

# **Building Resilience**

Annual Report 2021

# Cover Rationale



## Building Resilience

Our Annual Report 2021 cover depicts the transformation to the new normal and emphasising on business resilience.

The COVID-19 pandemic has made it more challenging to manage different stakeholders' interests. MKH has embraced the challenges by building resilience across our businesses. Becoming more resilient not only help our Group and our valuable employees get through difficult circumstances, but it also empower us to grow, accept changes and adapt to the new normal.

## 42nd Annual General Meeting

will be held fully virtual through live streaming, details as follows:

Date :	9 March 2022
Time :	10:00 a.m.
Broadcast Venue :	Emerald Ballroom, 1st Floor, RHR Hotel @ Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan, Malaysia.

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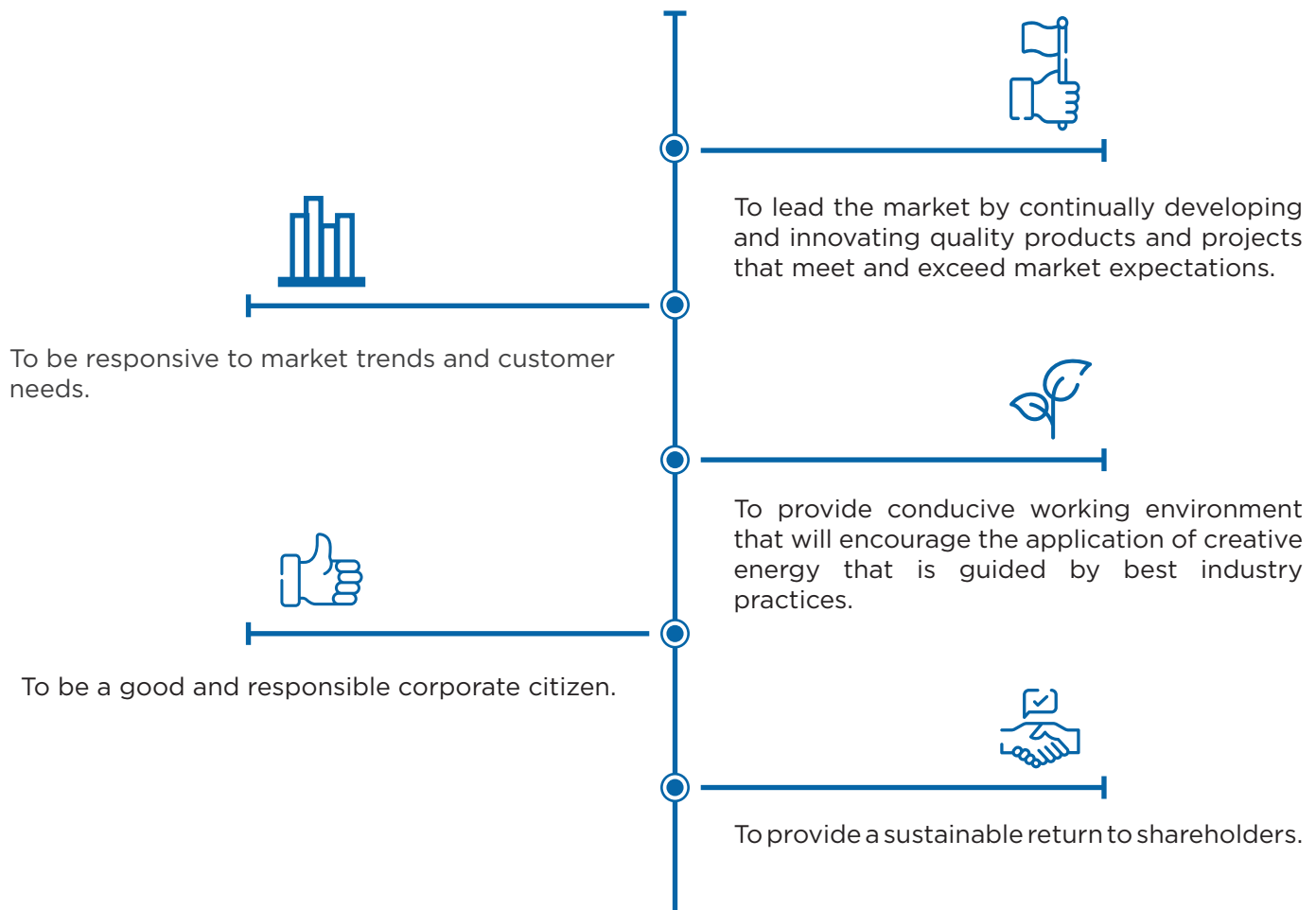
# Vision & Mission



## Vision

To be a leading corporation in delivering sustainable growth.

