatment and tax treatment was inadvertently omitted.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

43. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES (Cont'd)

The Group has considered the above as prior period adjustments and accordingly restated the previously reported balances as follows:

	The Group	
	30.6.2019	1.7.2018
	RM'000	RM'000
Consolidated statement of profit or loss and other comprehensive income		
Cost of sales (Note 43(a) & (b))	6,964	
Other income (Note 43(b))	5,390	
Finance cost (Note 43(a))	(18,091)	
Income tax expenses (Note 43(b) & (c))	4,005	
Decrease in profit after tax	(1,732)	
Consolidated statement of financial position		
Deferred tax assets (Note 43(b) & (c))	7,114	3,109
Property development costs (Note 43(a) & (b))	(8,831)	1,859
Inventories (Note 43(a))	(437)	-
Redeemable preference shares (Note 43(b))	(7,408)	(12,798)
Decrease in retained earnings	(9,562)	(7,830)

A presentation of the effect of prior period adjustments have been given below:

Reconciliation of profit or loss and other comprehensive income for the year ended 30 June 2019:

	As previously reported RM'000	Prior year adjustments			As restated RM'000
		(a) RM'000	(b) RM'000	(c) RM'000	
The Group					
Cost of sales	(790,962)	8,010	(1,046)	-	(783,998)
Other income	16,837	-	5,390	-	22,227
Finance costs	(38,542)	(18,091)	-	-	(56,633)
Income tax expense	(42,225)	-	(1,042)	5,047	(38,220)

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

43. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES (Cont'd)

A presentation of the effect of prior period adjustments have been given below: (Cont'd)

Reconciliation of statement of financial position as at 30 June 2019 and 30 June 2018:

	As previously reported RM'000	(a) RM'000	Prior year adjustments (b) RM'000	(c) RM'000	As restated RM'000
2019:					
The Group					
Deferred tax assets	17,211	-	795	6,319	24,325
Property development costs	1,796,070	(12,928)	4,097	-	1,787,239
Inventories	152,379	(437)	-	-	151,942
Reserves	395,546	(13,365)	(2,516)	6,319	385,984
Redeemable preference shares	3,000	-	7,408	-	10,408

	As previously reported RM'000	(a) RM'000	Prior year adjustments (b) RM'000	(c) RM'000	As restated RM'000
2018:					
The Group					
Deferred tax assets	18,303	-	1,837	1,272	21,412
Property development costs	1,655,298	(3,285)	5,144	-	1,657,157
Reserves	379,770	(3,285)	(5,817)	1,272	371,940
Redeemable preference shares	3,000	-	12,798	-	15,798

The effect of prior period errors does not have any impact to the statement of cash flow of the Group.

44. SIGNIFICANT TRANSACTION AND EVENT DURING THE YEAR

- a) *Disposal of Pavilion Bukit Jalil Mall, Dilution of Shareholding in Amberstraits Sdn Bhd ("ASB") and Subscription of Redeemable Preference Shares ("RPS") by Khuan Choo Realty Sdn Bhd ("KCRSB") issued by Regal Path Sdn Bhd ("RPSB")*

PHSB had on 28 May 2019 entered into a conditional (conditional upon the fulfillment of certain conditions precedents) sale and purchase agreement ("SPA") for the disposal of the Pavilion Bukit Jalil Mall ("BJC Mall") to RPSB for a total cash consideration of RM1,480 million for the completed mall. The conditions precedents have been satisfied on 10 October 2019. Hence, during the year, the Group has recognised revenue amounting to RM1,184 million in respect of BJC Mall based on progress of completion of BJC Mall as of 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

44. SIGNIFICANT TRANSACTION AND EVENT DURING THE YEAR (Cont'd)

- (a) *Disposal of Pavilion Bukit Jalil Mall, Dilution of Shareholding in Amberstraits Sdn Bhd ("ASB") and Subscription of Redeemable Preference Shares ("RPS") by Khuan Choo Realty Sdn Bhd ("KCRSB") issued by Regal Path Sdn Bhd ("RPSB") (Cont'd)*

