





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 2021

CONTENTS

Corporate Information	3
Corporate Structure	4
Group Financial Highlights	5
Board of Directors	6
Key Senior Management	9
Chairman's Statement	10
Management Discussion And Analysis	14
Sustainability Statement	24
Corporate Governance Overview Statement	33
Statement on Risk Management and Internal Control	41
Audit Committee Report	45
Financial Statements	50
Group Properties	155
Statement of Shareholders	159
Notice of Annual General Meeting	162
Proxy Form	

CORPORATE INFORMATION

3

BOARD OF DIRECTORS

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

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

Hong Lay Chuan
Executive Director

Dato' Siew Mun Wai
Independent Non-Executive Director

Puan Sri Tan Kewi Yong
Executive Director

Chua Thian Teck
Executive Director

Hj Ahmad bin Hj Ismail, PJK
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

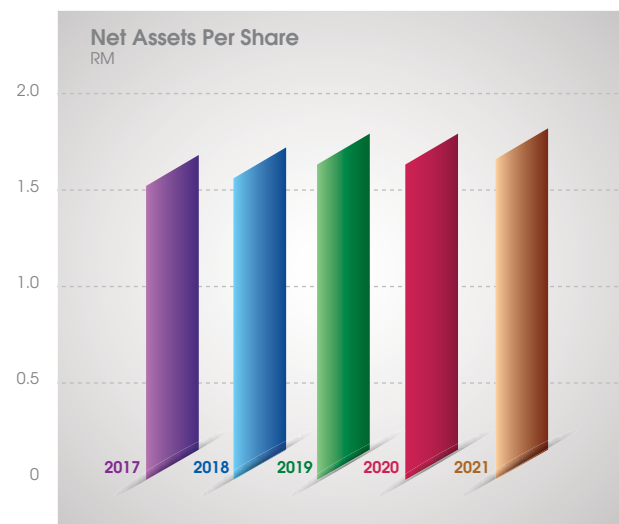
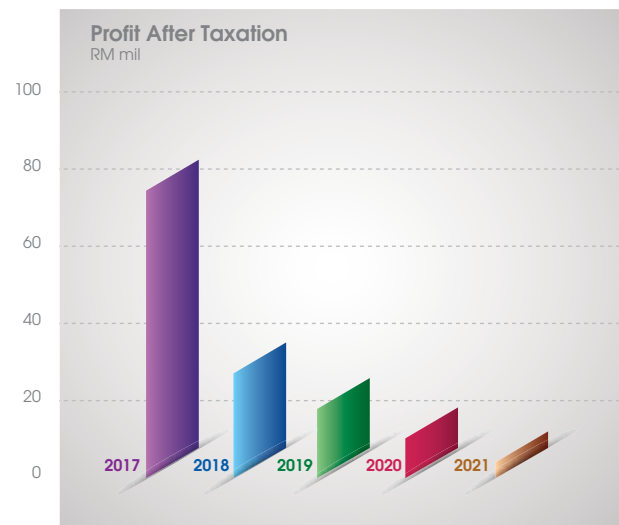
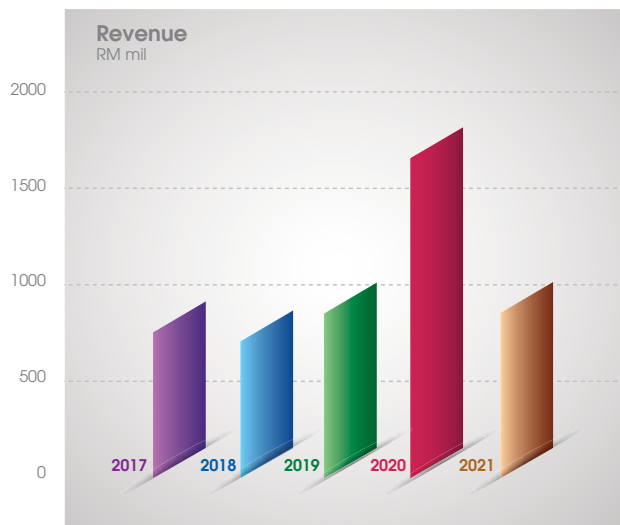
4 | CORPORATE STRUCTURE 28 October 2021

MALTON BERHAD GROUP



GROUP FINANCIAL HIGHLIGHTS

5



Year Ended 30 June	2021	2020	2019 (Restated)	2018 (Restated)	2017
Revenue (RM'000)	999,173	1,809,022	992,124	802,866	833,889
Profit Before Taxation (RM'000)	22,634	51,584	62,424	61,038	127,378
Profit After Taxation (RM'000)	1,169	17,660	24,204	35,477	80,365
Total Comprehensive Income Attributable to Owners of the Company (RM'000)	2,620	18,088	24,607	36,305	80,470
Share Capital (RM'000)	528,552	528,552	528,552	528,552	528,176
Equity Attributable to Equity Holders of the Company (RM'000)	927,321	924,701	914,536	900,492	884,926
Total Assets (RM'000)	2,640,511	2,380,918	3,028,772	2,637,020	2,628,420
Basic Earnings Per Share (Sen)	0.50	3.42	4.67	6.88	17.27
Net Assets Per Share (RM)	1.76	1.75	1.73	1.72	1.68

BOARD OF DIRECTORS

TAN SRI LIM SIEW CHOON

Malaysian Male/ Non-Independent Non-Executive Chairman

Tan Sri Lim Siew Choon, age 61, 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 more than 38 years of management experience in property development, construction, retail design, retail development as well as corporate management.

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 2021. 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 39 and Related Party Transactions and Balances in the Financial Statements which appear on pages 128 to 131 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 159 to 161 of this Annual Report. He has no conviction for offences other than traffic offences within the past 5 years and has not been imposed with any public sanction or penalty by relevant regulatory bodies during the financial year.

GUIDO PAUL PHILIP JOSEPH RAVELLI

British Male/Deputy Chairman/Independent Non-Executive Director

Mr Paul Ravelli, age 70, 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 2021. 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 securities in Malton Berhad.

He has no conviction for offences other than traffic offences within the past 5 years and has not been imposed with any public sanction or penalty by relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS

(cont'd)

7

PUAN SRI TAN KEWI YONG

Malaysian Female/Executive Director

Puan Sri Tan Kewi Yong, age 65, 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 2021. 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 Related Party Transactions and Balances in the Financial Statements which appear on pages 128 to 131 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 159 to 161 of this Annual Report. She has no conviction for offences other than traffic offences within the past 5 years and has not been imposed with any public sanction or penalty by relevant regulatory bodies during the financial year.

CHUA THIAN TECK

Malaysian Male/Executive Director

Mr Chua Thian Teck, age 62, 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 2021. 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 128 to 131 of this Annual Report. He does not hold any shares in Malton Berhad. He has no conviction for offences other than traffic offences within the past 5 years and has not been imposed with any public sanction or penalty by relevant regulatory bodies during the financial year.

HONG LAY CHUAN

Malaysian Male/Executive Director

Mr Hong Lay Chuan, age 63, 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 2021. 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 other than traffic offences within the past 5 years and has not been imposed with any public sanction or penalty by relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS (cont'd)

HJ AHMAD BIN HJ ISMAIL, PJK

Malaysian Male/Independent Non-Executive Director

Hj Ahmad bin Hj Ismail, PJK, age 79, 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 2021. 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 other than traffic offences within the past 5 years and has not been imposed with any public sanction or penalty by relevant regulatory bodies during the financial year.

DATO' SIEW MUN WAI

Malaysian Male/Independent Non-Executive Director

Dato' Siew Mun Wai, age 64, was appointed to the Board on 1 August 2018 as an Independent Non-Executive Director. He is a member of the Audit Committee.

He 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 a local bank until recruited to join HSBC in its Hong Kong HQ. 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.

Presently, Dato' Siew Mun Wai also sits on the board of directors of Karex Berhad as an Independent Non-Executive Director and a member of its Audit Committee.

He attended all five board meetings held during the financial year ended 30 June 2021. 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 other than traffic offences within the past 5 years and has not been imposed with any public sanction or penalty by relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT

9

KELVIN CHOO YUNG YAU

Malaysian Male/Chief Executive Officer, Property Development

Mr Kelvin Choo, age 56, a civil engineer by profession, graduated with Bachelor of Civil Engineering at University of Newcastle, Australia. He is a registered engineer with Board of Engineers and Institute of Engineers Malaysia. He has 31 years of experience in the property and construction industries. He started his career in engineering consultancy services at J.K (SEA) Sdn Bhd, followed by HS Liao Sdn Bhd. He started his property development experience at Sunway City Berhad where he rose to general management position as Unit Profit Centre Manager (UPCM) in charge of a few townships' development within Klang Valley. Subsequently, he joined Tropicana Corporation Berhad where he served as Project Managing Director for township development.

He has also served in Real Estate & Housing Developer Association, Selangor Branch (REHDA-Selangor) holding several portfolios, ranging from Committee, Zone Chairman for Petaling Jaya, infrastructure & utilities and planning committee.

He joined Malton Berhad as Chief Executive Officer of Property Development Division on 15 December 2020. He leads the overall operation and management of the Property Development division including assisting the Board in setting strategic goals, objectives, budgets, policies, and procedures.

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 other than traffic offences within the past 5 years and has not been imposed with any public sanction or penalty by relevant regulatory bodies during the financial year.

ALLAN TAN SHYE CHONG

Malaysian Male/Senior Construction Director

Mr. Allan Tan, age 59, studied construction management at George Brown College, Toronto, Canada and holds a Master in Business Administration from the University of Lincolnshire Humberside, United Kingdom. He has over 38 years of experience in the construction industry with large Malaysian corporations and international companies involving large-scale projects such as The Standard Chartered Bank Singapore, KL Tower, MiCasa Hotel in Yangon, and the Temerloh General Hospital. He spent 7 years as the CEO of a construction company in Abu Dhabi, United Arab Emirates involving high rise residential towers, shopping centres and large-scale public housing.

He was appointed Senior Construction Director with Domain Resources Sdn Bhd, a wholly-owned subsidiary of Malton Berhad and the construction arm of Malton Group on 1 January 2016 and presently manages all of the construction projects. 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 other than traffic offences within the past 5 years and has not been imposed with any public sanction or penalty by relevant regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT

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 2021 (FY2021).

MARKET ENVIRONMENT OVERVIEW

FY 2021 has been a challenging financial year with the prolonged COVID-19 pandemic amid resurgence of cases significantly impacting the global and domestic economy. Although the Government has allowed most business operations to return to normalcy with strict adherence to standard operating procedures (SOPs) since June 2020, periodic outbreaks throughout FY2021 have dampened economic recovery. Its impact has been wide-ranging, disrupting lives, economies and societies globally due to lockdowns of varying levels across all business sectors in the world. Thus, the global economy experienced one of its deepest recessions, contracting by 3.5%. As with many countries globally, the unprecedented economic shocks from the pandemic adversely affected the Malaysian economy, resulting in gross domestic product (GDP) contraction of 5.6% in 2020.

The re-imposition of Movement Control Order (MCO) and full movement control order (FMCO) with a total nationwide lockdown throughout the past year, had affected households, firms and the overall trajectory of the country's economic recovery. Furthermore, the renewed optimism brought upon by the national vaccination drive which began in February 2021, was undermined by the slower than anticipated vaccine rollout. Signs of financial distress in the country are getting more prevalent as the COVID-19 pandemic has exacerbated the Malaysia's economy, resulting in rising unemployment and shrinking incomes.

As for the property sector, initially the market recovered some lost grounds with healthy transaction values and volumes during the conditional and recovery MCO from May to December last year. However, this recovery was hampered by constant disruptions such as MCO 3.0 and FMCO since the beginning of this year. Despite various relief measures undertaken by the Government such as lowering of the overnight policy rate (OPR), reintroduction of Home Ownership Campaign (HOC), exemption of real property gain tax and six-month loan moratoriums for residential properties to boost the sector, the property market was not spared from the impact. Due to the constant disruptions, the record of unsold completed properties is still at an elevated level though overall new property launches from developers had significantly declined. The surge in property supply in the country was also driven by an increase of homes being put up for sale in the secondary market, resulting in lower asking prices of primary and secondary property markets according to Malaysia Property Market Index.

Correspondingly, the Malaysia's construction industry had slowed considerably since 2019, owing to delays in several mega construction projects and an increase in unsold housing stock. This weakness was further exacerbated and disrupted by the pandemic since 2020 till 2021. Majority of construction activities, except those categorised as critical and essential services were brought to a standstill, resulting in loss of working hours, financial issues, delay in project delivery, difficulty in honouring various contract, labour constraints and supply chain management issues.

GROUP PERFORMANCE

Recognising the challenges and uncertainties during pandemic, the Group made swift decisions, took decisive actions and adapted quickly to mitigate the long-term business impact. Malton activated the Business Continuity Plan with adherence to the COVID-19 SOPs for all operations to achieve full productivity, while managing risks associated with operational disruptions due to the pandemic.

Our primary focus for FY2021 include addressing business continuity, ensuring sufficient liquidity and cashflow management to meet all financial obligations of the Group. The Management constantly reviewed capital expenditure and working capital requirements apart from managing supply chain to optimise costs. As part of the austerity measures to sustain the Group, the Management team has volunteered to have salary reduction of up to 20% during the year.

CHAIRMAN'S STATEMENT (cont'd)

11

GROUP PERFORMANCE (cont'd)

Despite restrictions with several lockdowns due to MCO, the Group has successfully completed two projects on schedule, Villa 22 at Bukit Rimau and The Park 2 Pavilion Bukit Jalil (The Park 2) at Bukit Jalil City. Both the projects achieved a remarkable 84 % and 81% QCLASSIC scores respectively, a testament to Malton's steadfast commitment to delivering quality homes to its homebuyers. Villa 22 homebuyers received keys since September 2021, while The Park 2 homebuyers will be receiving their keys in stages soon by November 2021. Being part of the 50-acre Bukit Jalil City, The Park 2 offers urban cosmopolitan living whereby 709 new homeowners of the serviced apartment will enjoy a direct access to the world-class retail Pavilion Bukit Jalil mall via an exclusive covered link bridge at their door step. Pavilion Bukit Jalil mall will officially open to the public on 3 December 2021.

Due to adverse market sentiment, coupled with the mandatory closure of all our sales galleries and construction sites during intermittent MCO, our Group's financial performance was materially impacted. The Group recorded RM22.6 million in profit before tax (PBT) on the back of lower revenue of RM999.2 million.

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

COMMITMENT TO CORPORATE GOVERNANCE AND SUSTAINABILITY

The Group is determined to integrate environmental, social and governance (ESG) aspects into our operations to ensure long-term sustainability of the Group. We believe commercial success is partly attributed to positive impacts on society while protecting the environment. This philosophy is guided by our sustainability framework and policy statements which are embraced throughout our operations.

Each year, the Group has taken positive steps by reinforcing its zero-tolerance approach towards any form of corrupt practices within our organisation and throughout its ecosystem. Our policies have cascaded throughout our supply chain to encourage commitment towards upholding corporate integrity and good business practices. The Board is committed to ensure alignment in line with the spirit and practices of the Malaysian Code of Corporate Governance (MCCG 2017).

We have also stepped up our community efforts considerably especially during this pandemic time as a responsible corporate citizen to enrich communities we serve. While efforts are ongoing, our sustainability progress in FY2021 is outlined in the Sustainability Statement on pages 24 to 32.

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 2022 (FY2022)

The future remains unclear on how fast the economy can recover from the damage inflicted with the resurgence of Covid-19 leading to possibility of movements restrictions, prolonged uncertainties and new virus variants. Global economic crisis surrounding the COVID-19 pandemic induced sudden lockdowns, border closures, the collapse of trade, travel bans, and financial market volatility across countries and regions including Malaysia. The World Bank forecasts global GDP to expand by 5.7% this year and moderate to 4.4 % in 2022. Meanwhile, Malaysia's economy is projected to grow by 3.3% in 2021 and 5.8% in 2022. While every national recovery will hinge on country characteristics, the success or failure of major economies and economic blocs mainly the United States and China will profoundly influence the outlook for smaller economies and developing countries.

The Malaysia's economic momentum is expected to be spurred as over 90% of its adult population fully vaccinated, alongside with the resumption of full economic sectors and lifting of travel bans under the National Recovery Plan (NRP) in October 2021. In tandem, productivity should improve including the property and construction sectors as they fully ramp up in 2022, driven by Bank Negara Malaysia's move with low OPR at 1.75%, continuity of HOC and exemptions on stamp duty transfer and loan financing limits of above 70%. The Malaysia's construction industry is set to recover and expand by 7.1% in 2022 according to GlobalData's report. The positive growth trajectory is further boosted by the Government's COVID-19 fiscal stimulus, Pemulihan programmes and the recent 12th Malaysia Plan.

Although the economy is making progress returning to growth trajectory, but road to recovery may be bumpy due to uncertainty around the macroeconomic outlook posed by new virus mutations. Under such condition, the Group is cautiously optimistic and will continue to maintain a high level of awareness as it navigates through this period of uncertainty by exercising prudent financial and operational management. In doing so, Malton will adopt rigorous cost optimisation and higher digitisation processes, while enhancing operational efficiencies for long-term resilience. As we still grapple with the ongoing COVID-19, we will continue to monitor the pandemic developments closely and implement all pandemic containment measures in accordance with Government SOPs and guidelines at workplace, sales galleries and construction sites.