## Mission



# Core Value

Grounded by the promise of **DELIVERING VALUE**, we take pride in living by a set of shared core values that define our culture and business operations, thus helping us to create value for our clients, our people and our organisation.



# Corporate Milestone

Guided by visionary leadership, we have forged a strong foundation through successful diversification of businesses that empowers the creation of true value for our stakeholders.

We are committed to continually refine our business models to ensure long-term success.

## 1979

- Established as private limited company:  
**Srijang Bena Sdn. Bhd.**
- Built first landed residential development:  
**Taman Bukit Indah**

## 1983

- Established building materials trading division:  
**Metro Kajang Trading Sdn. Bhd.**

## 1993

- Built first joint venture development with Selangor state government:  
**Bandar Teknologi Kajang**
- Built first high-rise development in Kajang

## 1994

- Established property investment sector
- Built first shopping complex in Kajang:  
**Plaza Metro Kajang**

## 1995

- Srijang Bena Sdn. Bhd. rebranded:  
**Metro Kajang Holdings Berhad**
- Officially listed on Bursa Malaysia as “MKH” under stock code “6114”

## 2000

- Established Furniture Manufacturing Division in China:  
**Vast Furniture Manufacturing (Kunshan) Co. Ltd**

## Corporate Milestone

### 2007

- Built second shopping complex in Kajang: **Metro Point Complex**

### 2008

- Established oil palm plantation sector
- Acquired **PT Maju Kalimantan Hadapan**

### 2011

- Metro Kajang Holdings Berhad rebranded: **MKH Berhad**

### 2014

- Metro Kajang Trading Sdn. Bhd. rebranded: **MKH Building Materials Sdn. Bhd.**

### 2017

- **PT Maju Kalimantan Hadapan** achieved Indonesian Sustainable Palm Oil certification

### 2020

- PT Maju Kalimantan Hadapan received Gold Award for Best Foreign Owned Company

# Company Profile

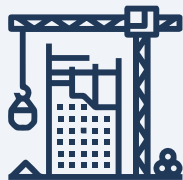
Established in 1979, MKH Berhad (“MKH”) is a Malaysian public listed company originating from Kajang, Selangor that has established a prominent brand presence in Selangor, Kuala Lumpur and East Kalimantan, Indonesia.

As a distinguished property developer involved in transforming Kajang, our property portfolio comprises well-planned landed residentials, townships and integrated high rises in the Klang Valley. As part of our diversification with an aim to create and deliver sustainable value to our stakeholders, we ventured into oil palm cultivation in East Kalimantan, Indonesia in 2008. The Group’s other businesses include property investment, building materials trading and furniture manufacturing.

To deliver value creation to homebuyers, MKH continuously embark on new ways to enhance liveability standards for our homebuyers. Eco-friendly features are incorporated into our houses and apartments and many of our developments are strategically located close to the KTM commuter or MRT station. We innovate homes that are suitable for multi-generational living.

Our oil palm plantation comprises of 2 estates in East Kalimantan held under PT Maju Kalimantan Hadapan (“PT MKH”) and PT Sawit Prima Sakti (“PT SPS”) totalling 18,338 hectares (45,438 acres) together with a 90 MT per hour CPO mill. The estates recorded good fresh fruit bunches (“FFB”) yield averaging 28 to 30 MT/hectare per year. For the financial year 2021 (“FY2021”), the crude palm oil (“CPO”) production was 89,000 MT.

## CORE BUSINESS



**Property Development  
and Construction**



**Plantation**



**Property Investment**



**Building Materials Trading**

# Company Profile



MKH Berhad headquarters

We established our property investment division in 1996. This division is anchored by our 2 eco-friendly solar panel equipped shopping malls – Plaza Metro Kajang and Metro Point Complex, which are strategically located in Kajang town centre and offer extensive range of groceries, leisure and eatery conveniences for the community.