In conjunction with the SPA, ASB, a 100 % owned subsidiary of the Group at that time, had on 28 May 2019 entered into two share subscription letters with KCRSB and Jelang Tegas Sdn Bhd ("JTSB") respectively, by virtue of which KCRSB and JTSB subscribed 50,998 and 49,000 new ordinary shares in ASB on 25 September 2019, representing 51% and 49% interest in the enlarged share capital of ASB respectively ("Dilution in Amberstraits"). Further, concurrent with the SPA, KCRSB had also on 28 May 2019 entered into a subscription agreement with ASB, JTSB, QPBJ and RPSB (under Regal Path Subscription Agreement) for the subscription of redeemable preference shares, such that QPBJ will subscribe for RPS-A amounting to RM406,700,000 and RPS-C amounting to RM14,000 whereas JTSB and KCRSB will subscribe for RPS-B amounting to RM207,500,000 and RM215,800,000 respectively. As of 30 June 2020, RPS-A and RPS-C amounting to RM227,448,000 and RM78,331,000 have been issued by RPSB and subscribed by QPBJ and RPS-B amounting to RM120,687,000 and RM116,045,000 have been issued by RPSB and subscribed by KCRSB and JTSB respectively. Further, as also disclosed in Note 15, during the year two shareholder agreements have been signed between ASB, KCRSB and JTSB (Amberstraits Shareholders' Agreement dated 25 September 2019) and between RPSB, ASB, KCRSB, JTSB and QPBJ (Regal Path Shareholders' Agreement dated 10 October 2019).

The Group currently holds 51% interest in ASB and 51% effective interest in RPSB (i.e. as on 30 June 2019 RPSB and ASB were wholly-owned subsidiaries of the Group). However, ASB and RPSB have not been consolidated, as subsidiaries, in the financial statements of the Group for the year ended 30 June 2020, after taking into consideration, inter-alia, the board and shareholders' reserved matters set out respectively in the Amberstraits Shareholders Agreement and Regal Path Shareholders Agreement, as the Group does not have a sole control (i.e. only one party does have a control) over ASB and RPSB in accordance with MFRS 10 - Consolidated Financial Statements. In lieu of the Amberstraits Shareholders Agreement and Regal Path Shareholders Agreement, there is a joint control, therefore, ASB and RPSB have been considered as joint ventures in the financial statements of the Group for the year ended 30 June 2020 and have been consolidated as such in the consolidated financial statements of the Group in accordance with MFRS 11 - Joint Arrangements.

As per SPA signed on 28 May 2019 between PHSB and RPSB, PHSB was required to deliver the vacant possession of BJC Mall to RPSB by 31 March 2021. However, due to the implementation of Movement Control Order ("MCO")/Conditional Movement Control Order ("CMCO") resulted from the spread of COVID-19 pandemic as disclosed in Note 44(b) below, there is potential delay in completion of construction of BJC Mall which may result in potential Liquidated Ascertained Damages ("LAD") charge. Management, in consultation with its lawyer, is of the view that since the above delay is caused by COVID-19 followed by MCO/CMCO which are covered under the Force Majeure clause stipulated in the SPA which states that PHSB shall not be liable for being unable to fulfill any of its obligations under the SPA due to any delay caused by circumstances beyond the control of PHSB including but not limited to stop work orders not attributable to any fault on the part of PHSB and lockouts, therefore, the above potential delay will not attract any LAD charge.

- b) Following from the development of the COVID-19 outbreak which was declared by the World Health Organisation as a global pandemic in March 2020, the Malaysian Government imposed the mandatory MCO from 18 March 2020 and subsequently implemented the CMCO from 4 May 2020 to 9 June 2020 to curb the spread of the virus in Malaysia. This was followed by the Recovery MCO ("RMCO") which lasted until 31 August 2020, and was further extended until 31 December 2020. However, due to the increase in number of COVID-19 cases in October 2020, government has implemented CMCO in selected states of the country with economic activities still being allowed. These unprecedented COVID-19 measures undertaken by the authorities resulted in stringent travel restrictions, nationwide lockdown, and drastic reduction in business activities which has brought significant economic uncertainties in Malaysia and within the industry and markets that the Group operates in.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

44. SIGNIFICANT TRANSACTION AND EVENT DURING THE YEAR (Cont'd)

- b) The imposition of the MCO had resulted in disruptions especially to the Group's Property and Construction Divisions. However, this was considered as a temporary set-back, as the Management has been diligent in ensuring that operationally, levels were progressively brought up to normal after the end of the CMCO on 9 June 2020.