CHAIRMAN'S STATEMENT

(cont'd)

13

OUTLOOK AND PROSPECTS FOR FINANCIAL YEAR 2022 (FY2022) (cont'd)

Demand for residential properties in the Klang Valley has also remained steady and we will keep exploring alternative sales and marketing channels to widen our market reach. This includes expanding across digital channels or virtual platforms to maximise our property sales revenue, while creating a seamless customer experience. On technology innovation, the Group will continue on to leverage the usage of Industrialised Building Systems to increase productivity and quality control, thus reducing unskilled workers, wastage and lengthy construction period.

The Group's Construction and Property Development divisions are supported by healthy levels of order book and unbilled sales. Moving forward, the Group remains agile and will operate within its risk appetite to safeguard its fundamentals and adopt a prudent approach in growing its business through proactive asset liability management, cost discipline, productivity, while preserving its assets quality. As the post- pandemic environment has introduced several new market dynamics, the Group will tap into new opportunities for growth. Our ultimate goal is to ensure long-term earnings profitability and sustainability to enhance shareholder value.

ACKNOWLEDGMENT

On behalf of the Board of Directors, I would like to record our appreciation to the Management and staff for their dedication and swift response to address the COVID-19 pandemic. As the Group undertakes new challenges and opportunities ahead, we must embrace fresh perspectives to meet the demands of the new economy. The coming year will undoubtedly require further vigilance by adhering to strict safety and preventive measures as we continue to battle against the pandemic.

My appreciation also goes 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
28 October 2021

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF BUSINESS ENVIRONMENT

The COVID-19 pandemic has not only intruded people's lives, but also stifled economies by forcing the world into an unprecedented lockdown. This prolonged crisis has disrupted global supply chains and exerted great pressure on numerous business ecosystem. Thus, the economic prospect and recovery in Malaysia was adversely affected in tandem with the global economic momentum. After more than a year of navigating the pandemic, it is clear that the prolonged COVID-19 situation has had a direct impact on most businesses, including the property and construction sectors. While certain sectors of the market initially showed some measure of resilience, the prolonged restricted environment, growing economic hardship, and weak consumer sentiment have contributed to sustained downward pressure on property asking prices since the outbreak of COVID-19.

The property market performance was down in 2020 with overall decline in volume and value of property transactions. According to the National Property Information Centre (NAPIC), Malaysia's property market recorded a substantial decline with a total of 295,968 transactions worth RM119.1 billion in 2020, translating to a decrease of 9.9% in volume and 15.8% in value respectively (2019: 328,647 units, RM141.4 billion). The residential sector continued to support the overall property market transactions with 64.7% market share, followed by agriculture and commercial at 20.7% and 6.8% respectively.

In 2020, there were 47,178 units of new launches, lower than those recorded in 2019 at 59,968 units. Sales performance in 2020 dropped by 11.7% compared to the previous year (2019: 40.4%). Due to fewer launches from developers, the number of overhang residential properties in Malaysia decrease marginally by 3.6% to 29,565 units in 2020 from 30,664 units in 2019. There had been an improvement in terms of residential property overhang, however commercial property overhang in the serviced apartment segment increased and formed the bulk of property overhang for the year.

The sluggish property market and cautious buyers' sentiment contributed to lower sales performance at 28.7% in 2020, compared to the preceding year's 40.4%. In terms of house pricing, the Malaysian House Price Index recorded the lowest annual growth of only 0.6% since 2010. All states recorded an annual growth in house prices in 2020 except for Kuala Lumpur (-1%), Selangor (-0.7%), Penang (-0.1%) and Sabah (-1.3%).*

Much like everything else, the construction industry in Malaysia was not spared from adverse impacts, primarily from risks of infection to the workforce, operational disruptions and higher compliance costs. Most construction works, except those classified as critical or essential services, were halted throughout the MCO. As a result, the construction sector declined by 19.4% in 2020.

** Statistical data source - National Property Information Centre (NAPIC)*

ADAPTING TO INDUSTRY CHANGES

The biggest challenges the Group faced throughout FY2021 were disruptive restrictions put in place sporadically and the uncertainties of looming lockdowns. The various stages of lockdown throughout FY2021 have curtailed our business activities in both Property Development and Construction divisions. Under the 'new normal', we grappled to maintain high service quality and customer engagement, as well as ramping up our technological capabilities while operating at reduced capacity.

There were lesser visitations to sales galleries with lower transactional activity, while construction projects being halted due to site closures. Typical challenges faced when works were allowed to resume after the initial MCO period include having to implement strict health and safety SOPs at workplace, compliance costs, acute labour shortage, quarantine requirements, restricted working hours, delay in supply chains and skyrocketing material costs, as well as working capacity limitations, had an adverse impact on the Group's productivity. Hence, FY2021 was one of the most difficult years as we had to adapt to the rapidly changing business environment and policies in the best interest of the Group.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

ADAPTING TO INDUSTRY CHANGES (cont'd)

During the year, Malton's primary focus was to mitigate the impact of COVID-19 pandemic, while pursuing greater cost and operational efficiency across its value chain to eliminate redundancies and inefficiencies. In doing so, the Group's priority was to act swiftly to minimise operational and supply-chain disruptions as well as to quickly resume productivity levels upon lifting lockdowns. As we face unprecedented safety and health challenges throughout the year, the Group focused on implementing clear safety protocols and policies that aligned with the Government's SOPs at office premises and construction sites. Various measures had been put in place such as reduced workforce at workplace, while allowing staff to work from home with increased adoption of virtual meetings to execute their duties. Providing face masks, installing temperature scanners and sanitisers at designated areas and touch points with frequency of disinfection activities at office premises and construction sites have also been stepped up. In addition, employees who were unwell were encouraged to seek immediate medical attention.

Digital adoption has taken a quantum leap at both the organisational and industry levels. Functional processes and adequate technology have been put in place such as virtual meetings, online billings, etc to maintain constant engagements and business continuity under the 'new normal' among employees, suppliers and customers. Throughout the movement restrictions, the Group adapted and aligned IT infrastructure to facilitate staff working from home. These include strengthening IT policies, infrastructure, cybersecurity, and digital work processes to enhance workforce agility and operational productivity. At the industry level, Malton also ramped up the adoption of digital and social media marketing as well as virtual tours and meetings as an alternative strategy to sustainably engage with customers.

In response to the market conditions and demand, the Group had also deferred its project launches. As a result, the year saw a decline in property sales, billing and revenue recognition. While at the construction sites, the intermittent disruptions have undoubtedly led to reduction in productivity and caused further delay to project completion dates. Upon upliftment of restrictions, the Group mobilised its construction teams to speed up construction works of all projects through deployment of greater resources, while leveraging on its longstanding relationship within its supply chains without compromising on health protection measures.

Amidst turbulent operating environment, Malton's unbilled sales still stood at a healthy RM896.0 million as at 30 June 2021, anchored by the ongoing development projects namely, Pavilion Bukit Jalil mall, The Park 2 at Bukit Jalil, Duta Park Residence at Jalan Kuching, Rapid City Centre at Johor, Villa 22 at Bukit Rimau, Mutiara Hilltop at Puchong and BAC Tower at Petaling Jaya. Meanwhile, the Construction division secured approximately RM948.0 million worth of contracts in hand with RM627.6 million of outstanding book order.

GROUP FINANCIAL REVIEW

The ensuing effects of lockdowns, reduced working hours and various other restrictions including the shutdown of economic sectors, had affected the Group's financial performance. For FY2021, the Group's revenue stood at RM999.2 million (FY2020: RM1,809.0 million). The drop in revenue was mainly attributed to lower billings from the Property Development division as the Pavilion Bukit Jalil mall, Villa 22 and The Park 2 projects are in advance stage of completion at the end of the current financial year. The lower revenue and recognition of sales was further exacerbated by the intermittent MCO. However, revenue from the Construction division improved substantially to RM348.9 million (FY2020: RM103.0 million), due to higher work progress and new projects undertaken by the division during the year.

Consequently, PBT for the current financial year stood at RM22.6 million (FY2020: RM51.6 million). As a result of the market disruptions and operational constraints, the Property Development division reported a PBT of RM1.9 million (FY2020: RM32.3 million). The decrease was mainly due to lower sales coupled with lower margins and higher costs and inventories write-off of RM4.0 million during the current financial year. Construction division registered lower PBT of RM19.3 million (FY2020: RM46.8 million) due to projects with lower margins and higher carrying fixed costs coupled with additional costs incurred for site compliance as a result of the COVID-19 pandemic. In addition, the Group recorded net gain on fair value adjustment on investment properties of RM12.9 million, net gain on fair value of investment in redeemable preference shares of RM15.9 million and net reversal of impairment loss in land held for development of RM3.4 million and off-set by net allowance for impairment loss on trade/other receivables of RM11.3 million in the current financial year.

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

GROUP FINANCIAL REVIEW (cont'd)

The Group recorded profit after tax of RM1.2 million (FY2020: RM17.7 million), mainly due to higher effective tax rate as a result of expenses that are not deductible for tax purposes, and losses by certain subsidiary companies which do not qualify for tax relief.

Against the backdrop, the Group's financial position continues to be buttressed by its improved total assets at RM2.6 billion (FY2020: 2.4 billion) and the retained profits at RM395.6 million (RM392.9 million) respectively. Meanwhile, the Group's net assets per share improved marginally to RM1.76 from RM1.75 as at 30 June 2021. Shareholder's equity continued to grow slightly to RM927.4 million (FY2020: 924.7 million) in current financial year.

The Group's gearing ratio increased to 0.64 times from 0.59 times in the preceding year mainly due to higher bank borrowings.

QUALITY ASSURANCE

Quality excellence has always remained the core focus of Malton's business operations and customer satisfaction. We aspire to reward all homeowners with quality as we build trust, deliver value, a fundamental right to every homeowner across the board including affordable homes.

Amidst COVID-19 pandemic, the Group successfully completed two projects namely, Villa 22 at Bukit Rimau and The Park 2 at Bukit Jalil City this year. Consistent with Malton's relentless efforts and steadfast commitment to deliver quality homes to its homebuyers, Villa 22, a landed residential development, achieved 84% QLASSIC score by Construction Research Institute of Malaysia.

This commendable achievement is well sustained as well for The Park 2, a high-rise residential, with a QLASSIC score of 81% by Construction Industry Development Board. This benchmark achievement marks a significant milestone for the Group to craft high-quality of workmanship across all its project developments.

Villa 22 comprising 22 units of bungalow and semi-detached, was successfully handed over to homeowners in September 2021. Meanwhile, The Park 2 comprising 709 units of serviced apartment and 10 retail shops is scheduled to hand over to homeowners in phases starting November 2021.

The MS ISO 9001: 2015 accreditation by SIRIM Malaysia is a testament to Malton's uncompromising adherence to the highest quality standards and commitment for continuous improvement. Pursuant to QLASSIC (CIS 7: 2014), a national quality benchmark assessment system, we place 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.

Malton has taken a steady approach in sustaining "Built-in-Quality" culture by adopting fast to digital tools and virtual meeting practices in the wake of pandemic. Various internal trainings, technical debrief and townhall session were held constantly with senior management team for continuous improvement throughout the quality journey.



Villa 22 – 84% QLASSIC score for landed residential development



The Park 2 – 81% QLASSIC score for high-rise residential development

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

PROSPECTS FOR FY2022

The rolling out of the NRP is key to directing Malaysia towards normalcy and sustainable economic development. With the resumption of full economic activities, lifting of interstate and international travel bans, coupled with more than 90% of adults fully vaccinated, the Malaysia's economy is projected to improve in tandem with global economic recovery. Alongside with pent-up consumer spending being supported by various fiscal stimulus packages by Government including the anticipated holistic Budget 2022, these incentives are expected to pave the road to recovery for businesses including property and construction sectors into 2022.

Given the post-lockdown transition period, the Group remains cautious on its near-term prospects due to persisting economic uncertainties on the road of recovery for FY2022. The pandemic has profoundly changed many aspects of our lives, reshaped the economy as well as the way we conduct our daily businesses. Navigating FY2022, we are well prepared for the possible eventualities, and will place greater focus on business resilience in short to mid-term strategy. Internally, Malton will continue with its business rationalisation efforts through product quality improvements, cost-optimisation and value engineering, digital technology as well as process efficiency enhancements. The Group also embarked on voluntary salary reduction exercise across the Management team from July to October 2021 as part of the cost-saving measures to conserve the Group's cash flow. Externally, Malton endeavours to mitigate anticipated macroeconomics risks that may have a material impact on its operations, financial performance and capital liquidity.

Beyond adopting internal strategies to strengthen its fundamentals and to yield improved cost and operational efficiencies, Malton will realign its go-to-market strategies. On the marketing front, the Group will focus to accelerate and convert sales from its on-going development projects within the Klang Valley and Johor to improve progress billing for FY2022. On-going projects include Duta Park Residences, Mutiara Square, Mutiara Hilltop, Rapid City Centre (Phase 2). Supported by the HOC and other incentives announced under Budget 2021, Malton will intensify sales by embarking extensively on digital platform that works seamlessly in complementing its conventional marketing strategies. This will remain our two-pronged marketing approach in sustaining our sales momentum. In the meantime, Malton continues to build on its brand as a reliable property developer, synonymous with delivering value and quality products to our buyers. We will leverage on product diversification and innovation, as well as new opportunities to sustain us at the forefront under rapidly evolving circumstances.

As we strive to provide seamless customer experience through digital innovation, Malton will soon be launching a new one-stop mobile app, 'MyMalton', an upgraded Residence Management System, to provide residents a better and hassle-free solutions with real time data. Integrated with exclusive Pavilion privileges, The Park 2 new residents will soon enjoy premium services and exclusive rewards as well as benefits with instant upgrade to Priority membership tier to shop at the soon to be opened Pavilion Bukit Jalil mall.

With the gradual property market recovery amidst uncertainty, the Group will remain prudent by closely tracking market sentiments prior to launching suitable projects to meet real demands and affordability levels. Malton is set to launch its diversified range of products at different locations by the year end; River Park Bangsar South and RIO Bangsar South in Bangsar South, as well as Rapid City Centre (Phase 3A) in Johor. The projects consist of a high-rise residential, an affordable housing development and industrial lots carrying an aggregate estimated GDV of RM 1.1 billion.

Although the construction industry is expected to post a sharp recovery in 2021, some factors could still stand in the way of the sector's return to normalcy. Higher operating costs from COVID-19 SOPs compliance and rising raw material costs such as steel, which is currently priced at RM3,200 per tonne as compared to RM2,650 per tonne in January 2021, would erode margins on existing projects. In the meantime, we do not discount the possibility of any intermittent virus outbreak at sites leading to operational constraints that would slow down progress billing. Taking cognisance of these challenges, the Group will continue to focus on timely execution and completion of outstanding order book and new projects while complying with the strict health and safety SOPs. As we recommence at full capacity since mid- August 2021 with entire workforce fully vaccinated, our Construction division endeavours to perform satisfactorily.

Barring any drastic lockdown measures, the Group expects both Property Development and Construction divisions to perform better, supported by the Group's healthy unbilled sales of RM896.0 million in hand and RM627.6 million of outstanding book order from construction projects as at 30 June 2021. Malton will continue to draw sales from new launches to replenish its unbilled sales, and secure greater earnings visibility going into the new financial year. For future growth, the Group will continue to seek opportunities by leveraging on its inherent business strengths and will expand its footprint in the Klang Valley.

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

PROPERTY DEVELOPMENT

The Group's vast portfolios include residential townships, luxury homes, integrated developments, offices and commercial properties strategically located across Greater Klang Valley and Johor. We will continue to leverage on our core strengths to deliver high value creation products for our buyers.

Ongoing property developments undertaken by the division during the current financial year and upcoming launches are set out below.

BUKIT JALIL CITY



Bukit Jalil City, a highly-accessible metropolis with world-class retail Pavilion Bukit Jalil mall (1.8 million sq ft) to open its door on 3 December 2021

Emerging as an iconic landmark in Malaysia which boosts strong population catchment, convenience and excellent infrastructure, the fast-growing Bukit Jalil City is now the most sought-after address in Bukit Jalil. Today, the self-sustaining city is highly accessible with ready amenities and infrastructure in place anchored by newly improved road systems with elevated flyovers built by Malton, along with a synergy of major highways and nearby public transportation such as LRT Awan Besar attracting a ridership of 6.5 million.

Set to rejuvenate and transform into the new commercial hub in the south of Kuala Lumpur city centre, Bukit Jalil City is a well-connected community. Everything is within walking distance from residential, shopping, entertainment hub, offices, commercial shops to lush green. Residents can live, work, shop and play within close proximity to one another, a truly unique lifestyle beyond home with a level of privileges, connectivity and serenity. Launched in 2015 with a GDV of approximately RM4.0 billion, the flagship development sits strategically on a 50-acre freehold land in the township of Bukit Jalil. The integrated development consists of four main phases, namely Signature Shop Offices, a 3-storey retail office-Block G, a boutique hotel (Phase 1), The Park Sky Residence, The Park Signature Shop Offices (Phase 2), The Park 2 and retail shops (Phase 3) and Pavilion Bukit Jalil mall (Phase 4).

The newly completed Park 2 serviced apartment (709 units) and the soon to be opened Pavilion Bukit Jalil mall this year, are the latest addition to redefine the Bukit Jalil City skyline. Previous completed phases include Signature Shop Offices (112 units), The Park Signature Shop Offices (44 units), The Park Sky Residence (1079 units). Meanwhile, the remaining 3-storey retail office-Block G and a boutique hotel are in the midst of construction.