For MKH Building Materials Sdn. Bhd., this division was originally established as a purchasing arm to support our property development division in 1983. To generate long-term sustainable growth, it evolved into a reputable supplier of quality products to contractors and property-related businesses, with nearly 4 decades in the trading industry.

Guided by its core values and beliefs, MKH is mindful of the need to have a sustainable growth strategy and supports it by taking into account sustainable practices in economic, environmental and social aspects.

Through meaningful social investment and community engagement, we aspire to foster stable relationships with our key stakeholders as well as the greater community, and we are driven by determination in our journey forward towards a sustainable future.

The Company's roots can be traced back to its establishment in

**1979**

Listed on the **Main Market of Bursa Malaysia Securities Berhad** in

**1995**

# Awards & Achievements FY2021



## Property

In FY2021, MKH ranked 13th among Top 30 Property Developers in Malaysia at The Edge Malaysia Top Property Developer's Awards 2021 with high scores in innovation & creativity for development projects that create value for our homebuyers and investors.

## Plantation

PT Maju Kalimantan Hadapan was awarded by the Provincial Government of East Kalimantan the Zero Accident Award for the period of 1 June 2017 until 31 December 2020.



## Plantation

PT Maju Kalimantan Hadapan received the Gold Award for COVID-19 Prevention Program at Workplace from the Provincial Government of East Kalimantan.

# FY2021 Highlights



Achieved Group Revenue of  
**RM913.6 million**  
Achieved Profit Before Tax of  
**RM161.1 million**

Achieved fresh fruit bunches  
("FFB") production of  
**441,000 MT**  
with average FFB yield of  
**28 MT per hectare**

Contributed approximately  
**RM664,033**  
through community engagement  
that supported a total of  
**50 beneficiaries**  
which included education  
institutions, local authorities and  
non-profit organisation

## Top 13th

Developer in Malaysia during  
the The Edge Malaysia Top  
Property Developers Awards  
2021



PT Maju Kalimantan Hadapan  
is planted with

**14,877 hectares**  
of oil palm trees aged  
between 10 and 13 years old,  
while PT Sawit Prima Sakti is  
planted with

**1,531 hectares**  
of trees aged between 4 and  
10 years old



Launched  
**three (3)**  
property developments  
which contributed  
**57%**  
of the total FY2021  
new sales of

**RM417.5 million**



**Home  
Ownership  
Campaign  
2020/2021**

- **MKH Ganjaran Raya 2021**  
– **21** residential and  
commercial projects
- **MKH Super Saver Merdeka**  
– **22** residential and  
commercial projects

PT Maju Kalimantan Hadapan  
donated

**50 units**  
of Oxygen Regulators to  
hospital in East Kalimantan



**Monitored  
employees'  
health and  
safety**

- **Work From Home**
- **Air Purifier** units at common  
areas in the office
- Undergo a **Covid-19 self-test**  
every two weeks
- Established strict **SOPs**  
as per Ministry of Health  
guidelines

# 5 Years Group Financial Highlights

	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000 (Restated)	2017 RM'000
<b>INCOME STATEMENT</b>					
Revenue	<b>913,572</b>	911,926	1,121,657	1,081,701	1,068,834
Profit before taxation	<b>161,054</b>	116,476	158,373	128,232	193,592
Profit After Taxation	<b>102,708</b>	66,267	97,477	76,613	124,843
Profit Attributable to Shareholders of the Company	<b>80,435</b>	41,737	82,561	70,865	128,207
<b>BALANCE SHEET</b>					
Issued and Paid up Capital	<b>654,459*</b>	654,459*	654,459*	654,459*	613,315*
Shareholders' Equity	<b>1,706,069</b>	1,632,609	1,615,885	1,552,635	1,476,995
<b>RATIOS</b>					
Single Tier Dividend Per Share (sen)	<b>3.50</b>	3.00	4.00	3.50	5.00
Net Earnings Per Share (sen)	<b>13.93</b>	7.22	14.25	12.19	24.18
Net Assets Per Share (RM)	<b>2.95</b>	2.83	2.79	2.67	2.62
Debt/Equity ratio (%)	<b>32.2</b>	40.0	42.4	43.3	52.3
Return on Shareholders' Equity (%)	<b>4.7</b>	2.6	5.1	4.6	8.7