Despite having the ability to achieve pre-COVID-19 operational levels, the Group as a whole continues to rigorously review its resources as well as undertaking prudent financial management to ensure that the Group will continue to remain sustainable going forward operating in the new normal environment.

The Directors of the Group have assessed the overall impact of this situation towards the Group's operations and financial performance, including the recoverability of the net carrying amount of its assets and the subsequent measurement of its assets and liabilities. The Directors will closely monitor the current developments of COVID-19 and continuously assess the impact on the Group's operations and would take appropriate and timely measures to minimise the said impact.

STATEMENT BY DIRECTORS

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The Directors of **MALTON BERHAD** state that, in their opinion, the accompanying financial statements 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 of 30 June 2020 and of their financial performance and their cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors,

CHUA THIAN TECK

HONG LAY CHUAN

Kuala Lumpur
27 October 2020

DECLARATION BY THE DIRECTOR PRIMARYLY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **CHUA THIAN TECK**, the Director primarily responsible for the financial management of **MALTON BERHAD**, do solemnly and sincerely declare that the accompanying financial statements, 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.

CHUA THIAN TECK

Subscribed and solemnly declared by
the abovenamed **CHUA THIAN TECK** at
KUALA LUMPUR this 27th day of October, 2020.

Before me,

COMMISSIONER FOR OATHS

GROUP PROPERTIES

DEVELOPMENT PROPERTIES

Location	Tenure	Initial gross land area	Balance of net land area for development	Usage	Net book value as at 30 June 2020 RM'000	Date of acquisition/ revaluation*
Geran 36409, Lot No. 3783, Mukim and Daerah Klang Selangor	Freehold	387.74 acres	3.00 acres	Mixed development	5,601	26.1.2001*
PN 77546, Lot No. 43001, Pekan Baru Subang, Daerah Petaling, Selangor	Leasehold expiring on 2.10.2101	12.00 acres	10.60 acres	Proposed commercial development	28,004	24.6.2002
Geran No. 123368 Lot 4193 Geran No. 123369 Lot 4194 Geran No. 123370 Lot 4195 Geran No. 31298 Lot 4293 Geran No. 31299 Lot 4294 Geran No. 31300 Lot 4295 Geran No. 31301 Lot 4296 Mukim Cheras District of Ulu Langat Selangor	Freehold	41.73 acres	38.34 acres	Proposed mixed development	16,102	22.8.2006 24.5.2007 30.6.2007
HS(D) 808 & 809 Lot 19 & 20 Mukim of Hulu Terengganu	Leasehold expiring on 15.9.2061	108.49 acres	108.49 acres	Proposed mixed Development	3,314	27.7.2002

GROUP PROPERTIES

(cont'd)

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DEVELOPMENT PROPERTIES (cont'd)

Location	Tenure	Initial gross land area	Balance of net land area for development	Usage	Net book value as at 30 June 2020 RM'000	Date of acquisition/ revaluation*
HS(D) 177909, PT4 Seksyen 27 Bandar Petaling Jaya Daerah Petaling Selangor	Leasehold expiring on 18.08.2101	0.67 acres	0.67 acres	Commercial development	4,271	29.06.2010
HS(D) No. 83257 to 83259, PT No.5223 to 5225, Mukim Bandar Ulu Kelang, Daerah Gombak Selangor	Leasehold expiring on 18.02.2107	55.05 acres	55.05 acres	Proposed mixed development	171,581	10.11.2011

Net book value of the development properties are stated at Group land cost together with the related development expenditure incurred to the ongoing and remaining unsold properties.