Apart from offering world-class shopping experience at Pavilion Bukit Jalil mall, residents are directly connected to the 80-acre Bukit Jalil Recreation Park via three dedicated pedestrian link bridges. Being surrounded by well-planned international standard amenities notably the Bukit Jalil National Sports Complex, Bukit Jalil City is highly accessible via a vast network of highways such as MEX, MRR2, KESAS, Bukit Jalil Highway, etc. The upgraded road systems with elevated flyovers and U-Turns by Malton further provides multiple points of connectivity with smoother flow of traffic from all directions within Bukit Jalil City.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

19

PROPERTY DEVELOPMENT (cont'd)

PAVILION BUKIT JALIL MALL



Nestled within the 50-acre Bukit Jalil City, the world-class retail Pavilion Bukit Jalil mall staggering 1.8 million sq ft in retail space will be the largest shopping mall in the Kuala Lumpur southern corridor. Set to be the new social haven and epicentre for mega events with its 28,000 sq ft outdoor PIAZZA, the regional mall was completed in August 2021 and ready to open its door to shoppers on 3 December 2021. Sitting on a 28-acre freehold land, the world-class retail mall stretches up to 560 metres along the Bukit Jalil highway provides maximum visibility to retailers' brands.

With five levels of retail spaces and two levels of basement parking, the Pavilion Bukit Jalil mall offers a vibrant retail mix, gastronomical wonders and innovative recreation opportunities, reinforcing its position as the lifestyle shopping destination connected to the best-in-class retail, dining and leisure to its surrounding upmarket neighbourhood and tourists alike.

THE PARK 2

The Park 2 is a newly completed high-rise residential development in Bukit Jalil City which carries an estimated GDV of RM724.6 million. Flanked between Pavilion Bukit Jalil mall and the 80-acre Bukit Jalil Recreational Park, Park 2 residents will enjoy direct access to the world-class retail mall and lush green parkland via exclusive link bridges.

Commanding a panoramic view to the ever-popular park, the pair of sleek towers standing at 52 and 50 storeys comprises 709 units of serviced apartment and 10 retail shops. Every apartment unit is carefully planned with built-ups ranging from 750 sq ft to 1570 sq ft.



Awarded with 81% QCLASSIC score in workmanship quality, the fully sold Park 2 was successfully completed on time with homeowners receiving keys to their units in stages by November 2021.

3-Storey Retail Block G

Fronting the iconic Pavilion Bukit Jalil mall with striking visibility, Block G is a 3-storey retail office en-bloc which carries an estimated GDV of RM26.0 million. Inspired by Apple Cube Fifth Avenue and Tokyu Plaza at Ginza, the en-bloc measuring 26,000 sq ft offers vast business opportunities from retail, dining to edutainment.

Parallel alongside the Signature Shop Offices, the building has a direct access to the world-class retail Pavilion Bukit Jalil, providing a world of convenience within the vibrant commercial hub in Bukit Jalil City.

The building is scheduled for completion by the end of 2021.



MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

PROPERTY DEVELOPMENT (cont'd)

DUTA PARK RESIDENCES



Strategically located within proximity to Kuala Lumpur city centre, Duta Park Residences is a high-rise residential development comprising 1,376 units of serviced apartment with an estimated GDV of RM1.5 billion. Built on a 4.2-acre land adjacent to Bukit Tunku, Duta Park Residences is easily accessible via Jalan Kuching highway, making it a centre of connectivity and convenience to the best city living has to offer.

Everything that you desire from fashion, leisure, entertainment, art and culture, to public transportation is within easy reach of Duta Park Residences. The contemporary façade overlooking the spectacular city skyline and beautiful lush greens of Bukit Tunku consists of 3 towers blocks; Tower A (536 units), B (572 units) and C (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 units. The service apartments come with a comprehensive 3-tier security, giving its residents peace of mind.

Being one of Malton's notable projects, Duta Park Residences received favourable response from buyers and enjoyed a healthy take up rate of more than 62% with a total sales value of RM645.5 million. The project is slated for completion by end of 2023.

RAPID CITY CENTRE (PHASE 2)



Sitting on a 196-acre township development in Sungai Rengit, Pengerang Johor, Rapid City Centre (Phase 2) comprises 68 units of 2-storey shop offices with an estimated GDV of RM89.3 million. It is located close to Petronas' Refinery and Petrochemical Integrated Development project, as well as the Pengerang Independent Deepwater Petroleum Terminal.

Nearby is Desaru Coast, a famous tourist destination with luxury hotels and resorts. This perfect township development is poised to redefine and revitalise the entire region, transforming it into a vibrant modern city.

The Group expects sales momentum to pick up in tandem with the property market recovery in Johor after the prolonged COVID-19 lockdown.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

21

PROPERTY DEVELOPMENT (cont'd)

VILLA 22



Villa 22 is last phase of the larger 358 acres Malton's pioneer township development in Bukit Rimau, Shah Alam. Sitting on a 3.2-acre freehold land with a GDV of RM41.5 million, Villa 22 comprises 22 units of luxury semi-detached and bungalows.

Villa 22 homeowners will enjoy an abundance of leisure, recreational and educational facilities within the well-established township. The take up rate for Villa 22 is 95% with a total sales value of RM38.3 million.

Awarded with formidable 84% QLASSIC score in workmanship quality, Villa 22 was successfully completed and handed over to homeowners in September 2021.

BAC TOWER



BAC Tower was specially designed and constructed for Brickfields Asia College. Located on a 0.67-acre land in Petaling Jaya, this 19-storey education cum hostel facilities holds a GDV of RM115.0 million. The en-bloc tower is slated for completion by mid- 2022.

MUTIARA SQUARE

As part of the 82.5-acre development in Mutiara Indah, Mutiara Square is the final commercial phase comprising 20 limited units of 2-storey shop offices with an estimated GDV of RM21.5 million. Situated just next to the vibrant township of Bandar Puteri Puchong, Mutiara Square's prime location has good road connectivity with direct access to Bukit Jalil Highway, Lebuhraya Damansara - Puchong and Maju Expressway.

Featuring a wide frontage, double-leaf main glass door and ample car park bays with an average built-up size of 3,262 sq ft, Mutiara Square is ideal for retail, food & beverages and other businesses. Shop owners can tap into a ready catchment of 30,000 residents within the immediate neighbourhood.

Completed in October 2020, the commercial shop offices achieved a take up rate of 70% with a total sales value of RM18.5 million, while the remaining 30% comprises mainly unsold bumiputra quota units.



MUTIARA HILLTOP

Sitting on an 8.3-acre land, Mutiara Hilltop is the final residential development within the dynamic township of 82.5 acres Mutiara Indah, Puchong. Comprising three blocks of residence with an estimated GDV of RM337.3 million, Mutiara Hilltop offers a low-density luxury hilltop living at an affordable price. It offers residents a spectacular hilltop view of Puchong while being surrounded by the serene environment of abundant lush greenery.

Exclusively limited to 496 units with spacious designs and sizes ranging from 1,044 sq ft to 1,335 sq ft, Mutiara Hilltop is suited for growing families or first-time homebuyers.

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

PROPERTY DEVELOPMENT (cont'd)

MUTIARA HILLTOP



The first two tower blocks which opened for sale in May 2021 saw an encouraging take up rate of 48% with a total sales value of RM88.4 million. The development is slated for completion by mid-2024.

UPCOMING PROJECTS

RAPID CITY CENTRE (PHASE 3A)



Phase 3A of Rapid City Centre is a well-planned 17.9-acre Light Industrial Park to support the growth of the Pengerang Integrated Petroleum Complex (PIPC) / RAPID project. With an estimated GDV of RM101.4 million, Phase 3A comprises 64 industrial lots featuring a wide range of choices from cluster, semi-D to detached types. This project is set to be launched by end of 2021.

RIVER PARK BANGSAR SOUTH

Nestled within a dynamic Bangsar South hub along Federal Highway, River Park Bangsar South is a prime development for urban living. It is well-connected to a wealth of amenities and conveniences for daily living.

Strategically located across desirable residential addresses, the three tower blocks comprising 1,332 units promise a refined new standard of living within the Bangsar South neighbourhood. Its central location with excellent road connectivity is a perfect choice for young executives who prefer to live, network around and be near the city.

The stylish and contemporary River Park Bangsar South offers a wide choice of flexible layout designs ranging from 812 sq ft to 1,180 sq ft, perfect for single dweller, couple and growing family.

The development carries an estimated GDV of RM900.0 million and is set to launch by end of 2021.



RIO BANGSAR SOUTH

RIO Bangsar South is an affordable housing development (RUMAWIP), perfect as a starter home for discerning millennials. Sitting on a 1.6-acre land, the 334 apartment units with 800 sq ft built-up area are designed to provide comfort and ease for young families. This desirable residential address where quality living meets inspiring affordability is connected to major landmarks and shopping destinations nearby.

Slated for preview by end of 2021, this affordable high-rise development carries an estimated GDV of RM100.2 million.



MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

23

CONSTRUCTION AND PROJECT MANAGEMENT

Through the construction arm and wholly owned subsidiary, Domain Resources Sdn Bhd (Domain), the Group offers professional construction expertise and comprehensive project management capabilities from planning, design to construction of a project. Being an ISO 9001:2015 certified company, Domain has undertaken and successfully completed large-scale projects on time at greater cost efficiency and quality. Leveraging on its strong and wide technical expertise, Domain will continue to bid and secure new contracts to enhance its order book. Ongoing construction projects undertaken by the division during the financial year under review are set below.

PAVILION DAMANSARA HEIGHTS (Total Contract Value: RM900.6 million)



Located right at the heart of Damansara Heights, this prestigious integrated project comprises the re-development of the existing site of Damansara Town Centre into nine new corporate towers, five blocks of luxury serviced residences and a hotel as well as an office tower on top of the five-level retail space. The development includes a direct access to the Pusat Bandar Damansara MRT with eight levels of basement car park to cater for the bustling town center.

Domain has been appointed as the Management Contractor for the sub-structure works in Phase 1 worth RM627.0 million and Phase 2 worth RM254.2 million. The overall sub-structure works for Phase 1 has been completed in October 2020, while work progress for Phase 2 sub-structure is currently at 72.3%, slated for completion in December 2021.

Domain is also involved in the super-structure work for Phase 1 worth RM19.4 million with work progress almost 95% completed.

PAVILION CEYLON HILL (Total Contract Value: RM303.3 million)



Nestled between Jalan Changkat Raja Chulan and Jalan Ceylon in Kuala Lumpur, the Pavilion Ceylon Hill sits on 1.65 acres of prime land in the heart of city center. This project comprises 629 units of premium serviced apartment that includes a strata bungalow and retail shops.

Domain has been appointed as the contractor for the main building works. Construction commenced since September 2018 with 40.5% work progress, this project is slated for completion by September 2022.

THE MAPLE RESIDENCES (Total Contract Value: RM388.6 million)



Located in Taman OUG, The Maple Residences is a freehold high rise residential project occupying 4.91 acres within an integrated development, W City OUG, Kuala Lumpur. This project comprises 940 units of serviced apartment.

Domain has been appointed as the contractor for the main building works. Construction commenced in November 2020 with work progress of 7.2% to date amidst restrictions on site. As soon as restrictions were lifted, Domain is operating at full capacity and the project is slated for completion in March 2024.

SUSTAINABILITY STATEMENT

INTRODUCTION

As we strive for sustainable growth for Malton Berhad (Malton) and its subsidiaries (the Group), we 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 economic, environment and social aspects.

Our report on sustainability matters for the Group for the financial year ended 30 June 2021 covers our core business divisions, namely Property Development, Construction and Project Management.

OVERVIEW

In recent years, corporations have become more aware of their responsibilities towards sustainable business practices. There has been greater emphasis in balancing economic development while protecting the environment and meeting 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 vision is to be a leading lifestyle and innovative property developer in the region. In our quest to fulfil our vision, we focus on building a sustainable business, talent management and development, building close and long-standing relationship with all of our stakeholders and protecting our environment. In gearing up towards a stronger and more comprehensive sustainability approach, we have developed an overarching sustainability commitment.

Our 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 ingrained in our policies and procedures implemented throughout the Group, included in our business conducts, product design and development, construction and project management activities, talent management and bonding with the communities as well as the broader society.

Role and Responsibilities of the Board of Directors

- Set the strategic business direction and goals of the Group
- Set the sustainability direction of the Group
- Embed the culture of sustainability in the Group
- Establish and approve the Group's sustainability initiatives
- Monitor the implementation of the sustainability initiatives

SUSTAINABILITY STATEMENT (cont'd)

STAKEHOLDER ENGAGEMENT

As we map out our sustainability agenda and approach, we will continuously engage and build strong relationships with our stakeholders to better understand how we can address their concerns and needs while carrying out 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"> Business strategy & direction Succession planning Career development opportunities Job satisfaction & retention Training & development Employee benefits & welfare 	<ul style="list-style-type: none"> Revised remuneration based on market rate 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"> Innovative design 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
Financiers/ Banks	<ul style="list-style-type: none"> Meetings and formal correspondence Project reports Corporate disclosures through Bursa Malaysia Media announcements 	<ul style="list-style-type: none"> Project launches and sales Financial performance Payment schedules 	<ul style="list-style-type: none"> Periodic meetings Timely updates on projects Site visits Corporate website
Consultants, Suppliers & Contractors	<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

ECONOMIC SUSTAINABILITY

We believe that having a strong and effective corporate governance framework in place is crucial to attracting investors and creation of long-term value for our stakeholders. We recognise that ethical engagements with our stakeholders will build trust and rapport with our stakeholders and increase confidence in the Group. This translates into strategic and mutually beneficial decisions and provide stability. Our principles are firmly ingrained in the policies and procedures of the various business divisions within the Group. We actively and continuously review and improve our policies and procedures integrating our principles in all of our operations.

SUSTAINABILITY STATEMENT (cont'd)

ECONOMIC SUSTAINABILITY (cont'd)

Before the Group embarks on a new development venture, we carry out market feasibility study to ascertain opportunities and risks of a proposal to determine the viability of the location, product type, pricing and demand. Further on, we strive to provide innovative designs, 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.

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 services 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: 2014) 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 an aggregate 84% 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.

In line with our core values, we have established transparent procurement practices. Appointments of consultants, suppliers and contractors are evaluated through an open tender process. 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.

The lockdown implemented during COVID-19 pandemic has shown the importance of business continuity plans. The Board of Directors and Management reviewed the Group's continuity plans to mitigate the impacts of the lockdown on the operations. Review carried out covered implementation of safety guidelines, health and safety of the employees, workforce arrangements and travel and evaluating supply chain.

We continuously strive to create long-term value for shareholders. The Group endeavours to maintain sustainable dividends to its shareholders.

ENVIRONMENTAL SUSTAINABILITY

With the growing concern of 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. Compliance with applicable environmental laws and regulations is paramount in our operations.

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 review our construction processes to make use of renewable and recyclable resources and materials. At our construction sites, we continuously seek ways to reduce energy and water consumption where possible. Proper waste management and reduction of pollution to protect the natural environment around our construction sites are imperative in all of our construction activities.

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.

SUSTAINABILITY STATEMENT (cont'd)

SOCIAL SUSTAINABILITY

Well-Being of People

As we focus to create positive outcomes for different stakeholders, our employees, the community, investors, shareholders, our customers and others are at the heart of our business and value creation approach. Through our business model, not only do we build homes but create jobs and facilitate development of skills and knowledge, all of which positively benefit people at large.

Malton maintains an employment workforce of about 400 people across its business divisions. As we recognise the importance of our employees' well-being for the organisation's growth, we foster diversity and cultivating workplace while embracing empowerment and equality.

Our recruitment and selection processes are fair, objective and without discrimination. We aim to promote multiculturalism and eradicate any form of discrimination based on age, gender, race, and religion. Bringing in people with a variety of skill sets and experiences from different working background meets our vision of being a growing company.

Talent Management

A well-planned talent management programme is vital in today's ever-growing and rapidly changing workforce environment. Our human capital are our employees, consisting of competent professionals with various skill sets to perform the critical functions of our diverse business operations. Malton's repository of human capital includes employees' skill sets, experience, professional qualities, morale, training and development, workplace safety, engagement, succession planning, as well as a conducive corporate culture that is centred on strong corporate governance, competence and sustainability.

As talent is a critical driver of Group's future prospects, we developed an effective talent development and leadership succession plan for all key positions across the Group. Leaders are assessed and developed on business acumen as well as their commitment and understanding of ESG. This includes the Board of Directors and Senior Management.

Staff satisfaction and morale is imperative towards ensuring retention of high-performance staff. In doing so, Malton continuously provides equal opportunities to all employees to build their capabilities and 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.

Sustaining Workforce Resilience During COVID-19 Pandemic

The health and safety of its employees, business partners, customers and the communities it operates within are crucial in Malton's business continuity plan. This is even more significant today and indispensable in the face of the COVID-19 pandemic. Since the beginning of the pandemic, the Group has implemented several proactive preventive and control measures according to the latest guidelines issued by Ministry of Health and relevant authorities to minimise transmission of this infectious disease at the workplace. The objectives are to keep our employees and relevant stakeholders safe and build greater resilience across business operations, wherever possible.

Our offices, sales gallery and construction sites in Klang Valley and Johor were closed throughout the strict MCO, thus empowering employees to adopt the new norm of working remotely from home. Property sales were conducted via digital and virtual platforms, while construction sites operated at a maximum capacity of 60% workforce with strict SOPs adherence, as and when permitted by the Malaysia National Security Council and Ministry of Works, Construction Industry Development Board.