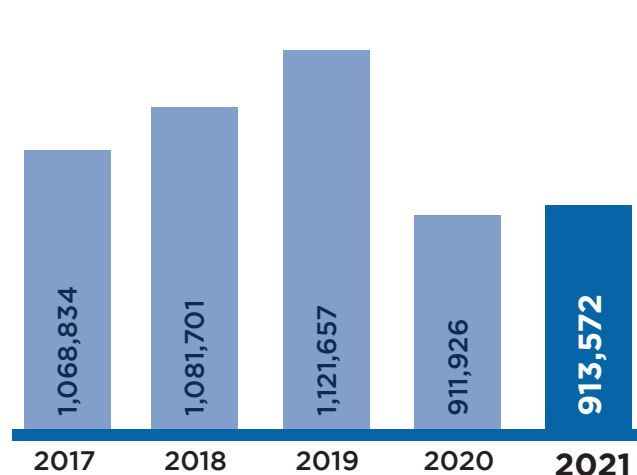
\* With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium account has been transferred into the share capital account pursuant to the transitional provisions set out in Section 618 (2) of the new Act.

@ Attributable to the equity holders of the Company.

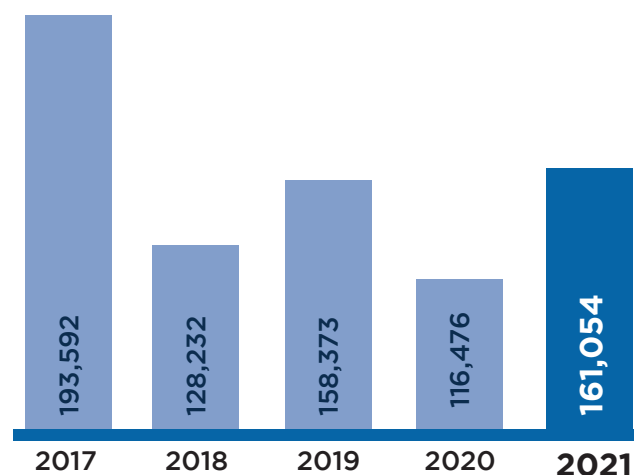
The financial statements for FY2021 to FY2018 (Restated) are prepared in accordance with Malaysian Financial Reporting Standards (MFRSs). The financial statements of the previous financial years (FY2017) was prepared in accordance with Financial Reporting Standards (FRSs) in Malaysia.

## 5 Years Group Financial Highlights

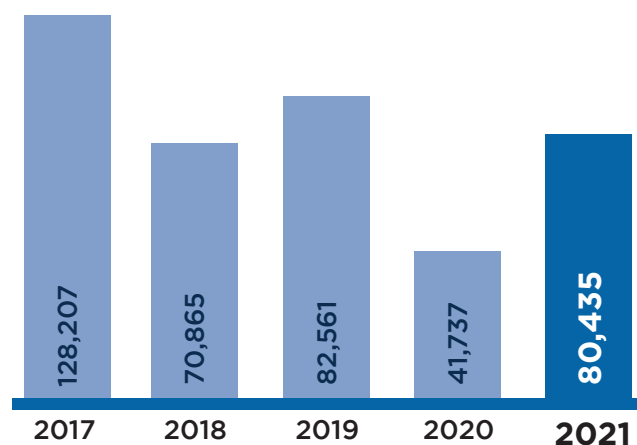
Revenue (RM'000)



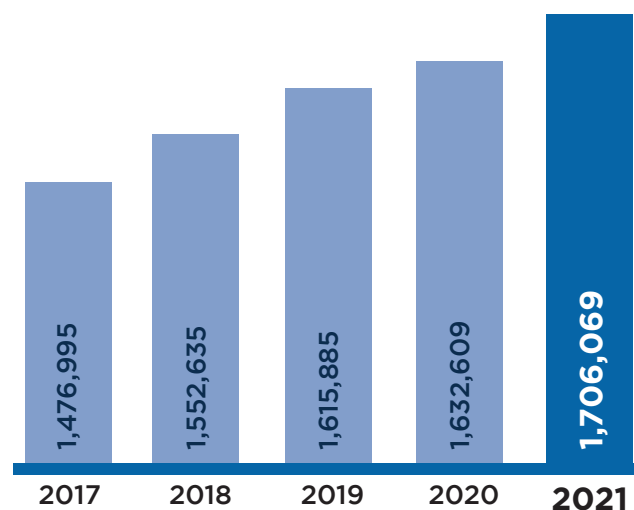
Profit before taxation (RM'000)