* Date of valuation

GROUP PROPERTIES

(cont'd)

INVESTMENT PROPERTIES

Location	Tenure	Approximate age of the building year	Net lettable area Sq. Ft	Usage	Net book value as at 30 June 2020 RM'000	Date of acquisition/ revaluation*
Mezzanine Floor Menara Goldstone (Holiday Inn Express) Jalan Raja Chulan Kuala Lumpur	Freehold	36	7,631.62	Office	5,600	30.6.2020*
Level 6 Menara Goldstone (Holiday Inn Express) Jalan Raja Chulan Kuala Lumpur	Freehold	36	8,976.00	Office	6,560	30.6.2020*
Menara Khuan Choo Lot 20021, PN 52798 Seksyen 57 Bandar Kuala Lumpur WP Kuala Lumpur	Leasehold expiring on 11.11.2113	2	68,587.64	Office	125,000	30.6.2020*
Unit 2-111A 2nd Floor, Endah Parade Shopping Mall, Bukit Jalil Kuala Lumpur	Leasehold expiring on 19.2.2083	21	462.00	Retail	130	30.6.2018*
15th Floor, Menara Liberty, 1008 Jalan Sultan Ismail Kuala Lumpur	Leasehold expiring on 6.2.2078	19	12,989.00	Office	7,500	30.6.2020*
20th Floor, Menara Liberty, 1008 Jalan Sultan Ismail Kuala Lumpur	Leasehold expiring on 6.2.2078	19	10,060.00	Office	8,000	30.6.2020*
21st & 22nd Floor Menara Liberty 1008, Jalan Sultan Ismail Kuala Lumpur	Leasehold expiring on 6.2.2078	18	21,673.00	Office	12,000	30.6.2020*
L12-21, L12-22, L12-23, Wangsa 118 Jalan Wangsa Delima Wangsa Maju Kuala Lumpur	Leasehold expiring on 19.4.2104	5	8,839.00	Office	4,635	30.6.2020*

* Date of valuation

GROUP PROPERTIES

(cont'd)

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PROPERTY, PLANT AND EQUIPMENT

Location	Tenure	Approximate age of the building year	Net lettable area Sq. Ft	Usage	Net book value as at 30 June 2020 RM'000	Date of acquisition
4th Floor, Wisma Tecna, No. 18A Section 51A/223 46100 Petaling Jaya Selangor	Leasehold expiring on 8.9.2067	22	20,342.00	Office	5,500	28.2.2001

STATEMENT OF SHAREHOLDERS

ORDINARY SHARES AS AT 30 SEPTEMBER 2020

Share Capital	:	RM528,552,632 divided into 528,140,541 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2020

Size of Shareholdings	No of Holders	Total Holdings	%
Less than 100	60	2,041	#
100 to 1,000	1,518	1,289,310	0.25
1,001 to 10,000	4,130	21,795,973	4.13
10,001 to 100,000	2,357	81,193,774	15.37
100,001 to less than 26,407,027*	443	226,375,949	42.86
26,407,027* and above	4	197,483,494	37.39
	8,512	528,140,541	100.00

Negligible

* 5% of the Share Capital

SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2020

Names	Direct Interest		Deemed Interest	
	No of Shares	%	No of Shares	%
Malton Corporation Sdn Bhd	207,901,489	39.36	-	-
Tan Sri Lim Siew Choon	-	-	207,901,489*	39.36
Puan Sri Tan Kewi Yong	-	-	207,901,489*	39.36

DIRECT AND DEEMED INTEREST OF DIRECTORS IN THE ORDINARY SHARES OF MALTON BERHAD AS AT 30 SEPTEMBER 2020

Names	Direct Interest		Deemed Interest	
	No of Shares	%	No of Shares	%
Tan Sri Lim Siew Choon	-	-	207,901,489*	39.36
Guido Paul Philip Joseph Ravelli	-	-	-	-
Puan Sri Tan Kewi Yong	-	-	207,901,489*	39.36
Chua Thian Teck	-	-	-	-
Hong Lay Chuan	-	-	-	-
Hj Ahmad bin Hj Ismail, PJK	-	-	-	-
Dato' Siew Mun Wai	-	-	-	-

* held via Malton Corporation Sdn Bhd

STATEMENT OF SHAREHOLDERS

(cont'd)

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THIRTY LARGEST SECURITIES ACCOUNT HOLDERS OF ORDINARY SHARES AS AT 30 SEPTEMBER 2020