SUSTAINABILITY STATEMENT (cont'd)

29

SOCIAL SUSTAINABILITY (cont'd)

Sustaining Workforce Resilience During COVID-19 Pandemic (cont'd)

While the nation was battling a surge in COVID-19 cases, we responded swiftly through constant monitoring of SOPs issued by relevant authorities, and engagement with employees across the board. Our employees have rallied together in response to the COVID-19 pandemic to ensure business continuity throughout the various movement restrictions. The preventive and control measures adopted by Malton at workplace to minimise risk of transmission include:

- Developed a COVID-19 advisory, SOPs and Emergency Response Plan on isolation, contact tracing and quarantine process for employees
- Mandatory temperature screening, MySejahtera app check-in, physical distancing, providing sanitisers and frequent sanitisation
- Daily employee self-monitoring and declaration
- Distribution of free face masks to employees for daily protection
- Setting- up cross-functional task force to provide support in the areas of vaccination programme, health and safety, contact tracing, updates of COVID-19 and SOPs from relevant authorities, etc

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.

Office Premises



Employees undergoing mandatory temperature screening and MySejahtera check-in before entering the office building



Sanitisers at workplace for employees to practise daily basic hygiene habits



Daily sanitisation in office premises before workday and more frequent during severe outbreak



Providing free medical face masks to all employees for safer working environment

SUSTAINABILITY STATEMENT (cont'd)

SOCIAL SUSTAINABILITY (cont'd)

Construction Sites



Workers undergoing mandatory mass PCR test as per NSC guideline



Daily sanitisation and disinfection at site offices and construction sites



Mandatory MySejahtera check-in at every project entrance



Workers adhering to strict SOPs to ensure high standards of personal hygiene at project sites

Occupational Safety and Health Compliance

Occupational safety and health are among the key components in our Sustainability framework. To ensure smooth performance, the Group adheres to a set of regulations and developed a robust management approach, comprising policies, SOPs and close monitoring of Occupational Safety and Health Act (OSHA) matters. Any non-compliance to regulatory standards could lead to negative financial impact or shutdown of operational sites, thus affecting our Group's operations and financial performance. As such, Domain will continue to shape safety culture by encouraging worker participation from all levels of employees including third party service providers.

Being certified ISO 45001, Domain is steadfast in its commitment to strengthen occupational health and safety at work through constant engagements with employees, suppliers, vendors and contractors. With this certification, our organisational resilience will be enhanced through proactive risk prevention, innovation and continual improvement. Our worksites are also subject to regular external audits by the relevant agencies, such as the Department of Occupational Safety and Health and the Construction Industry Development Board.

SUSTAINABILITY STATEMENT (cont'd)

SOCIAL SUSTAINABILITY (cont'd)

Occupational Safety and Health Compliance (cont'd)

Countless safety and health initiatives and regular briefings were held during the year to ensure safety of our workers at construction sites. In addition, the formation of the Safety & Health Committee at office and at construction sites help mitigate and manage safety compliance, unsafe behavior, accurate reporting, investigations and improvement actions through Hazard Identification, Risk Assessment & Determining Control.

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. The permit-to-work stipulates that every contractor must comply with all relevant laws and regulations.

Besides upholding high ethical and compliance standards at work, we also promote environment sustainability and eco-friendly practices which comply with the Department of Environment regulatory standards as well as industry best practices. Waste is managed according to the Group's stringent process and procedures while enhancing energy efficiency as well as adopting a recycling programme.

At our construction sites, Domain has established Centralised Living Quarters (CLQ) which are gated-and-guarded for the safety and comfort of our construction workers. The CLQ is equipped with amenities and facilities including a surau, cafeteria, recreational areas and medical facilities.



Workers attending Domain Tool Box briefing and training



Workers attending Domain Safety Harness briefing and training

Stepping Forward to Support Our Community

Since the start of the pandemic, Malton has continuously supported various initiatives to combat the spread of COVID-19. Through our collective corporate social responsibility efforts, we have donated personal protective equipment, food, medication, and essential items to various Government ministries, medical frontliners and Polis DiRaja Malaysia, as well as our employees. In addition, Malton has also stepped forward to reach out to vulnerable communities by participating in Malaysian AIDS Foundation, Tree Planting project and other charitable programmes.

Heeding the Government's call for National Immunisation Programme (NIP) to speed up the pace of COVID-19 vaccination drive nationwide, Malton responded swiftly by providing vaccinations across its ecosystem. In our shared fight against the pandemic, the Group is committed to lead with care and has put the safety of its employees and immediate family members as its priority.

In a collaboration led by its associate WCT Holdings Berhad, 1478 of Malton employees and their family members were vaccinated via the Mobile Vaccination MYMedic@Wilayah Pilot Program administered under the jurisdiction of the Ministry of Federal Territories. Employees of the Group that have not been vaccinated or did not secure an appointment through MySejahtera app would be signed up for this programme.

SUSTAINABILITY STATEMENT (cont'd)

SOCIAL SUSTAINABILITY (cont'd)

Stepping Forward to Support Our Community (cont'd)

The vaccination drive was successfully held at the PIAZZA, a large 28,000 sq ft outdoor event space at Pavilion Bukit Jalil mall, from 12- 28 July 2021. COVID-19 cross-functional task force comprises mainly the Human Resources department, supported by Corporate Communications and other voluntary staff had assisted in the vaccination efforts. This initiative is part of the Group's effort to protect its workforce and prevent the spread of COVID-19 virus within the working construction areas and office buildings. Presently, the entire Malton workforce has been fully vaccinated, thus enabling our staff to work with ease and peace of mind while complying to SOPs set by the relevant Government authorities.

Malton expresses its gratitude and applauds the Government for such a good initiative and is optimistic that with the successful nationwide vaccination in place, the country's wellness and economic sector will be re-energised.



Employees participating in the nation's COVID-19 vaccination rollout at the PIAZZA, Pavilion Bukit Jalil mall



Staff from Human Resources and other departments helping out at the registration counters



Deploying mobile trucks to inoculate employees and their immediate family members



Staff getting a COVID-19 vaccine shot at the mobile vaccination truck



Staff had her first dose of Sinovac vaccine



Staff completed two doses of Sinovac vaccine

CORPORATE GOVERNANCE OVERVIEW STATEMENT

33

The Board of Directors of Malton Berhad (Board) recognises that good corporate governance and ethical practices in its business conducts is vital and necessary for business growth and enhancement of shareholders' value. On this premise, the Board is committed to ensuring high standards of corporate governance and ethics are implemented and practiced 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 2021, 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 planning and strategising 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 developing and planning goals and objectives 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.
- Implement mechanism to monitor progress against the goals and objectives.
- 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

Tan Sri Lim Siew Choon is the Non-Independent Non-Executive Chairman of Malton. Tan Sri Lim, 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 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. In this regard, the Board has put in place mechanism to monitor progress against the goals and objectives of the Group. The Executive Directors and Management are primarily responsible for running the day-to-day operations of the Group.

Company Secretary

The Board recognises the importance of the role of the Company Secretary in advising the Board on its roles and fulfilment of its 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 Board meetings. Board papers which are appropriate and complete with comprehensive information are prepared and circulated prior to each Board meeting. 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 2021. 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 Conduct 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. 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 2021, 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.

For the financial year ended 30 June 2021, the Nominating Committee reviewed 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. 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 Thian Teck (Member)

For the financial year ended 30 June 2021, the Remuneration Committee 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 2021 is set out below.

	Salaries	EPF	Fees	Meeting Allowance	Benefit-In-Kind	Total
Tan Sri Lim Siew Choon	-	-	236,000	-	34,991	270,991
Guido Paul Philip Joseph Ravelli	-	-	48,000	13,000	7,200	68,200
Puan Sri Tan Kewi Yong	702,000	84,240	-	-	25,838	812,078
Chua Thian Teck	1,016,000	112,320	-	-	38,236	1,166,556
Hong Lay Chuan	760,500	91,260	-	-	35,200	886,960
Hj Ahmad bin Hj Ismail, PJK	-	-	48,000	13,000	4,500	65,500
Dato' Siew Mun Wai	-	-	48,000	11,000	-	59,000
Total	2,478,500	287,820	380,000	37,000	145,965	3,329,285

Personal Development

The Board as a whole believes that continuous pursuit of information and learning and the development of new skills is essential for the Directors 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. For the financial year ended 30 June 2021, Directors attended various conferences, seminars and forum including Driving Digital Investments into Malaysia: What Can The Real Estate Industry Expect?, Malaysia Plotting A Path To Eventual Recovery, 2021 Good Feng Shui – The Turning Point, Design Thinking – Projects by Kun Lim, 2021 Market Outlook and Feng Shui, Construction Services: Effect of COVID-19 Pandemic (Can We Still Export?), Understanding Demand And Supply In Cyclical Industries, How Data Analysis & Market Research Helps In Property Business, Beyond Design, Malaysia Real Estate: Legal Updates, Corporate Liability Pursuant To Section 17A of the Malaysian Anti-Corruption Act 2009 (Amended 2018) and Corporate Counsel Conference on Legal Currents: Tech in 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

MCCG PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee was formed 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

The Group paid a total of RM574,000 to Deloitte PLT and affiliates for audit and non-audit services for the financial year ended 30 June 2021. 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	11,100	49,000
- Housing Development Accounts	-	18,000
Total	121,100	574,000

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 25th Annual General Meeting of Malton held on 25 November 2020.

There was no sale of property stock properties during the financial year ended 30 June 2021 pursuant to the above-mentioned mandate.

The value of contract awarded by a related party to the Group pursuant to the mandate granted for 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 2021 is set out below.

Related Parties	Relationship with Malton Group	RM
WCT OUG Development Sdn Bhd	An indirect wholly-owned subsidiary of WCT Holdings Berhad, a company in which Tan Sri Lim Siew Choon has direct and indirect substantial shareholding	393,300,000

4. Malton Employees' Share Option Scheme

The Malton Employees' Share Option Scheme (Malton ESOS) was established on 20 April 2016. Malton ESOS which expired on 19 April 2021, was extended by five (5) years until 19 April 2026. Malton ESOS 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 2020	Exercised	Balance as of 30 June 2021
23 February 2017	0.80	16,115,000	4,881,300	-	4,881,300

Malton ESOS options granted to the directors are set out below.

	Number of options			
	Granted	Balance as of 30 June 2020	Exercised	Balance as of 30 June 2021
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	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 2021, 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

41

Set out in our vision statement, Malton Berhad (Malton) aspires to be the leading lifestyle and innovative property developer in the region. The Board of Directors of Malton (Board) recognises the importance of Risk Management in achieving this goal and hence, the integration of Risk Management Framework into our system and processes. The 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 disrupt the operations of Malton and its subsidiaries (Group). Under the framework, the Board and Management have 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 other 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 third parties, 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 assessments from time to time. The risk assessment procedures include:-

- Identifying the risks;
- Determine risks target areas;
- Evaluate the risks and impact;
- Determine the mitigation or control strategies;
- Implement mitigation or control strategies;
- Assess the progress of risk mitigation and record the results; and
- Review the risk assessment procedures periodically.

Risk mitigation planning, implementation and monitoring process 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 Property Development Projects

Property Development is based on expectation of a future demand. To be a successful property developer, we must get our development to the market at the right time and the right price. The development profits depend on how we manage the development costs across timeline of development against the gross development value. Before inception and during the progress of a development project, the development team needs to manage, amongst others, legal requirements, local authorities, neighbourhood expectations, consultants and contractors. Based on the requirements and challenges of a development project, the Board and Management have formulated a risk management framework to identify and assess the type of risks, levels of the risks, potential effects of the risks and risks mitigation process.

3. Review of Construction Projects

The development and construction teams, 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 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. 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

5. 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.

6. 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 develops necessary measures to manage the risks.

7. 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. Directorships within the Group are constantly monitored to ensure that related party relationships are duly identified.

8. 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 presented to the Audit Committee at each Audit Committee meeting. 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.

9. 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.

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

10. Anti-Bribery and Anti-Corruption Strategies

Additionally, the Group have 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

45

The Audit Committee of Malton Berhad was formed 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 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 2021. 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 must appoint an Audit Committee from amongst its directors and must be composed of not fewer than 3 members, 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 First 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 First 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.

Chairman of the Audit Committee

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 reports 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, competency and resources of the internal audit function and the necessary authority to carry out its duties;
3. The internal audit plan and processes, the results of the internal audit assessments and investigations undertaken and whether or not appropriate actions are taken on the recommendations 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 any transaction, procedure or course of conduct that raises the questions 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 are 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 2021, 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 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 2021 was approximately RM576,634.00.

The Internal Audit Department is required to present the audit programme prior to commencement of each financial year for review and approval by the Audit Committee. During the financial year ended 30 June 2021, 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 Occupational, Health and Safety policies and procedures. Other areas covered were Information Technology management and infrastructure particularly software licenses, security systems and cyber risks, Insurance policies and coverage and the effectiveness of the Legal Department in supporting the activities of the Group. In carrying internal audit work, the internal audit personnel carried on-site inspections, examine documents, interview relevant employees and discuss observations with relevant department head. 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.

ACTIVITIES CARRIED OUT BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2021

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 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 2021, 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.

AUDIT COMMITTEE REPORT

(cont'd)

ACTIVITIES CARRIED OUT BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2021 (cont'd)

The Audit Committee reviewed related party transactions conducted during the financial year ended 30 June 2021 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 related party transactions were conducted in compliance with established guidelines and procedures 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.

On the review of operational functions and internal controls, the Audit Committee evaluated:-

- i. Occupational, Health and Safety (OSH) Guidelines and Practices to ascertain if the controls are implemented correctly and effectively and ensure that the guidelines and practices are up to date.
- ii. The information technology management and infrastructure of Malton Group to ensure that processes and systems are run accurately and efficiently. The review included review of cyber risk and possible loss of data.
- iii. Insurance policies and coverage to ensure compliance of procedures and sufficient coverage.
- iv. The effectiveness of the Legal Department in supporting the activities of the Group.

During the financial year, the Committee also reviewed the updates in the Code of Conducts and Business Ethics and Employee Handbook in line with the anti-bribery and anti-corruption policies and procedures of the Group.

The Audit Committee met with the external auditors, prior to commencement of the audit for the financial year ended 30 June 2021 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 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 practiced 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.

MALTON BERHAD

[Registration No: 199401035205 (320888-T)]

FINANCIAL STATEMENTS

CONTENTS

Report of the Directors	51
Independent auditors' report	56
Statements of profit or loss and other comprehensive income	61
Statements of financial position	62
Statements of changes in equity	64
Statements of cash flows	66
Notes to the financial statements	69
Statement by Directors	154
Declaration by the Director primarily responsible for the financial management of the Company	154

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 2021.

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	22,634	1,911
Income tax expense	(21,465)	(1,332)
Profit for the financial year	1,169	579
Profit attributable to:		
Owners of the Company	2,620	579
Non-controlling interests	(1,451)	-
	1,169	579

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, gain on fair value adjustments on transfer of inventory to investment properties, gain on fair value adjustment of investment in redeemable preference shares, impairment loss in Redeemable Preferences Shares, write down of inventories, allowance for impairment losses (net of reversals) against trade and other receivables and Covid-19 as disclosed in Note 13, Note 18, Note 21, Note 22, Note 43(b) to the financial statements respectively.

DIVIDENDS

No dividends were paid or declared by the Company since the end of the previous financial year. Further, 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.

ISSUE OF SHARES AND DEBENTURES

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

REPORT OF THE DIRECTORS (cont'd)

SHARE OPTIONS

The ESOS which was established on 20 April 2016 for the benefit of eligible employees and directors of the Group expired on 19 April 2021. During the year, the ESOS has been extended for a further period of five years expiring on 19 April 2026.

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 1.7.2020	Granted	Exercised	Balance as of 30.6.2021
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.

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.

REPORT OF THE DIRECTORS

(cont'd)

OTHER STATUTORY INFORMATION (cont'd)

At the date of this report, there does not exist: (cont'd)

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

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 1.7.2020	Bought	Sold	Balance as of 30.6.2021
Shares in the Company				
Indirect interest				
Tan Sri Lim Siew Choon	-	10,790,000	-	10,790,000
Indirect interest				
Tan Sri Lim Siew Choon	207,901,489	-	-	207,901,489*
Puan Sri Tan Kewi Yong	207,901,489	-	-	207,901,489*

* Held through Malton Corporation Sdn. Bhd.

REPORT OF THE DIRECTORS (cont'd)

DIRECTORS' INTERESTS (cont'd)

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 30.6.2021
	Balance as of 1.7.2020	Granted	Exercised	
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 RM38,170.

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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The details of significant events during the financial year and subsequent to the end of the financial year are disclosed in Note 43 to the financial statements.

REPORT OF THE DIRECTORS

(cont'd)

55

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the year ended 30 June 2021 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
28 October 2021

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 2021 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 61 to 153.

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 2021, 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 RM977 million, which represents 98% 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)

57

Key Audit Matters (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 2021, the Group has unsold inventories amounting to RM134million. 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.

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.

(Forward)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALTON BERHAD

(cont'd)

Key Audit Matters (cont'd)

- 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 2021, the investment property portfolio of the Group amounted to RM211 million. 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.

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.

(Forward)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALTON BERHAD

(cont'd)

59

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.
- 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.

(Forward)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALTON BERHAD

(cont'd)

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

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.