	Names	No of Shares	%
1.	HSBC Nominees (Tempatan) Sdn Bhd (Exempt AN for Credit Suisse)	62,500,000	11.83
2.	RHB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Malton Corporation Sdn Bhd)	56,683,494	10.73
3.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged securities account for Malton Corporation Sdn Bhd)	43,300,000	8.20
4.	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB for Malton Corporation Sdn Bhd)	35,000,000	6.63
5.	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB for Prinsip Waras Sdn Bhd)	15,500,000	2.93
6.	Affin Hwang Nominees (Tempatan) Sdn Bhd (Pledged securities account for Koh Goh Yuan)	14,625,500	2.77
7.	Malton Corporation Sdn Bhd	10,417,995	1.97
8.	Lee Kim Hooi	5,790,800	1.10
9.	LTK (Melaka) Sdn Bhd	5,299,500	1.00
10.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Exempt AN for UOB Kay Hian Pte Ltd)	3,489,000	0.66
11.	How Wee Teck	3,454,200	0.65
12.	Ooi Chieng Sim	3,379,400	0.64
13.	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB for Choo Chuo Siong)	3,300,000	0.63
14.	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB Bank for Prinsip Waras Sdn Bhd)	3,100,000	0.59
15.	Maybank Securities Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lee Kim Hooi)	3,009,000	0.57
16.	Yeoh Phek Leng	2,146,000	0.41
17.	Lim Tai Soon	2,114,000	0.40
18.	CIMB Islamic Nominees (Tempatan) Sdn Bhd (Principal Islamic Asset Management Sdn Bhd for Lembaga Tabung Haji)	2,100,000	0.40

STATEMENT OF SHAREHOLDERS (cont'd)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS OF ORDINARY SHARES AS AT 30 SEPTEMBER 2020 (Cont'd)

	Names	No of Shares	%
19.	Affin Hwang Nominees (Tempatan) Sdn Bhd (Pledged securities account for Chee Chi Yun)	2,005,000	0.38
20.	Maybank Securities Nominees (Tempatan) Sdn Bhd (Pledged securities account GJH Capital Sdn Bhd)	1,973,200	0.37
21.	Khoo Cai Pek	1,950,000	0.37
22.	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged securities account for Kok Boon Kiat)	1,750,000	0.33
23.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Khoo Cai Pek)	1,700,000	0.32
24.	Tan Ah Heng	1,650,000	0.31
25.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for The Hongkong and Shanghai Banking Corporation Limited)	1,595,000	0.30
26.	Ang Sue Wen	1,500,000	0.29
27.	Tan Kok	1,481,700	0.28
28.	Maybank Securities Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lee Kian Jin)	1,405,000	0.27
29.	Tan Kok	1,388,000	0.26
30.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lee Kim Hooi)	1,298,000	0.25
	TOTAL	294,904,789	55.84

NOTICE OF ANNUAL GENERAL MEETING

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NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting (25th AGM) of MALTON BERHAD (Company) will be conducted via a fully virtual meeting to be broadcast from Level 10, Pavilion Tower, No. 75, Jalan Raja Chulan, 50200 Kuala Lumpur on Wednesday, 25 November 2020 at 10.00 a.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS

- | | | |
|----|--|-----------------------|
| 1. | To lay the Financial Statements of the Company for the year ended 30 June 2020 together with the Directors' Report and Report of the Auditors thereon | For discussion only |
| 2. | To approve the directors' fees, allowances and benefits payable to non-executive directors as set out in the explanatory note for the period from the conclusion of the 25 th AGM of the Company until the conclusion of the next Annual General Meeting (AGM) of the Company | Ordinary Resolution 1 |
| 3. | To re-elect Mr Hong Lay Chuan who retires by rotation pursuant to Article 86 of the Constitution of the Company (Constitution) and being eligible, offered himself for re-election | Ordinary Resolution 2 |
| 4. | To re-elect Hj Ahmad bin Hj Ismail, PJK who retires by rotation pursuant to Article 86 of the Constitution and being eligible, offered himself for re-election | Ordinary Resolution 3 |
| 5. | To re-appoint Deloitte PLT who have indicated their willingness, as Auditors of the Company, and to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration | Ordinary Resolution 4 |