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 - 03296/03/2023 J
Chartered Accountant

28 October 2021

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		The Group		The Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	5	999,173	1,809,022	10,975	21,916
Cost of sales	6	(902,128)	(1,626,192)	-	-
Gross profit		97,045	182,830	10,975	21,916
Other income		49,348	21,396	5,662	6,149
Share in results of joint ventures	17	(1,244)	(102)	-	-
Selling and distribution expenses		(3,668)	(5,137)	-	-
Administrative expenses		(85,211)	(101,715)	(9,784)	(18,507)
Finance costs	7	(33,636)	(45,688)	(4,942)	(6,008)
Profit before tax	8	22,634	51,584	1,911	3,550
Income tax expense	9	(21,465)	(33,924)	(1,332)	(2,278)
Profit for the year		1,169	17,660	579	1,272
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		1,169	17,660	579	1,272
Profit attributable to:					
Owners of the Company		2,620	18,088	579	1,272
Non-controlling interests	15	(1,451)	(428)	-	-
		1,169	17,660	579	1,272
Total comprehensive income attributable to:					
Owners of the Company		2,620	18,088	579	1,272
Non-controlling interests		(1,451)	(428)	-	-
		1,169	17,660	579	1,272
Earnings per ordinary share:					
Basic (sen)	10	0.50	3.42		
Diluted (sen)	10	0.50	3.42		

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

STATEMENTS OF FINANCIAL POSITION

AS OF 30 JUNE 2021

		The Group		The Company	
	Note	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	33,506	38,078	568	740
Right-of-use assets	12	6,049	9,544	621	748
Investment properties	13	210,630	169,425	-	-
Land held for property development	14	675,606	670,052	-	-
Investment in subsidiary companies	15	-	-	501,016	501,016
Investment in associated companies	16	-	-	-	-
Investment in joint ventures	17	-	-	-	-
Other investments	18	203,370	129,054	-	-
Deferred tax assets	19	22,716	22,762	70	323
Total non-current assets		1,151,877	1,038,915	502,275	502,827
Current assets					
Property development costs	20	443,128	533,061	-	-
Inventories	21	133,761	170,179	-	-
Trade receivables	22	199,845	154,331	-	-
Other receivables and prepaid expenses	22	42,629	47,230	823	799
Contract assets	23	509,698	248,429	-	-
Amount owing by joint ventures		35,697	5,444	-	-
Amount owing by subsidiary companies	24	-	-	150,049	126,779
Tax recoverable		6,945	126	440	-
Short-term funds	25	500	489	500	489
Fixed deposits with licensed banks	36	29,119	33,458	2,768	2,530
Cash and bank balances	26	87,312	149,256	8,087	217
Total current assets		1,488,634	1,342,003	162,667	130,814
Total assets		2,640,511	2,380,918	664,942	633,641

(Forward)

STATEMENTS OF FINANCIAL POSITION

AS OF 30 JUNE 2021
(cont'd)

63

		The Group		The Company	
	Note	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	27	528,552	528,552	528,552	528,552
Reserves	28	398,769	396,149	7,086	6,507
		927,321	924,701	535,638	535,059
Non-controlling interests	29	18,016	19,467	-	-
Total equity		945,337	944,168	535,638	535,059
Non-current liabilities					
Other payables	34	5,238	5,227	-	-
Redeemable preference shares	30	22,402	17,818	-	-
Bank borrowings - non-current portion	31	128,198	66,307	-	-
Hire-purchase payables - non-current portion	32	895	743	-	-
Lease liabilities - non-current portion	33	3,054	6,020	200	441
Deferred tax liabilities	19	57,601	57,894	-	-
Total non-current liabilities		217,388	154,009	200	441
Current liabilities					
Trade payables	34	745,802	561,885	-	-
Other payables and accrued expenses	34	234,897	268,797	876	2,100
Contract liabilities	23	7,722	4,478	-	-
Amount owing to subsidiary companies	24	-	-	5,270	260
Bank borrowings - current portion	31	461,279	425,054	122,479	94,952
Hire-purchase payables - current portion	32	954	1,245	-	-
Lease liabilities - current portion	33	3,381	3,739	479	326
Tax liabilities		23,751	17,543	-	503
Total current liabilities		1,477,786	1,282,741	129,104	98,141
Total liabilities		1,695,174	1,436,750	129,304	98,582
Total equity and liabilities		2,640,511	2,380,918	664,942	633,641

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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 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
As of 1 July 2020	528,552	-	2,065	1,153	392,931	924,701	944,168
Total comprehensive income/(loss) for the year	-	-	-	-	2,620	2,620	1,169
As of 30 June 2021	528,552	-	2,065	1,153	395,551	927,321	945,337

(Forward)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(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 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
As of 1 July 2020	528,552	-	1,153	5,354	535,059
Total comprehensive income for the year	-	-	-	579	579
As of 30 June 2021	528,552	-	1,153	5,933	535,638

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	The Group		The Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/ (USED IN)				
OPERATING ACTIVITIES				
Profit for the year	1,169	17,660	579	1,272
Adjustments for:				
Income tax expense recognised				
in profit or loss	21,465	33,924	1,332	2,278
Finance costs	33,636	45,688	4,942	6,008
Depreciation of:				
Property, plant and equipment	6,899	7,138	219	336
Right-of-use assets	4,148	3,116	451	190
Write-offs of:				
Property development costs	-	948	-	-
Property, plant and equipment	184	6	2	-
Trade receivables	-	106	-	-
Other receivables	-	2,696	-	-
Land held for development	-	3,408	-	-
Inventories	4,022	-	-	-
Write down of inventories	-	7,746	-	-
Dividends income from subsidiary companies	-	-	-	(5,700)
Allowance for impairment loss in:				
Trade receivables	9,056	42	-	-
Other receivables	7,689	11,425	-	-
Investment in subsidiary companies	-	-	-	3,133
Redeemable Preference Share	4,042	-	-	-
Loss/(Gain) on fair value adjustments of:				
Investment properties	8,132	10,409	-	-
Transfer from inventories to investment properties	(20,983)	-	-	-
Gain on fair valuation of investment in redeemable preference shares	(19,934)	(8,122)	-	-
Share in results of joint venture	1,244	-	-	-
Disposal of property, plant and equipment	(170)	(30)	-	(30)
Provision for foreseeable losses	(4,218)	7,599	-	-
Distribution income on short-term funds	(15)	(16)	(15)	(16)
Interest income	(2,106)	(3,552)	(5,650)	(6,103)
Reversal of allowance for impairment loss in trade receivables	-	(2,075)	-	-
Effect of dilution in investment in former subsidiary companies	-	(2,926)	-	-
Deferred day one loss in profit or loss	400	-	-	-
Reversal of allowance for other receivables	(3,784)	-	-	-
Reversal of allowance for trade receivables	(1,704)	-	-	-
Impairment loss on land held for development	1,277	-	-	-
Reversal of write-offs of land held for development	(4,707)	-	-	-
Operating Profit Before Working Capital Changes	45,742	135,190	1,860	1,368

(Forward)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(cont'd)

67

	The Group		The Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Decrease/(Increase) in:				
Property development costs, interest expense of net of RM54,000 (2020: RM610,000 (Note 20(a)))	65,737	748,387	-	-
Trade receivables	(52,866)	(19,220)	-	-
Other receivables and prepaid expenses (Note (ii))	583	15,777	(89)	339
Inventories (Note (ii))	13,334	11,027	-	-
Contract assets	(234,661)	58,234	-	-
Amount due from joint ventures	(30,253)	(2,518)	-	-
Amount due from subsidiary companies	-	-	20,519	106,618
(Decrease)/Increase in:				
Trade payables	183,917	(13,533)	-	-
Other payables and accrued expenses	(33,889)	(325,786)	(1,224)	(3,982)
Contract liabilities	3,244	(4,385)	-	-
Amount due to subsidiary companies	-	-	5,010	(53)
Cash (Used In)/ Generated From Operations	(39,112)	603,173	26,076	104,290
Income tax paid	(22,324)	(38,267)	(2,022)	(2,868)
Income tax refunded	1	4	-	-
Net Cash (Used In)/From Operating Activities	(61,435)	564,910	24,054	101,422
CASH FLOWS USED IN INVESTING ACTIVITIES				
Additions to investment properties, net of interest expense of RMNil (2020: RM772,000) (Note 13)	(7,432)	(4,951)	-	-
Increase in land held for property development, net of interest expense of RMNil (2020: RM41,000) (Note 14)	(2,011)	(1,865)	-	-
Additions to property, plant and equipment (Note (i))	(1,233)	(5,033)	(49)	(320)
Withdrawal/(Placement) of:				
Fixed deposits pledged to licensed banks	(5,650)	19,612	(174)	(78)
Restricted cash at bank	4,268	6,461	-	-
Additions to short-term funds	(11)	(16)	(11)	(16)
Advances to subsidiary companies	-	-	(38,205)	(77,500)
Proceeds from disposal of property, plant and equipment	170	30	-	30
Interest received	2,106	3,552	67	88
Distribution income on short-term funds received	15	16	15	16
Additions to investment in redeemable preference shares	(60,068)	(120,687)	-	-
Net Cash Used In Investing Activities	(69,846)	(102,881)	(38,357)	(77,780)

(Forward)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
(cont'd)

	The Group		The Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/ (USED IN)				
FINANCING ACTIVITIES				
Proceeds from bank borrowings	683,990	623,643	192,905	180,000
Repayments of bank borrowings	(583,653)	(833,982)	(165,405)	(190,000)
Repayments of hire-purchase payables	(1,417)	(1,786)	-	-
Repayment of lease liabilities	(3,977)	(2,901)	(412)	(171)
Redemption of redeemable preference shares from non-controlling interests	-	(112,448)	-	-
Dividends paid	-	(7,923)	-	(7,923)
Interest paid	(29,106)	(38,290)	(4,942)	(6,008)
Net Cash From/(Used In) Financing Activities	65,837	(373,687)	22,146	(24,102)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(65,444)	88,342	7,843	(460)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	134,580	46,238	(4,735)	(4,275)
CASH AND CASH EQUIVALENTS AT END OF YEAR	36	69,136	3,108	(4,735)

Note (i)

During the financial year, the Group and the Company acquired property, plant and equipment at an aggregate cost of RM2,511,000 (2020: RM5,033,000) and RM49,000 (2020: RM320,000) respectively of which RM1,278,000 (2020: RMNil) and RMNil (2020: 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 RM1,221,000 (2020: RM5,033,000) and RM49,000 (2020: RM320,000) respectively.

Note (ii)

The Group completed a non-cash transaction with transfer of completed properties from an indirect associated company to the Group amounting to RMNil (2020: RM12,950,000), 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 28 October 2021.

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 Amendments to MFRSs

In the current financial year, the Group and the Company have adopted a number of amendments to MFRSs 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 2020 as follows:

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 16	Covid-19 Related Rent Concessions
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to References to the Conceptual Framework in MFRS Standards	

The adoption of these amendments to MFRSs did not result in significant changes in the accounting policies of the Group and of the Company and have no significant effect on the financial performance or position of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

New MFRS 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 ⁴
Amendments to MFRS 3	Reference to Conceptual Framework ³
Amendments to MFRS 9, MFRS 139, Interest Rate Benchmark Reform – Phase 2 ¹ MFRS 7, MFRS 4 and MFRS 16	
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to MFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021 ²
Amendments to MFRS 17	Insurance Contracts ⁴
Amendments to MFRS 101	Disclosure of Accounting Policies ⁴
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current ⁴
Amendments to MFRS 108	Definition of Accounting Estimates ⁴
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁴
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use ³
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract ³
Annual Improvements to MFRS Standards 2018 -2020 ³	

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

² Effective for annual periods beginning on or after 1 April 2021, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted

⁴ Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted

⁵ 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)

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.

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).

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Recognition (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Business Combination (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments in Associates and Joint Ventures (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Leases

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases (cont'd)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases (cont'd)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investment Properties (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Inventories (cont'd)

- (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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Group recognises the difference as follows:

- (a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as gain or loss.
- (b) In all other cases, the difference is deferred and amortised over the life of the instrument or realised fully on settlement.

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.

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

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.

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, 12month 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

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.

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 (2020: RM501,016,000). Further details are disclosed in Note 15.

5. REVENUE

	The Group		The Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue from:				
Property development (Note 23)	628,092	1,688,413	-	-
Construction contracts (Note 23)	348,907	103,043	-	-
Completed properties	16,511	13,709	-	-
Rental income from investment properties	5,627	3,265	-	-
Dividends from subsidiary companies (Note 24)	-	-	-	5,700
Management fee receivable from subsidiary companies (Note 24)	-	-	10,975	16,216
Others	36	592	-	-
	999,173	1,809,022	10,975	21,916
	The Group		The Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Timing of revenue recognition:				
Point in time	16,511	13,709	-	5,700
Over time	982,662	1,795,313	10,975	16,216
	999,173	1,809,022	10,975	21,916

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

6. COST OF SALES

	The Group	
	2021 RM'000	2020 RM'000
Cost of property development sold (Note 20)	573,782	1,485,720
Cost of construction contracts	304,228	99,335
Cost of inventories sold	15,141	10,979
Write down of inventories	4,022	7,746
(Reversal)/Recognition of provision for foreseeable loss (Note 20)	(4,218)	7,599
Cost to obtain contract (Note 23)	9,173	14,813
	902,128	1,626,192

7. FINANCE COSTS

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expenses on:				
Term loans/Bridging loans	9,052	13,561	-	-
Revolving credits	13,438	19,112	4,569	5,611
Bank overdrafts	1,030	1,204	325	371
Lease liabilities (Note 12 & 33)	478	487	48	26
Hire-purchase	118	171	-	-
Trade facilities	3,766	3,072	-	-
Others	1,224	683	-	-
Amortised cost adjustment on:				
Redeemable preference shares (Note 30)	4,584	7,410	-	-
Proprietor's entitlements	-	639	-	-
	33,690	46,339	4,942	6,008
Less interest capitalised in:				
Property development costs (Note 20)	(54)	(610)	-	-
Land held for development (Note 14)	-	(41)	-	-
	(54)	(651)	-	-
	33,636	45,688	4,942	6,008

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Gain on disposal of property, plant and equipment	(170)	(30)	-	(30)
Interest income on:				
Fixed deposits	(1,061)	(1,529)	(67)	(88)
Imputed interest	(334)	-	-	-
Housing development account	(510)	(1,641)	-	-
Others	(201)	(382)	-	-
Amount owing by subsidiary companies (Note 24)	-	-	(5,583)	(6,015)
Rental income	(2,106)	(3,552)	(5,650)	(6,103)
Distribution income on short-term funds	(1,279)	(1,480)	-	-
Gain on fair valuation of investment in redeemable preference shares (Note 18)	(15)	(16)	(15)	(16)
Deferred day one loss in profit or loss (Note 18)	(19,934)	(8,122)	-	-
Reversal of impairment loss in land held for development (Note 14)	400	-	-	-
Effect of dilution in former subsidiary companies	(4,707)	-	-	-
Loss on fair value adjustments of investment properties (Note 13)	-	(2,926)	-	-
Gain on fair value adjustments on transfer of inventories to investment properties (Note 13)	8,132	10,409	-	-
Allowance for impairment loss:	(20,983)	-	-	-
Trade receivables (Note 22)	9,056	42	-	-
Other receivables (Note 22)	7,689	11,425	-	-
Reversal of allowance for impairment loss:				
Trade receivables (Note 22)	(1,704)	(2,705)	-	-
Other receivables (Note 22)	(3,784)	-	-	-
Depreciation of:				
Property, plant and equipment (Note 11)	6,899	7,138	219	336
Right-of-use assets (Note 12)	4,148	3,116	451	190
Impairment loss in:				
Investment in subsidiary companies (Note 15)	-	-	-	3,133
Redeemable preferences shares (Note 18)	4,042	-	-	-
Land held for development (Note 14)	1,277	-	-	-
Write-offs of:				
Property development costs (Note 20)	-	948	-	-
Property, plant and equipment (Note 11)	184	6	2	-
Trade receivables (Note 22)	-	106	-	-
Land held for development (Note 14)	-	3,408	-	-
Write-off/write-down of inventories (Note 21)	4,022	7,746	-	-
Audit fees:				
Statutory	502	502	105	105
Non-audit fees	23	23	5	5
Short term lease rental of premises payable to third party (Note 12)	296	1,422	-	158
Low-value assets lease rental (Note 12)	21	26	16	20

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

8. PROFIT BEFORE TAX (cont'd)

(b) Staff costs

	The Group		The Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonuses	26,871	35,722	2,838	4,494
Defined contribution plan	3,356	3,625	430	529
Social security contributions	207	213	23	25
EIS contributions	22	23	2	3
	30,456	39,583	3,293	5,051

(c) Directors' remuneration

	The Group		The Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Executive directors:				
Salaries and other emoluments	2,479	3,269	2,479	3,269
Defined contribution plan	288	383	288	383
	2,767	3,652	2,767	3,652
Non-executive directors:				
Fees	645	649	380	382
Allowances	37	36	37	36
	682	685	417	418
	3,449	4,337	3,184	4,070

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 RM146,000 and RM146,000 (2020: RM155,000 and RM155,000), respectively.

9. INCOME TAX EXPENSE

	The Group		The Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable:				
Current	21,853	31,168	1,118	2,220
Under/(Over)provision in prior years	(141)	2,099	(39)	(81)
	21,712	33,267	1,079	2,139
Deferred tax (Note 19):				
Current	(946)	2,126	263	131
(Under)/Overprovision in prior years	699	(1,469)	(10)	8
	(247)	657	253	139
Income tax expense	21,465	33,924	1,332	2,278

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

9. INCOME TAX EXPENSE (cont'd)

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	22,634	51,584	1,911	3,550
Tax expense at the applicable statutory income tax rate of 24% (2020: 24%)	5,432	12,380	459	852
Tax effects of:				
Expenses not deductible for tax purposes	17,298	19,461	926	2,871
Income not subject to tax	(5,118)	(6,539)	(4)	(1,372)
Utilisation of deferred tax assets not recognised previously	(268)	(2)	-	-
Deferred tax asset not recognised	2,550	4,186	-	-
(Over)/Underprovision in prior years in respect of estimated tax payable	(141)	2,099	(39)	(81)
Over/(Under)provision in prior years in respect of deferred tax	699	(1,469)	(10)	8
Effect of change in tax rate	1,013	3,808	-	-
Income tax expense	21,465	33,924	1,332	2,278

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 2021, 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	
	2021 RM'000	2020 RM'000
Deductible temporary differences arising from:		
Other payables and accrued expenses	249	387
Right-of-use assets	301	67
Unused tax losses	78,868	69,461
Unabsorbed capital allowances	29	24
	79,447	69,939

The unused tax losses and unabsorbed capital allowances are subject to the agreement by the tax authorities. The comparative information presented above has been restated to conform with the actual income tax computation submitted to tax authorities. The unabsorbed capital allowances are available indefinitely for offsetting against future taxable profits of the respective subsidiary companies in the Group.

Under the Malaysia Finance Act 2018, the Group's unutilised tax losses in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

9. INCOME TAX EXPENSE (cont'd)

The unused tax losses of the Group will expire as follows:

	2021 RM'000	2020 RM'000
Expiry year of assessment		
Year of assessment 2025	58,274	57,910
Year of assessment 2026	2,838	3,313
Year of assessment 2027	9,832	8,238
Year of assessment 2028	7,924	-
	<hr/> 78,868	<hr/> 69,461

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:

	2021 RM'000	The Group 2020 RM'000
Profit attributable to ordinary equity holders of the Company	2,620	18,088

	2021 '000	The Group 2020 '000
Weighted average number of ordinary shares in issue and ranking for dividend	528,141	528,141

Basic earnings per ordinary share:

	2021 Sen	The Group 2020 Sen
Profit attributable to ordinary equity holders of the Company	0.50	3.42

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

10. EARNINGS PER ORDINARY SHARE (cont'd)

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	
	2021 RM'000	2020 RM'000
Profit attributable to ordinary equity holders of the Company	2,620	18,088

	The Group	
	2021 '000	2020 '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	
	2021 sen	2020 sen
Profit attributable to ordinary equity holders of the Company	0.50	3.42

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 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
Disposals	-	-	-	(320)	-	-	-	-	-	-	(320)
Write-offs (Note 8)	-	-	-	-	(46)	-	-	-	-	-	(46)
As of 30 June 2020/ 1 July 2020	5,500	4,490	2,011	10,465	16,526	297	4,473	7,051	10,027	16,049	76,889
Additions	-	95	73	398	963	-	210	244	274	254	2,511
Disposal	-	-	-	(719)	-	-	-	-	-	-	(719)
Write-offs (Note 8)	-	-	-	(7)	(1)	-	(10)	(205)	-	-	(223)
As of 30 June 2021	5,500	4,585	2,084	10,137	17,488	297	4,673	7,090	10,301	16,303	78,458

(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 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
Disposals	-	-	-	(320)	-	-	-	-	-	-	(320)
Write-offs (Note 8)	-	-	-	-	(40)	-	-	-	-	-	(40)
As of 30 June 2020/1 July 2020	900	3,947	1,418	9,198	9,419	293	3,829	5,625	4,182	-	38,811
Charge for the year (Note 8)	100	117	90	847	2,789	3	318	366	2,269	-	6,899
Disposal	-	-	-	(719)	-	-	-	-	-	-	(719)
Write-offs (Note 8)	-	-	-	(7)	(1)	-	(8)	(23)	-	-	(39)
As of 30 June 2021	1,000	4,064	1,508	9,319	12,207	296	4,139	5,968	6,451	-	44,952
Net book value											
As of 30 June 2021	4,500	521	576	818	5,281	1	534	1,122	3,850	16,303	33,506
As of 30 June 2020	4,600	543	593	1,267	7,107	4	644	1,426	5,845	16,049	38,078

(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 2019	694	282	1,981	1,200	1,062	5,219
Additions	66	89	-	40	125	320
Disposal	-	-	(320)	-	-	(320)
As of 30 June 2020/1 July 2020	760	371	1,661	1,240	1,187	5,219
Additions	-	3	-	46	-	49
Write-offs (Note 8)	-	-	-	(10)	-	(10)
As of 30 June 2021	760	374	1,661	1,276	1,187	5,258
Accumulated depreciation						
As of 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 2020/1 July 2020	482	238	1,660	1,029	1,070	4,479
Charge for the year (Note 8)	49	21	-	115	34	219
Write-offs (Note 8)	-	-	-	(8)	-	(8)
As of 30 June 2021	531	259	1,660	1,136	1,104	4,690
Net book value						
As of 30 June 2021	229	115	1	140	83	568
As of 30 June 2020	278	133	1	211	117	740

Included in property, plant and equipment of the Group and of the Company are fully depreciated property, plant and equipment with a cost of RM21,430,000 (2020: RM14,230,000) and RM4,042,000 (2020: RM2,518,000) 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 RM2,712,000 (2020: RM3,631,000) and RMNil (2020: RMNil) respectively.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

101

12. RIGHT-OF-USE ASSETS

	The Group RM'000	The Company RM'000
Cost		
At 1 July 2019	5,901	100
Additions	6,759	838
At 30 June 2020/1 July 2020	12,660	938
Additions	653	324
Disposal ((Note (d)))	(100)	(100)
At 30 June 2021	13,213	1,162
Accumulated depreciation		
At 1 July 2019	-	-
Charge for the year (Note 8)	3,116	190
At 30 June 2020/1 July 2020	3,116	190
Charge for the year (Note 8)	4,148	451
Disposal ((Note (d)))	(100)	(100)
At 30 June 2020	7,164	541
Carrying amount		
At 30 June 2021	6,049	621
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 (2020: 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		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Amounts recognised in profit and loss				
Depreciation of right-of-use assets (Note 8)	4,148	3,116	451	190
Interest expense on lease liabilities (Note 7)	478	487	48	26
Expenses relating to short-term leases (Note 8)	296	1,422	-	158
Expenses relating to leases of low-value assets (Note 8)	21	26	16	20

(c) During the year, the total cash outflow for leases for the Group and the Company amounted to RM4,455,000 (2020: RM3,388,000) and RM460,000 (2020: RM197,000) respectively (Note 33).

(d) Disposal represents right-of-use asset for which lease term was expired during the year.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

13. INVESTMENT PROPERTIES

The Group

	At fair value		
	Freehold properties RM'000	Long-term leasehold properties RM'000	Total RM'000
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
As of 1 July 2020	12,160	157,265	169,425
Fair value adjustments (Note 8)	-	(8,132)	(8,132)
Additions	-	7,432	7,432
Transfer from inventories (Note 21) ((Note (d))	41,905	-	41,905
As of 30 June 2021	54,065	156,565	210,630

(a) Investment properties

At fair value

The fair values of the Group's investment properties as of 30 June 2021 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 land and buildings	The higher the sale price of comparable land and buildings, the higher the fair value

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

13. INVESTMENT PROPERTIES (cont'd)

(b) Investment properties pledged as securities

As of 30 June 2021, the long-term leasehold properties of the Group amounting to RM151,800,000 (2020: RM155,844,000), 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	
	2021 RM'000	2020 RM'000
Rental income	(6,008)	(3,265)
Direct operating expenses	1,600	1,367

(d) The Group has recognised a fair value gain of RM20,983,000 on transfer of inventories to investment properties.

14. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2021 RM'000	2020 RM'000
At beginning 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
Addition to development expenditure during the year	2,011	1,906
Transfer from property development costs (Note 20):		
Long-term leasehold land - at cost	-	17,484
Long-term leasehold land - proprietor's entitlement	-	397,637
Development expenditure	-	58,034
	-	473,155
Reclassification from other receivables (Note 22)		
Long-term leasehold land - proprietor's entitlement	-	7,130
Development expenditure (Note (e))	113	-
	113	7,130
Land held for development written off (Note 8)	-	(3,408)
Reversal of land held for development previously written down (Note 8) (Note (e))	4,707	-
Impairment loss (Note 8) (Note (e))	(1,277)	-
At end of year:		
Freehold land - at cost	11,458	11,458
Long-term leasehold land - at cost	125,784	125,784
Long-term leasehold land - proprietor's entitlement	404,767	404,767
Development expenditure	133,597	128,043
	675,606	670,052

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 RM200,147,000 (2020: RM199,586,000) 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	
	2021 RM'000	2020 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 (2020: RM160,000,000), of which RM68,200,000 (2020: 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 15 November 2017, the Kuala Lumpur High Court allowed YWP and MPSB's application to intervene and be added as the 3rd and 4th Respondents in the Judicial Review proceeding.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

Subsequently, the Applicants withdrew their claim against DBKL.

On 28 November 2018, the Kuala Lumpur High Court ruled that the Development Order dated 13 July 2017 issued by Datuk Bandar Kuala Lumpur was valid. The Judicial Review Application was accordingly dismissed with costs. The Applicants appealed to the Court of Appeal against the decision of the Kuala Lumpur High Court on 28 November 2018.

On 27 January 2021, the Court of Appeal delivered its decision and handed down the following Orders:

- (i) That the Applicants' Appeal was unanimously allowed with costs;
- (ii) That the decision of the High Court dated 28 November 2018 was set aside; and
- (iii) That an Order of Certiorari be granted quashing the decision of the Datuk Bandar Kuala Lumpur in granting the Development Order dated 13 July 2017 in respect of the proposed development on the Land.

On 23 February 2021, MPSB filed a Notice of Motion for Leave to Appeal to the Federal Court and the Federal Court had on 1 September 2021 allowed the application by MPSB to appeal against the decision of the Court of Appeal. The Notice of Appeal was filed in the Federal Court on 14 September 2021.

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 Appeal.

- (e) Pursuant to the reclaim of ownership of the land from the Selangor government, Interpile Sdn Bhd (an indirect subsidiary company held through Melariang Sdn Bhd) recognised a land held for property development of RM4,707,000 which was written down in prior years. The net realisable value of the land was assessed at RM4,000,000 as at year end resulting in a impairment loss of RM1,277,000 after considering additional cost capitalised during the year amounting to RM570,000.

15. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost	515,859	515,859
Less: Accumulated impairment loss	(14,843)	(14,843)
	501,016	501,016
Accumulated impairment losses		
At beginning of year	14,843	11,710
Addition during the year (Note 8)	-	3,133
At end of year	14,843	14,843

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

15. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

2020

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%.

Pursuant to the Amberstraits Shareholders' Agreement dated 25 September 2019 entered between ASB, KCRSB and JTSB, KCRSB and JTSB had a joint control over ASB as all Board Reserve Matters and Shareholder Reserve Matters required the unanimous approval of JTSB and KCRSB. Further, 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 had 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 believed that the Group had lost the control over ASB and RPSB as a holding company and therefore, investments in ASB and RPSB had been derecognised as subsidiaries in 2020.

ASB and RPSB were 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 had the joint arrangement with rights to the net assets of the arrangement. Therefore, investments in ASB and RPSB had been treated as investment in joint ventures as at 30 June 2020.

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 RMNil (2020: RM3,133,000).

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
		2021 %	2020 %	
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 Capital Sdn Bhd (formerly known as 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 and property management
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
Direct Subsidiary Companies				
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
		2021 %	2020 %	
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 and property development
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)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

109

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
		2021	2020	
		%	%	
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	
		2021	2020
Property development	Malaysia	18	18
Construction contracts	Malaysia	3	3
Property trading	Malaysia	1	1
Investment holding	Malaysia	4	4
Dormant	Malaysia	3	3
	People's Republic of China	1	1
	British Virgin Islands	2	2

Principal Activity	Country of incorporation	Number of non-wholly-owned subsidiaries	
		2021	2020
Property development	Malaysia	1	1

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)	
		2021	2020	2021	2020	2021	2020
		%	%	RM'000	RM'000	RM'000	RM'000
Memang Perkasa Sdn Bhd ("MPSB")	Malaysia	49	49	(1,451)	(428)	18,016	19,467

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

111

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:

	2021 RM'000	2020 RM'000
MPSB		
Non-current asset	239,735	232,689
Current assets	556	193
Current liabilities	(183,502)	(171,681)
Equity attributable to owners of the Company	38,773	41,734
Non-controlling interests	18,016	19,467
Selling and distribution expenses	-	(63)
Administration expenses	(2,961)	(811)
Loss before tax	(2,961)	(874)
Income tax expense	-	-
Loss for the year	(2,961)	(874)

16. INVESTMENT IN ASSOCIATED COMPANIES

	2021 RM'000	The Group 2020 RM'000
Unquoted shares, at cost	*	*
Share in post-acquisition reserves	-	-
	-	-

* The cost of investment is RM45 as of 30 June 2021 and 30 June 2020.

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:

	2021 RM'000	2020 RM'000
Assets and Liabilities		
Total assets	18	4,850
Total liabilities	(5,079)	(9,865)
Net liabilities	(5,061)	(5,015)
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
		2021 %	2020 %	
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 the associated company are audited by auditors other than the auditors of the Company.

@ The financial year end of the associated company 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	
	2021 RM'000	2020 RM'000
At beginning of year	102	-
Transferred from subsidiaries	-	102
At end of year	102	102
Unquoted ordinary shares, at cost	102	102
Deferred day one loss on RPS-D (Note 18)	1,244	-
Share in post-acquisition reserves	1,346 (1,346)	102 (102)
	-	-

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

18. OTHER INVESTMENTS

	The Group	
	2021 RM'000	2020 RM'000
Transferable golf and country club memberships - at cost	245	245
Redeemable preference shares ("RPS") - B	203,125	128,809
Redeemable preference shares ("RPS") - D	-	-
	203,370	129,054

The movement of RPS-B carried at FVTPL as follows:

	The Group	
	2021 RM'000	2020 RM'000
Balance as at 1 July	128,809	-
Addition:		
Redeemable preference shares subscribed	54,782	120,687
Deferred day one loss	(4,508)	-
Add: Fair value gain (Note 8)	50,274 19,934	120,687 8,122
Add: Deferred day one loss	199,017 4,108	120,809 -
Balance as at 30 June	203,125	128,809

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

18. OTHER INVESTMENTS (Cont'd)

The movement of deferred day one loss as follows:

	The Group	
	2021 RM'000	2020 RM'000
Balance as at 1 July	-	-
Deferred day one loss on new RPS-B subscribed during the year	(4,508)	-
Deferred day one loss recognised in profit or loss during the year (Note 8)	400	-
Balance as at 30 June	(4,108)	-

The movement of RPS-D carried at amortised cost as follows:

	The Group	
	2021 RM'000	2020 RM'000
Balance as at 1 July	-	-
Add: Redeemable preference shares subscribed	5,286	-
Less: Deferred day one gain/(loss)	(1,244)	-
	4,042	-
Less: Impairment (Note 8)	(4,042)	-
	-	-

RPS-D are initially recognised at its fair value on the respective transacted dates. The difference between the consideration paid and fair value at transacted dates has been recognised as an increase to the cost of investment in joint venture. The Group recognises impairment losses based on expected credit losses ("ECL") model using the general approach, which measures the impairment losses at an amount equal to 12-month ECL.

During the year, the Group has subscribed RPS-B of RM54,782,000 (2020: RM120,687,000) and RPS-D of RM5,286,493 issued by Regal Path Sdn Bhd ("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 holders 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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

18. OTHER INVESTMENTS (Cont'd)

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

- (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)
- (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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

18. OTHER INVESTMENTS (Cont'd)

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

- (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.

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

- (i) The RPS-D shall have no voting rights, save for the right of a holder of a RPS-D to one vote per RPS-D held at a meeting of the Company on a resolution to vary any right attached to RPS-D, the holders of RPS-D shall vote as a class of their own. All issued and outstanding RPS-D shall be deemed to form a single class of shares in the Company.
- (ii) The RPS-D does not confer on its holder the right to receive any specific dividend or other distribution.
- (iii) RPS-D 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 has 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).
- (iv) The rights attached to the RPS-D may only be varied or abrogated with the consent in writing of the RPS-D holders of at least seventy-five percent (75%) of the issued RPS-D respectively, and may be so varied or abrogated either whilst RPSB is a going concern or during or in contemplation of a winding-up.
- (v) RPS-D holders are entitled to a Redemption Amount equivalent to RM1.00.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax assets	22,716	22,762	76	328
Deferred tax liabilities	(57,601)	(57,894)	(6)	(5)
	(34,885)	(35,132)	(70)	323

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	Recognised in profit or loss (Note 9) RM'000	At end of year RM'000
The Group			
2021			
Deferred tax liabilities:			
Property development cost	(57,600)	-	(57,600)
Investment properties	(3,503)	-	(3,503)
Property, plant and equipment	(218)	(391)	(609)
Right-of-use assets	(813)	112	(701)
	(62,134)	(279)	(62,413)
Deferred tax assets:			
Unused tax losses	(3,752)	7,928	4,176
Property development cost	6,201	(686)	5,515
Redeemable preference shares	3,287	1,369	4,656
Other payables and accrued expenses	13,839	(12,203)	1,636
Unabsorbed capital allowances	2,607	570	3,177
Property, plant and equipment	798	228	1,026
Lease liabilities	830	(118)	712
Others	3,192	3,438	6,630
	27,002	526	27,528
	(35,132)	247	(34,885)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

119

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			
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)

The Company

2021

Deferred tax liabilities:			
Property, plant and equipment	(5)	(1)	(6)
Deferred tax assets:			
Other payables and accrued expenses	323	(261)	62
Right-of-use assets	5	9	14
	323	(253)	70

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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

20. PROPERTY DEVELOPMENT COSTS

	The Group	
	2021 RM'000	2020 RM'000 (Restated)
At beginning of year:		
Freehold land - at cost	4,964	4,928
Freehold land - proprietor's entitlement	376,902	547,909
Long-term leasehold land - at cost	7,021	22,684
Long-term leasehold land - proprietor's entitlement	255,734	653,298
Development expenditure	1,570,079	1,381,985
	2,214,700	2,610,804
Additions during the year:		
Freehold land - at cost	6	28
Freehold land - proprietor's entitlement	8,803	14,001
Long-term leasehold land - at cost	18	18
Long-term leasehold land - proprietor's entitlement	56	73
Development expenditure	472,607	711,389
	481,490	725,509
Transfer to land held for property development (Note 14):		
Long-term leasehold land - at cost	-	(17,484)
Long-term leasehold land - proprietor's entitlement	-	(397,637)
Development expenditure	-	(58,034)
	-	(473,155)
Cumulative costs realisable as an expense in profit or loss:		
Previous years	(1,672,842)	(810,573)
Current year (Note 6)	(573,782)	(1,485,720)
Closed out due to completion of projects	11,915	623,450
	(2,234,709)	(1,672,843)
Costs closed out during the year due to completion of projects	(11,915)	(623,450)
Provision for foreseeable losses		
Previous years	(8,796)	(1,197)
Current year (Note 6)	4,218	(7,599)
	(4,578)	(8,796)
Property development costs written off (Note 8)	-	(948)
Transfer to inventories	(1,860)	(24,060)
At end of year	443,128	533,061

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	
	2021 RM'000	2020 RM'000
Interest expense on (Note 7):		
Term loans/Bridging loans	54	610

- (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, freehold land - proprietor's entitlement and long-term leasehold land - proprietor's entitlement of the Group under property development amounting to RMNIL (2020: RM6,149,000), RM64,750,000 (2020: RM115,466,000) and RM240,262,000 (2020: RM385,169,000), 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 RM385,705,000 (2020: RM561,910,000), of which RM118,675,000 (2020: RM153,275,000) (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.