SPECIAL BUSINESS

- | | | |
|----|--|-----------------------|
| 6. | Proposed Amendment of the Constitution of the Company | Special Resolution 1 |
| | <p>"THAT the proposed amendment to the existing Article 10 of the Constitution of the Company set out in the Circular to Shareholders dated 30 October 2020 be and is hereby approved and adopted with immediate effect AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by any relevant authorities, and to do all such acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."</p> | |
| 7. | Authority to allot and issue shares | Ordinary Resolution 5 |
| | <p>"THAT subject to the passing of Special Resolution 1 and pursuant to Section 75 and 76 of the Companies Act, 2016 (Act), the Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Main Market Listing Requirements) and subject to the approval of the relevant governmental/regulatory authorities (if any), the Directors of the Company be and are hereby empowered to allot and issue new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the total share capital of the Company for the time being AND THAT the Directors be and are also empowered to seek the approval from Bursa Malaysia Securities Berhad (Bursa Securities) for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."</p> | |

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

8. Proposed Renewal of Authority for Share Buy Back

Ordinary
Resolution 6

"THAT, subject to the Act, the Constitution, the Main Market Listing Requirements and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to allocate an amount not exceeding the retained earnings of the Company available for the purpose of and to purchase such amount of ordinary shares in the Company (Proposed Renewal of Authority for Share Buy Back) as may be determined by the Directors provided that the aggregate number of shares purchased and/or held as treasury shares pursuant to this resolution does not exceed 10% of the total share capital of the Company at the time of purchase.

THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to deal with the said shares in the following manner:-

- (a) cancel the shares so purchased; or
- (b) retain the shares so purchased as treasury shares; or
- (c) retain part of the shares so purchased as treasury shares and cancel the remainder; or
- (d) to resell the treasury shares on the Bursa Securities and/or distribute the treasury shares as dividends to the Company's shareholders and/or subsequently cancel the treasury shares or combination of the three;

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Bursa Securities and any other relevant authority for the time being in force.

AND THAT the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by ordinary resolution passed by the shareholders in a general meeting;

whichever is the earliest and the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things deem fit and expedient in the interest of the Company to give full effect to the Proposed Renewal of Authority for Share Buy Back contemplated and/or authorised by this Ordinary Resolution."

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

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9. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature in respect of Sale of Trading Stock Properties

Ordinary
Resolution 7

"THAT approval be and is hereby given to the Company and its subsidiaries to enter into and give effect to recurrent related party transactions of a revenue or trading nature and with all classes of related parties in respect of sale of trading stock properties as stated in Section 3.4 of the Circular to Shareholders dated 30 October 2020 which are necessary for the Group's day-to-day operations subject to the following:-

- (a) the transactions are in the ordinary course of business and are carried out at arm's length basis on normal commercial terms of Malton Group (Malton and its subsidiaries) and on terms not more favourable to the related parties than those generally available to the public where applicable and not to the detriment of the minority shareholders; and
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the renewal of shareholders' mandate during the financial year based on the following information:-
 - (i) the type of the recurrent related party transactions made; and
 - (ii) the names of the related parties involved in the recurrent related party transactions made and their relationship with the Company.
- (c) and such approval shall be in force immediately upon passing of this resolution until:
 - (i) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earliest; and the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

10. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature in respect of Construction Related Services and Project Management Services

Ordinary
Resolution 8

"THAT approval be and is hereby given to the Company and its subsidiaries to enter into and give effect to recurrent related party transactions of a revenue or trading nature and with related parties in respect of construction related services and project management services as stated in Section 3.4 of the Circular to Shareholders dated 30 October 2020 which are necessary for the Group's day-to-day operations subject to the following:-

- (a) the transactions are in the ordinary course of business and are carried out at arm's length basis on normal commercial terms of Malton Group (Malton and its subsidiaries) and on terms not more favourable to the related parties than those generally available to the public where applicable and not to the detriment of the minority shareholders; and
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the renewal of shareholders' mandate during the financial year based on the following information:-
 - (i) the type of the recurrent related party transactions made; and
 - (ii) the names of the related parties involved in the recurrent related party transactions made and their relationship with the Company.
- (c) and such approval shall be in force immediately upon passing of this resolution until:
 - (i) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earliest; and the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