- (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 (2020: RM102,000,000), of which RM5,372,000 (2020: 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, (2020: RM74,800,000) of which RM226,000 (2020: 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 RM12,622,000 (2020: RM12,549,000).

- (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 (2020: RM66,312,000).

21. INVENTORIES

	The Group	
	2021 RM'000	2020 RM'000
Completed properties	124,761	161,179
Commercial land	9,000	9,000
	133,761	170,179

The Group recognised an expense of RM4,022,000 (2020: RM7,746,000) (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 (2020: 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 RM35,977,000 (2020: RM35,901,000) 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 (2020: 7 to 90 days) unless otherwise agreed under contractual obligations.

Trade receivables are as follows:

	The Group	
	2021 RM'000	2020 RM'000
Trade receivables	139,145	82,097
Less: Allowance for impairment loss	(20,742)	(13,390)
	118,403	68,707
Retention sum held by contract customers	55,065	34,225
Stakeholder sum held by solicitors	26,377	51,399
	199,845	154,331

The Group recognised an expense of RMNil (2020: RM106,000) (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 (2020: 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	
	2021 RM'000	2020 RM'000
At beginning of year	13,390	15,423
Impairment loss recognised (Note 8)	9,056	42
Reversal of impairment loss (Note 8)	(1,704)	(2,075)
At end of year	20,742	13,390

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

Aging analysis of trade receivables

	The Group	
	2021 RM'000	2020 RM'000
Retention sum/stakeholder sum	81,442	85,624
Not past due	28,826	10,462
Past due more than 1 month	24,613	6,437
Past due 1 to 2 months	9,166	2,050
Past due more than 2 months	55,798	49,758
Total	199,845	154,331

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other receivables (Notes (b))	43,613	50,034	675	653
Reclassification (Note 14) (Notes (a))	(113)	(7,130)	-	-
Less: Allowance for impairment loss	(16,621)	(15,210)	-	-
	26,879	27,694	675	653
Deposits	13,737	14,240	147	146
Prepaid expenses	2,013	5,296	1	-
Advance to an indirect associated company (Note (c))	-	-	-	-
	42,629	47,230	823	799

Movement in the allowance for impairment loss

	The Group	
	2021 RM'000	2020 RM'000
At beginning of year	15,210	3,785
Impairment loss recognised (Note 8)	7,689	11,425
Impairment loss written-off	(2,494)	-
Reversal of impairment loss (Note 8)	(3,784)	-
At end of year	16,621	15,210

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 2021, the amount receivable from the said third party is RMNil (2020: RMNil), net of allowance for impairment loss amounting to RM8,900,000 (2020: RM8,900,000).

- (b) Included in other receivables of the Group is an amount of RM16,763,000 (2020: RM13,918,000), 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 (2020: RMNil), net of allowance for impairment loss amounting to RMNil (2020: RM6,278,000) is interest-free, unsecured and repayable on demand. In 2020, 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 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)

	2021 RM'000	The Group 2020 RM'000 (Restated)
Contract assets:		
Property development	381,459	210,751
Construction	113,213	23,927
	494,672	234,678
Contract cost:		
Property development		
Sales commission and agency fee	15,026	13,751
Total	509,698	248,429
Contract liabilities:		
Property development	1,970	4,220
Construction	5,752	258
	7,722	4,478

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 RM1,252,290 (2020: RM1,465,258).

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

	2021 RM'000	The Group 2020 RM'000
Contract assets	381,459	210,751
Contract liabilities	(1,970)	(4,220)
Net	379,489	206,531
At beginning of the year	206,531	207,976
Consideration paid/payable to customers	40,061	14,084
Revenue recognised during the year (Note 5)	628,092	1,688,413
Progress billing during the year	(495,195)	(1,703,942)
At end of the year	379,489	206,531

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

127

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

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

The movement of the contract cost assets is as follows:

	The Group	
	2021 RM'000	2020 RM'000
At 1 July	13,751	5,461
Addition during the year	10,448	23,103
Amortised during the year (Note 6)	(9,173)	(14,813)
At 30 June	15,026	13,751

Revenue from property development activities is recognised over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

The transaction price allocated to the unsatisfied performance obligations as at 30 June 2021 is RM470,654,000 (2020: RM965,356,000). The remaining performance obligations are expected to be recognised as below:

	The Group	
	2021 RM'000	2020 RM'000
Within 1 year	227,493	677,603
Between 1 to 4 years	243,161	287,753
Total	470,654	965,356

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

(b) Contract assets and contract liabilities from construction:

	The Group	
	2021 RM'000	2020 RM'000
Contract assets	113,213	23,927
Contract liabilities	(5,752)	(258)
Net	107,461	23,669
At beginning of the year	23,669	66,415
Revenue recognised during the year (Note 5)	348,907	103,043
Progress billing during the year	(265,115)	(145,789)
At end of the year	107,461	23,669

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 fixed at 4.50% (2020: 4.75% to 5.75%) 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 fixed at 4.5% (2020: 4.75% to 5.75%).

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

129

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.
Lumayan Indah Sdn Bhd	A company in which a director of the Company, namely Tan Sri Lim Siew Choon has indirect financial interest.

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

	The Company	
	2021	2020
	RM'000	RM'000
With subsidiary companies:		
Dividends received/receivable (Note 5)	-	(5,700)
Management fee received/receivable (Note 5)	(10,975)	(16,216)
Interest income received/receivable (Note 8)	(5,583)	(6,015)
Accounting fees paid/payable	96	96

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

	The Group		The Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
With related parties:				
Impian Ekspresi Sdn Bhd				
Progress billing receivable	(25,731)	(79,868)	-	-
Harmoni Perkasa Sdn Bhd				
Progress billing receivable	(5,902)	(2,655)	-	-
Jendela Mayang Sdn Bhd				
Progress billing receivable	(92,348)	(31,566)	-	-
Pavilion REIT				
Rental of premises paid/payable	2,222	3,121	361	350
Pavilion REIT Management Sdn Bhd				
Rental of premises				
received/receivable	(393)	(361)	-	-
SECG Bina Sdn Bhd				
Progress billing paid/payable	864	4,865	-	-
Dream Domain Sdn Bhd				
Rental of premises paid/payable	163	192	-	-
Rental of premises paid to				
Lumayan Indah Sdn Bhd	99	-	99	-
Kuala Lumpur Pavilion Sdn Bhd				
Property management fee	1,914	1,212	-	-
Sale of properties to certain				
family members of a				
director of the Company	-	(1,910)	-	-
WCT Holdings Bhd				
Rental received from				
letting office space	(393)	(361)	-	-
Regal Path Sdn Bhd				
Progress billing receivable	(361,515)	(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	(6)	(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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	5,684	6,757	2,896	3,687
Defined contribution plans	420	536	288	383
	6,104	7,293	3,184	4,070

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 RM200,000 and RM146,000 (2020: RM192,000 and RM155,000), 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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
At fair value through other profit or loss				
Investments in unit trust funds in Malaysia	500	489	500	489

26. CASH AND BANK BALANCES

	The Group		The Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	33,873	21,084	8,087	217
Housing development accounts	53,439	128,172	-	-
	87,312	149,256	8,087	217

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			
	2021		2020	
	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

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 expired on 19 April 2021. During the year, the ESOS has been extended for a further period of five years expiring on 19 April 2026.

The number in the Company’s ESOS options are as follows:

	2021 Unit ‘000	2020 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

	The Group		The Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Revaluation reserve	2,065	2,065	-	-
Option reserve	1,153	1,153	1,153	1,153
Distributable:				
Retained earnings	395,551	392,931	5,933	5,354
Total	398,769	396,149	7,086	6,507

Revaluation reserve

Revaluation reserve represents the increase in the fair value of long-term leasehold properties prior to its reclassification as investment properties.

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 2021, the entire retained earnings of the Company are available for distribution as single-tier dividends.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

29. NON-CONTROLLING INTERESTS

Included in non-controlling interests is 3,385,000 (2020: 3,385,000) Redeemable Preference Shares ("RPS") issued by MPSB which is held by Tegap Dinamik Sdn Bhd ("TDSB"), a third party, amounting to RM18,617,500 (2020: RM18,617,500).

During the financial year, the Group redeemed Nil (2020: 20,445,000) RPS of a subsidiary company, which was held by TDSB, for a total redemption price of RMNil (2020: RM112,447,500).

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

	The Group	
	2021 RM'000	2020 RM'000
Principal	3,000	3,000
Accrued interest	19,402	14,818
	22,402	17,818

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 RM4,585,000 (2020: RM7,410,000) as disclosed in Note 7.

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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Secured:				
Term loans	101,061	65,771	-	-
Bank overdrafts (Note 36)	18,208	20,429	4,979	4,952
Revolving credits	338,054	277,549	117,500	90,000
Trade facilities	81,949	92,907	-	-
Bridging loans	50,205	34,705	-	-
	589,477	491,361	122,479	94,952
Less: Amount due within next 12 months (included under current liabilities)	(461,279)	(425,054)	(122,479)	(94,952)
Non-current portion	128,198	66,307	-	-

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

31. BANK BORROWINGS (Cont'd)

The non-current portion is repayable as follows:

	The Group	
	2021 RM'000	2020 RM'000
Between 1 - 2 years	115,102	36,592
Between 2 - 5 years	13,096	29,715
	128,198	66,307

As of reporting date, the Group and the Company have the following credit facilities from licensed banks:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Secured:				
Term loans	135,000	288,000	-	-
Bridging loans	115,000	195,000	-	-
Revolving credits	496,700	405,000	145,000	120,000
Trade facilities	100,000	100,000	-	-
Bankers guarantee	56,000	57,000	14,000	14,000
Bank overdrafts	17,000	17,000	-	-
Islamic financing	5,000	5,000	5,000	5,000
	924,700	1,067,000	164,000	139,000

The interest rates per annum are as follows:

	The Group		The Company	
	2021 per annum %	2020 per annum %	2021 per annum %	2020 per annum %
Secured:				
Term loans	3.91 to 9.50	3.91 to 9.50	-	-
Bridging loans	4.88 to 6.70	4.88 to 6.70	-	-
Revolving credits	4.39 to 8.00	4.39 to 8.00	4.15 to 6.95	4.49 to 7.95
Bank overdrafts	5.15 to 6.29	5.15 to 6.29	-	-
Islamic financing	6.51 to 6.66	6.81 to 7.81	6.51 to 6.66	6.81 to 7.81

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 current year and the previous 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	
	2021 RM'000	2020 RM'000
Total outstanding	1,986	2,091
Less: Interest-in suspense outstanding	(137)	(103)
Principal outstanding	1,849	1,988
Less: Amount due within 12 months (included under current liabilities)	(954)	(1,245)
Non-current portion	895	743

The non-current portion is payable as follows:

	The Group	
	2021 RM'000	2020 RM'000
Between 1 - 2 years	514	565
Between 2 - 5 years	381	178
	895	743

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

33. LEASE LIABILITIES

	The Group		The Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
At 1 July (on adoption of MFRS 16)	9,759	5,901	767	100
Addition during the year	653	6,759	324	838
Finance costs (Note 7)	478	487	48	26
Payment of lease rental (Note 12)	(4,455)	(3,388)	(460)	(197)
At 30 June	6,435	9,759	679	767

	The Group		The Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Non-current	3,054	6,020	200	441
Current	3,381	3,739	479	326
At 30 June	6,435	9,759	679	767

	The Group		The Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Maturity Analysis:				
Year 1	3,381	3,739	479	326
Year 2	2,045	3,017	200	290
Year 3	832	1,995	-	151
Year 4	177	832	-	-
Year 5	-	176	-	-
	6,435	9,759	679	767

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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 (2020: 30 to 120 days).

Trade payables are as follows:

	The Group	
	2021 RM'000	2020 RM'000
Trade payables	329,786	231,185
Accrued costs to completion of projects	13,582	41,213
Accrued uncertified work performed by sub-contractors	288,056	183,262
	631,424	455,660
Retention sum payable to sub-contractors	114,378	106,225
	745,802	561,885

Other payables and accrued expenses are as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other payables (Note (b) and (c))	229,748	260,475	321	494
Accrued expenses	9,797	12,985	555	1,606
Amount owing to directors (Note (a))	590	564	-	-
	240,135	274,024	876	2,100
Less: Other payable - non-current portion (Note (c))	(5,238)	(5,227)	-	-
	234,897	268,797	876	2,100

(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)) (2020: 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 RM118,675,000 (2020: RM153,275,000) 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 2021, an amount payable to the said third party of RM5,238,000 (2020: RM5,227,000) is classified as non-current as the amount is due after the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

35. DIVIDENDS

	The Group and The Company	
	2021 RM'000	2020 RM'000
Declared and paid to the equity holders of the Company:		
First and final single-tier dividend of 1.5 sen per share	-	7,923

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. No dividends were paid or declared by the Company since the end of the previous financial year.

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed deposits with licensed banks	29,119	33,458	2,768	2,530
Cash and bank balances (Note 26)	87,312	149,256	8,087	217
Bank overdrafts (Note 31)	(18,208)	(20,429)	(4,979)	(4,952)
	98,223	162,285	5,876	(2,205)
Less: Non cash and cash equivalents:				
Fixed deposits pledged to licensed banks	(26,043)	(20,393)	(2,768)	(2,530)
Debt Service Reserve Account and Interest Service Reserve Account	(3,044)	(7,312)	-	-
	69,136	134,580	3,108	(4,735)

Included in fixed deposits with licensed banks of the Group and of the Company is an amount of RM26,043,000 (2020: RM20,393,000) and RM2,768,000 (2020: RM2,530,000) 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 RM3,044,000 (2020: RM7,312,000) 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 1.25% to 2.60% (2020: 1.45% to 3.15%) per annum. The fixed deposits have a maturity period of 1 to 365 days (2020: 1 to 365 days).

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

141

37. CAPITAL COMMITMENT

	The Group	
	2021 RM'000	2020 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 in assessing performance and determining the allocation of resources.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

38. SEGMENTAL REPORTING (Cont'd)

30.6.2021	Property development RM'000	Construction contracts RM'000	Property trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	628,092	348,907	16,511	5,663	-	999,173
Inter-segment sales	-	385,654	-	12,123	(397,777)	-
	628,092	734,561	16,511	17,786	(397,777)	999,173
Results						
Segment results	23,789	29,280	(2,425)	13,898	(9,149)	55,393
Distribution income on short-term funds and interest income						2,121
Finance costs						(33,636)
Share in results of joint ventures						(1,244)
Profit before tax						22,634
Income tax expense						(21,465)
Profit for the year						1,169
Attributable to:						
Owners of the Company						2,620
Non-controlling interests						(1,451)
						1,169
Assets						
Segment assets	2,239,228	1,172,073	136,476	2,057,006	(2,993,933)	2,610,850
Unallocated assets						29,661
						2,640,511
Liabilities						
Segment liabilities	1,693,173	865,382	40,376	1,786,792	(2,771,901)	1,613,822
Unallocated liabilities						81,352
						1,695,174
Other information						
Capital expenditure	2,944	1,509	-	7,501	-	11,454
Depreciation of property, plant and equipment	3,203	3,460	-	236	-	6,899

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

143

38. SEGMENTAL REPORTING (Cont'd)

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 joint ventures						(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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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 2020.

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 2021.

The Group is not subject to externally imposed capital requirements.