BY ORDER OF THE BOARD

HOR SHIOW JEI
(MAICSA 7023954) (SSM Pc No. 202008003615)
Company Secretary

Kuala Lumpur
Dated: 30 October 2020

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

Notes:

1. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements, all of the resolutions set out in this Notice shall be put to vote by poll.
2. A member of the Company, entitled to attend and vote, is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative) to attend and vote in his stead. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, he shall specify in the instrument appointing the proxies the proportions of his shareholdings to be represented by each proxy.
3. The proxy form must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, executed under its common seal or by a duly authorised attorney.
4. All proxy forms must be deposited at the office of our share registrar, Shareworks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.
5. Only members registered in the Record of Depositors as at 18 November 2020 shall be eligible to attend the 25th AGM of the Company or appoint a proxy to attend and vote on his/her behalf.

EXPLANATORY NOTES ON ORDINARY RESOLUTIONS AND/OR SPECIAL BUSINESS

FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 30 JUNE 2020

The Financial Statements of the Company for the year ended 30 June 2020, tabled for discussion pursuant to the provisions of Section 340 (1) of the Act, do not require approval of the shareholders and hence, will not be put for voting.

ORDINARY RESOLUTION 2

The proposed Ordinary Resolution 2 if passed, will facilitate the payment of Directors' fees, allowances and benefits payable to the non-executive directors of the Company as set out below for the period from after the conclusion of the 25th AGM of the Company until the conclusion of the next AGM of the Company.

Type of payment	RM
Directors' fees for each month	32,000
Meeting allowance for each meeting for each director	1,000
Benefits	Claimable expenses incurred in carrying out their duties as directors

SPECIAL RESOLUTION 1

Information on the proposed Special Resolution 1 is set out in the Circular to Shareholders dated 30 October 2020.

Pursuant to the proposed Ordinary Resolution 5 wherein the Directors are seeking shareholders' approval for a general mandate to issue new shares in the Company of not more than 20% of the total share capital of the Company for the time being pursuant to the Act, the Constitution, the Main Market Listing Requirements and subject to the approval of the relevant governmental/regulatory authorities, the Board is seeking shareholders' approval to amend the existing Article 10 of the Constitution (Article 10) which limits the general mandate to not more than 10%. In order to avail the Company to such a higher general mandate, the Directors have proposed that the existing Article 10 be amended to reflect such relief granted by Bursa Securities without stating any specific limit but subject to such limit as may be allowed and/or authorised by Bursa Securities and/or any other regulatory body(ies) from time to time.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

EXPLANATORY NOTES ON ORDINARY RESOLUTIONS AND/OR SPECIAL BUSINESS (Cont'd)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 (Cont'd)

ORDINARY RESOLUTION 5

Ordinary Resolution 5 is proposed to give flexibility to the Directors to issue and allot shares at any time in their absolute discretion, without convening a general meeting, for the purpose of raising funds for working capital and/or strategic development of Malton Berhad and/or its subsidiaries. This mandate sought is a renewal of the mandate obtained from the shareholders at the 24th AGM of the Company held on 22 November 2019 which will expire at the conclusion of the 25th AGM of the Company to be held on 25 November 2020.

Bursa Securities had, vide its letter dated 16 April 2020, introduced Additional Temporary Relief Measures to aid and facilitate listed issuers in sustaining their business or easing their compliance with the Main Market Listing Requirements, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak and extended Movement Control Order. Among others, one relief is for listed issuer to increase the general mandate limit for new issue of securities from 10% to 20% (20% General Mandate) until 31 December 2021 to facilitate listed issuer to raise funds more quickly and efficiently during this unprecedented challenging time. Thereafter, the 10% general mandate will be reinstated.

The Board, after having considered all aspects of the 20% General Mandate, is of the opinion that seeking 20% General Mandate would be in the best interest of the Company and its shareholders as the 20% General Mandate would provide the Company with financial flexibility to raise capital expeditiously for its operations, future expansion and business development.

As at 27 October 2020, the mandate obtained from the shareholders at the 24th AGM of the Company was not utilised, thus no proceeds were raised from this mandate.