Gearing ratio

The gearing ratio at the end of the reporting period is as follows:

	The Group	
	2021 RM'000	2020 RM'000
Total debts	620,163	520,926
Cash and bank balances	(87,312)	(149,256)
Net debts	532,851	371,670
Equity	945,337	944,168
Debt to equity ratio	56.37%	39.36%

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(i) Capital Risk Management (Cont'd)

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

	The Group	
	2021	2020
	RM'000	RM'000
Financial assets		
At FVTPL:		
Other investments	199,262	129,054
Short-term funds	500	489
At amortised cost:		
Trade receivables	199,845	154,331
Other receivables	40,616	40,737
Amount owing by joint ventures	35,697	5,444
Fixed deposits with licensed banks	29,119	33,458
Cash and bank balances	87,312	149,256
Financial liabilities		
At amortised cost:		
Trade payables	745,802	561,885
Other payables and accrued expenses	240,135	274,024
Bank borrowings	589,477	491,361
Redeemable preference shares	22,402	17,818
Hire-purchase payables	1,849	1,988
Lease liabilities	6,435	9,759

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(i) Capital Risk Management (Cont'd)

Categories of Financial Instruments (Cont'd)

	The Company	
	2021	2020
	RM'000	RM'000
Financial assets		
At FVTPL:		
Short-term funds	500	489
At amortised cost:		
Other receivables	822	799
Amount owing by subsidiary companies	150,049	126,779
Fixed deposits with licensed banks	2,768	2,530
Cash and bank balances	8,087	217
Financial liabilities		
At amortised cost:		
Other payables and accrued expenses	876	2,100
Bank borrowings	122,479	94,952
Amount owing by subsidiary companies	5,270	260
Lease liabilities	679	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 2021 would decrease/increase by RM2,240,000 and RM465,000 (2020: RM1,867,000 and RM361,000) 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)

149

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						
2021						
Non-interest bearing instruments	-	1,000,358	-	-	-	1,000,358
Hire-purchase payables	5.64	1,400	393	193	-	1,986
Variable interest rate instruments	4.32	549,692	101,641	29,573	-	680,906
Redeemable preference shares	45.65	10,226	14,894	-	-	25,120
Lease liabilities	5.50 - 6.00	3,657	2,299	900	-	6,856
The Company						
2021						
Non-interest bearing instruments	-	6,146	-	-	-	6,146
Variable interest rate instruments	5.19	128,830	-	-	-	128,830
Lease liabilities	5.50 - 6.00	505	203	-	-	708
Financial guarantee*	-	-	-	-	-	-
The Group						
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

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 Company						
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*	-	-	-	-	-	-

* 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. The details of the financial guarantee are disclosed in Note 40.

(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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Level 2				
Financial assets at FVTPL:				
Short-term funds #	500	489	500	489
Other investments ^	245	245	-	-
Level 3				
Financial assets at FVTPL:				
Other investments	199,017	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	
	2021	2020
	RM'000	RM'000
Corporate guarantee given to contractors/suppliers of subsidiary companies	5,378	5,728
	The Company	
	2021	2020
	RM'000	RM'000
Corporate guarantee given to financial institutions for credit facilities granted to subsidiary companies	497,624	420,040

The total amount of corporate guarantees provided by the Company to financial institutions for the credit facilities granted to subsidiary companies amounted to RM497,624,000 (2020: RM420,040,000). 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

(cont'd)

41. 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 1.7.2020 RM'000	Drawdown RM'000	Repayment RM'000	Non-cash item* RM'000	As at 30.6.2021 RM'000
The Group					
Bank borrowings (Note 31)	470,932	683,990	(583,653)	-	571,269
Hire-purchase payables (Note 32)	1,988	-	(1,417)	1,278	1,849
Lease liabilities (Note 33)	9,759	-	(4,455)	1,311	6,435

	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 1.7.2020 RM'000	Drawdown RM'000	Repayment RM'000	Non-cash item RM'000	As at 30.6.2021 RM'000
The Company					
Bank borrowings (Note 31)	90,000	192,905	(165,405)	-	117,500
Lease liabilities payables (Note 33)	767	-	(412)	324	679

	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

* These represent the additions in property, plant and equipment for motor vehicles acquired under hire-purchase arrangement.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

42. RECLASSIFICATION

The following amount previously reported in the 2020 financial statements have been reclassified to conform to the 2021 financial statement presentation. Such classification has no effect on net assets.

	As reported previously RM'000	Reclassification RM'000	As Reclassified RM'000
The Group			
Statements of Financial Position			
Current assets			
Property development costs	506,453	26,608	533,061
Contract assets	275,037	(26,608)	248,429

43. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

- (a) On 26 March 2021, the Company entered into a Memorandum of Understanding ("MoU") with Ho Wah Genting Berhad ("HWGB") and HWGB EV Sdn Bhd ("HWGB EV") to establish a basis of cooperation and collaboration between the parties for an investment by the Company in HWGB EV. HWGB EV, whose intended principal business is wholesale and retail of new motor vehicles, manufacture of passenger cars and sale of other motor vehicles, is interested to introduce electric vehicles in Malaysia ("EV Project").

Since the date of the MOU, there has not been any material development on the MOU as the Company is still in the process of evaluating the feasibility of the EV Project.

- (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 various levels of Movement Control Order ("MCO") as precautionary measures to curb the spread of COVID-19 outbreak in Malaysia. Due to the increase in cases in the country, the Government again imposed MCO with effect from 1 June 2021 followed by a four-phase National Recovery Plan with specific threshold indicators to decide the classification of different states into different phases. National Recovery Plan is still ongoing with all the states are in Phase 3 and Phase 4.

The 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 and the Company operate in. The imposition of the MCOs had resulted in disruptions especially to the Group's Property and Construction Divisions, resulting in delays in construction progress of the Group's property development and construction divisions and consequently resulted in lower revenue in the current year.

The Group is committed to strict compliance of the Government's SOPs for all its worksites and premises under the "New Normal" of business operations. 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

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 2021 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
28 October 2021

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 28th day of October, 2021.

Before me,

COMMISSIONER FOR OATHS

DEVELOPMENT PROPERTIES

Location	Tenure	Initial gross land area	Balance of net land area for development	Usage	Net book value as at 30 June 2021 RM'000	Date of acquisition/ revaluation*
Geran 36409, Lot No. 3783, Mukim and Daerah Klang Selangor	Freehold	387.74 acres	3.20 acres	Proposed mixed development	2,159	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	28,037	24.6.2002
Geran No. 123368 Lot 4193 Geran No. 123369 Lot 4194	Freehold	41.73 acres	38.34 acres	Proposed mixed development	16,102	22.8.2006
Geran No. 123370 Lot 4195						24.5.2007
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						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	3,434	27.7.2002

GROUP PROPERTIES

(cont'd)

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 2021 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	Proposed Commercial development	3,218	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	172,110	10.11.2011
PN 28792 to 28794, Lot No. 65928 to 65930, Mukim Pekan Desa Puchong Daerah Petaling Selangor	Leasehold expiring on 17.4.2104	8.03 acres	8.03 acres	Proposed Residential development	4,000	21.5.2007

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.

GROUP PROPERTIES

(cont'd)

157

INVESTMENT PROPERTIES

Location	Tenure	Approximate age of the building year	Net lettable area Sq. Ft	Usage	Net book value as at 30 June 2021 RM'000	Date of acquisition/ revaluation*
Mezzanine Floor Menara Goldstone (Holiday Inn Express) Jalan Raja Chulan Kuala Lumpur	Freehold	37	7,631.62	Office	5,600	30.6.2021*
Level 6 Menara Goldstone (Holiday Inn Express) Jalan Raja Chulan Kuala Lumpur	Freehold	37	8,976.00	Office	6,560	30.6.2021*
Menara Khuan Choo Lot 20021, PN 52798 Seksyen 57 Bandar Kuala Lumpur WP Kuala Lumpur	Leasehold expiring on 11.11.2113	3	68,587.64	Office	125,000	30.6.2021*
Unit 2-111A 2nd Floor, Endah Parade Shopping Mall, Bukit Jalil Kuala Lumpur	Leasehold expiring on 19.2.2083	22	462.00	Retail	130	1.12.1996
15th Floor, Menara Liberty, 1008 Jalan Sultan Ismail Kuala Lumpur	Leasehold expiring on 6.2.2078	20	12,989.00	Office	7,100	30.6.2021*
20th Floor, Menara Liberty, 1008 Jalan Sultan Ismail Kuala Lumpur	Leasehold expiring on 6.2.2078	20	10,060.00	Office	7,900	30.6.2021*
21st & 22nd Floor Menara Liberty 1008, Jalan Sultan Ismail Kuala Lumpur	Leasehold expiring on 6.2.2078	20	21,673.00	Office	11,800	30.6.2021*
L12-21, L12-22, L12-23, Wangsa 118 Jalan Wangsa Delima Wangsa Maju Kuala Lumpur	Leasehold expiring on 19.4.2104	6	8,839.00	Office	4,635	30.6.2021*
Ground and Sub- basement Floor Bukit Jalil City Kuala Lumpur	Freehold	-	-	Car Parks	41,905	30.6.2021*

GROUP PROPERTIES

(cont'd)

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 2021 RM'000	Date of acquisition
4th Floor, Wisma Tecna, No. 18A Section 51A/223 46100 Petaling Jaya Selangor	Leasehold expiring on 8.9.2067	23	20,342.00	Office	4,500	28.2.2001

* Date of valuation

STATEMENT OF SHAREHOLDERS

159

ORDINARY SHARES AS AT 30 SEPTEMBER 2021

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 2021

Size of Shareholdings	No of Holders	Total Holdings	%
Less than 100	61	2,067	#
100 to 1,000	1,465	1,232,788	0.23
1,001 to 10,000	3,955	20,843,239	3.95
10,001 to 100,000	2,209	73,388,109	13.90
100,001 to less than 26,407,027*	404	235,190,844	44.53
26,407,027* and above	4	197,483,494	37.39
	8,098	528,140,541	100.00

Negligible

* 5% of the Share Capital

SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2021

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	14,988,900	2.84	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 2021

Names	Direct Interest		Deemed Interest	
	No of Shares	%	No of Shares	%
Tan Sri Lim Siew Choon	14,988,900	2.84	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)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS OF ORDINARY SHARES AS AT 30 SEPTEMBER 2021

	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.	Affin Hwang Nominees (Tempatan) Sdn Bhd (Pledged securities account for Koh Goh Yuan)	19,246,100	3.64
6.	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB for Prinsip Waras Sdn Bhd)	18,600,000	3.52
7.	Affin Hwang Nominees (Tempatan) Sdn Bhd (Pledged securities account for Tan Sri Lim Siew Choon)	14,773,900	2.80
8.	Malton Corporation Sdn Bhd	10,417,995	1.97
9.	Tan Yu Yeh	6,757,500	1.28
10.	LTK (Melaka) Sdn Bhd	5,299,500	1.00
11.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Exempt AN for UOB Kay Hian Pte Ltd)	5,104,000	0.97
12.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lee Kim Hooi)	4,057,000	0.77
13.	Ooi Chieng Sim	3,379,400	0.64
14.	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB for Choo Chuo Siong)	3,008,000	0.57
15.	Affin Hwang Nominees (Tempatan) Sdn Bhd (Pledged securities account for Chee Chi Yun)	3,005,000	0.57
16.	Citigroup Nominees (Tempatan) Sdn Bhd (UBS AG Singapore for Toh Hooi Hak)	2,655,300	0.50
17.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged securities account for GJH Capital Sdn Bhd)	2,318,200	0.44
18.	Yeoh Phek Leng	2,146,000	0.41

STATEMENT OF SHAREHOLDERS

(cont'd)

161

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS OF ORDINARY SHARES AS AT 30 SEPTEMBER 2021 (Cont'd)

	Names	No of Shares	%
19.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lee Kian Jin)	1,905,000	0.36
20.	Ng Seng Beng	1,882,100	0.36
21.	Lim Tai Soon	1,770,000	0.33
22.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Khoo Cai Pek)	1,675,000	0.32
23.	Tan Ah Heng	1,650,000	0.31
24.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for The Hongkong and Shanghai Banking Corporation Limited)	1,595,000	0.30
25.	Ang Sue Wen	1,500,000	0.28
26.	Tan Kok	1,481,700	0.28
27.	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged securities account for Kok Boon Kiat)	1,450,000	0.28
28.	Affin Hwang Nominees (Tempatan) Sdn Bhd (Pledged securities account for Gan Siong Kang)	1,410,000	0.27
29.	Tan Kok	1,388,000	0.26
30.	Khoo Chai Heng	1,247,100	0.24
	TOTAL	317,205,289	60.06

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting (26th AGM) of MALTON BERHAD (Company) will be held on a fully virtual basis via online meeting platform of www.swsb.com.my provided by Shareworks Sdn. Bhd. in Malaysia on Thursday, 25 November 2021 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 2021 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 26 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 Tan Sri Lim Siew Choon 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 Puan Sri Tan Kewi Yong who retires by rotation pursuant to Article 86 of the Constitution and being eligible, offered herself for re-election. | Ordinary Resolution 3 |
| 5. | To re-elect Dato' Siew Mun Wai who retires by rotation pursuant to Article 86 of the Constitution and being eligible, offered himself for re-election. | Ordinary Resolution 4 |
| 6. | 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 5 |

SPECIAL BUSINESS

- | | | |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 7. | Authority to allot and issue shares | Ordinary Resolution 6 |
| | <p>"THAT 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 10% or up to the threshold as approved by Bursa Malaysia Securities Berhad (Bursa Securities) of the total number of issued shares of the Company (excluding treasury shares, if any) at the time of issue AND THAT the Directors be and are also empowered to seek the approval from Bursa Securities for the listing of and quotation for the additional shares 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)

163

8. Proposed Renewal of Authority for Share Buy Back

Ordinary
Resolution 7

"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)

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 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 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 29 October 2021 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 9 |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|

"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 29 October 2021 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)

11. Proposed Allocation of Options under Malton Employees' Share Option Scheme (Malton ESOS) to Dato' Siew Mun Wai Ordinary resolution 10

"THAT the Board of Directors of the Company be and is hereby authorised, at any time and from time to time, to offer and grant Dato' Siew Mun Wai, being an Independent Non-Executive Director of the Company, options under Malton ESOS (Options) to subscribe for new ordinary shares of Malton (Malton Shares) in accordance with the provisions of the By-Laws of the Malton ESOS and if such Options are accepted and exercised, to allot and issue such number of new Malton Shares in accordance with the provisions of the By-Laws of the Malton ESOS, provided that at any one time when an offer is made:-

- (a) not more than seventy percent (70%) of the Options available under the Malton ESOS shall be allocated, in aggregate, to the directors and senior management of Malton Group (Malton and its subsidiaries); and
- (b) not more than ten percent (10%) of the total number of Options shall be allocated to Dato' Siew Mun Wai, as long as Dato' Siew Mun Wai either singly or collectively through persons connected with him (as defined in the Main Market Listing Requirements), holds twenty percent (20%) or more of the issued share capital of Malton (excluding treasury shares, if any).

AND, subject always to such terms and conditions and/or adjustments which may be made in accordance with the provisions of the By-Laws of the Malton ESOS."

BY ORDER OF THE BOARD

HOR SHIOW JEI
(MAICSA 7023954) (SSM Pc No. 202008003615)
Company Secretary

Kuala Lumpur
Dated: 29 October 2021

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, 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 2021 shall be eligible to attend the 26th AGM of the Company or appoint a proxy to attend and vote on his/her behalf.

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

EXPLANATORY NOTES ON ORDINARY RESOLUTIONS AND/OR SPECIAL BUSINESS

FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 30 JUNE 2021

The Financial Statements of the Company for the year ended 30 June 2021, 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 1

The proposed Ordinary Resolution 1 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 26th 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

ORDINARY RESOLUTION 6

Ordinary Resolution 6 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 25th AGM of the Company held on 25 November 2020 which will expire at the conclusion of the 26th AGM of the Company to be held on 25 November 2021.

As at 28 October 2021, the mandate obtained from the shareholders at the 25th AGM of the Company was not utilised, thus no proceeds were raised from this mandate.

ORDINARY RESOLUTION 7

The proposed Ordinary Resolution 7, 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 8 AND 9

The proposed Ordinary Resolutions 8 and 9, 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 29 October 2021 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.

ORDINARY RESOLUTION 10

The Proposed Allocation of Options under Malton Employees' Share Option Scheme to Dato' Siew Mun Wai requires the approval of the shareholders of Malton Berhad pursuant to the provisions of the Main Market Listing Requirements and the Constitution of Malton Berhad.

This page has been intentionally left blank.

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-Sixth Annual General Meeting of Malton Berhad (26th AGM of the Company) to be held on fully virtual basis via online meeting platform of www.swsb.com.my provided by Shareworks Sdn Bhd in Malaysia on Thursday, 25 November 2021 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 26 th AGM of the Company until the conclusion of the next Annual General Meeting (AGM) of the Company		
Ordinary Resolution 2	To re-elect Tan Sri Lim Siew Choon 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 Puan Sri Tan Kewi Yong who retires by rotation pursuant to Article 86 of the Constitution and being eligible, offered herself for re-election		
Ordinary Resolution 4	To re-elect Dato' Siew Mun Wai who retires by rotation pursuant to Article 86 of the Constitution and being eligible, offered himself for re-election.		
Ordinary Resolution 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 6	Authority to allot and issue shares		
Ordinary Resolution 7	Proposed Renewal of Authority for Share Buy Back		
Ordinary Resolution 8	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 9	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 10	Proposed Allocation of Options under Malton ESOS to Dato' Siew Mun Wai		

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.
- 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.
- 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 2021 shall be eligible to attend the 26th AGM of the Company or appoint a proxy to attend and vote on his/her behalf.

Please fold here

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

Malton Berhad [Registration No: 199401035205 (320888-T)]
19-0, Level 19, Pavilion Tower
75, Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia
Tel No. : 03-2088 2888
Fax No. : 03-2088 2999