ORDINARY RESOLUTION 6

The proposed Ordinary Resolution 6, if passed, will enable the Company to allocate an amount not exceeding the retained earnings of the Company available for the purchase of ordinary shares in the Company to be determined by the Directors of the Company provided that the aggregate number of shares purchased and/or held as treasury shares pursuant to this resolution does not exceed 10% of the total share capital of the Company at the time of purchase. This authority, unless revoked or varied by resolution passed by the shareholders of the Company at a general meeting, will expire at the conclusion of the next AGM of the Company, or the expiration of the period within which the next AGM of the Company is required by law to be held, whichever is earlier.

ORDINARY RESOLUTIONS 7 AND 8

The proposed Ordinary Resolutions 7 and 8, if passed, will enable the Company and its subsidiaries ("Group") to enter into any of the recurrent related party transactions of a revenue or trading nature set out in the Circular to Shareholders of the Company dated 30 October 2020 which are necessary for the Group's day-to-day operations. This authority, unless revoked or varied by resolution passed by the shareholders of the Company at a general meeting, will expire at the conclusion of the next AGM of the Company, or the expiration of the period within which the next AGM of the Company is required by law to be held, whichever is earlier.

PROXY FORM

I/We, _____
(full name in BLOCK)
NRIC No/Company No _____ of _____
(address)

(address)

(address)
Email address _____ Contact No _____

a member of Malton Berhad holding _____ Ordinary Shares, hereby appoint:

Name of Proxy (Full Name)	NRIC No/Passport No	% of Shareholding to be represented (Refer to Note 2 set out below)
Address	Email Address	Contact No

or failing him/her

Name of Proxy (Full Name)	NRIC No/Passport No	% of Shareholding to be represented (Refer to Note 2 set out below)
Address	Email Address	Contact No

or Chairman of the meeting as my/our proxy for me/us on my/our behalf at the Twenty-Fifth Annual General Meeting of Malton Berhad (25th AGM of the Company) to be conducted via a fully virtual meeting to be broadcast from Level 10, Pavilion Tower, No. 75, Jalan Raja Chulan, 50200 Kuala Lumpur on Wednesday, 25 November 2020 at 10.00 a.m. and any adjournment thereof and to vote as indicated below.

RESOLUTIONS		For	Against
Ordinary Resolution 1	To approve the directors' fees, allowances and benefits payable to non-executive directors as set out in the explanatory note for the period from the conclusion of the 25 th AGM of the Company until the conclusion of the next Annual General Meeting (AGM) of the Company		
Ordinary Resolution 2	To re-elect Mr Hong Lay Chuan who retires by rotation pursuant to Article 86 of the Constitution of the Company (Constitution) and being eligible, offered himself for re-election		
Ordinary Resolution 3	To re-elect Hj Ahmad bin Hj Ismail, PJK who retires by rotation pursuant to Article 86 of the Constitution and being eligible, offered himself for re-election		
Ordinary Resolution 4	To re-appoint Deloitte PLT who have indicated their willingness, as Auditors of the Company, and to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration		
Special Resolution 1	Proposed Amendment of the Constitution of the Company		
Ordinary Resolution 5	Authority to allot and issue shares		
Ordinary Resolution 6	Proposed Renewal of Authority for Share Buy Back		
Ordinary Resolution 7	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature in respect of Sale of Trading Stock Properties		
Ordinary Resolution 8	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature in respect of Construction Related Services and Project Management Services		

Please indicate with an "X" in the relevant boxes for each resolution. Unless voting instructions are indicated as above, the proxy may abstain from voting as he/she deems fit.

Signature(s) / Common Seal of member (s)

Date:

Notes:

- Pursuant to Paragraph 8.29A of the Main Market Listing Requirements, all of the resolutions set out in this Notice shall be put to vote by poll.
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- The proxy form must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, executed under its common seal or by a duly authorised attorney.
- All proxy forms must be deposited at the office of our share registrar, Shareworks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.
- Only members registered in the Record of Depositors as at 18 November 2020 shall be eligible to attend the 25th AGM of the Company or appoint a proxy to attend and vote on his/her behalf.

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AFFIX
STAMP

The Share Registrar
SHAREWORKS SDN BHD
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur

Please fold here



www.malton.com.my

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75, Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia
Tel No. : 03-2088 2888
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