Profit Attributable to Shareholders of the Company (RM'000)



Shareholders' Equity (RM'000)



# Corporate Information

## BOARD OF DIRECTORS

Y. Bhg. Tan Sri Dato' Chen Kooi Chiew @ Cheng Ng Chong  
 Y. Bhg. Tan Sri Datuk Chen Lok Loi  
 Y. Bhg. Datuk Chen Fook Wah  
 En. Jeffrey bin Bosra  
 Y. Bhg. Datuk Mohammad bin Maidon  
 Y. Bhg. Dato' Lim Hong Shuan

Group Executive Chairman  
 Group Managing Director  
 Deputy Managing Director  
 Senior Independent Non-Executive Director  
 Independent Non-Executive Director  
 Independent Non-Executive Director

### Audit Committee

Jeffrey bin Bosra (*Chairman*)  
 Y. Bhg. Datuk Mohammad bin Maidon (*Member*)  
 Y. Bhg. Dato' Lim Hong Shuan (*Member*)

### Nomination Committee

Jeffrey bin Bosra (*Chairman*)  
 Y. Bhg. Datuk Mohammad bin Maidon (*Member*)  
 Y. Bhg. Dato' Lim Hong Shuan (*Member*)

### Remuneration Committee

Y. Bhg. Datuk Mohammad bin Maidon (*Chairman*)  
 Jeffrey bin Bosra (*Member*)

### Chief Financial Officer

Kok Siew Yin (MIA 15343)

### Group Company Secretary

Tan Wan San (MIA 10195)  
 (SSM Practicing  
 Certificate No. 201908001048)

### External Auditors

Deloitte PLT (AF 0080)  
 Level 16, Menara LGB  
 1, Jalan Wan Kadir  
 Taman Tun Dr. Ismail  
 60000 Kuala Lumpur  
 Tel No : (603) 7610 8888  
 Fax No: (603) 7726 8986

### Panel Solicitors

Khaled Mutang Chan & Lim  
 Ling & Theng Book  
 Markiman & Associates  
 Michael Chen & Co.  
 Steven Tai, Wong & Partners

### Principal Bankers

- Affin Bank Berhad
- Al Rajhi Banking & Investment Corporation (Malaysia) Bhd
- AmBank (M) Berhad
- AmBank Islamic Berhad
- Bank of China (Malaysia) Berhad
- Bank Islam Malaysia Berhad
- Bank Muamalat Malaysia Berhad
- CIMB Islamic Bank Berhad
- Hong Leong Bank Berhad
- Hong Leong Islamic Bank Berhad
- HSBC Bank Malaysia Berhad
- HSBC Amanah Malaysia Berhad
- Industrial and Commercial Bank of China (Malaysia) Berhad
- Malayan Banking Berhad
- Maybank Islamic Berhad
- OCBC Bank (Malaysia) Berhad
- OCBC Al-Amin Bank Berhad
- RHB Bank Berhad
- RHB Islamic Bank Berhad
- United Overseas Bank (Malaysia) Berhad
- United Overseas Bank Limited

### Registrar

Tricor Investor & Issuing House  
 Services Sdn Bhd  
 Unit 32-01, Level 32, Tower A  
 Vertical Business Suite  
 Avenue 3, Bangsar South  
 No. 8, Jalan Kerinchi  
 59200 Kuala Lumpur  
 Tel No : (603) 2783 9299  
 Fax No: (603) 2783 9222

### Registered Office

Suite 1, 5th Floor  
 Wisma MKH, Jalan Semenyih  
 43000 Kajang  
 Selangor Darul Ehsan  
 Tel No : (603) 8737 8228  
 Fax No: (603) 8736 5436

### Stock Exchange Listing

Main Market of Bursa Malaysia  
 Securities Berhad  
 Stock Code : MKH  
 Stock No : 6114

### Corporate Website

[www.mkhberhad.com](http://www.mkhberhad.com)

# Corporate Structure

## PROPERTY AND CONSTRUCTION DIVISION

- Achieve Acres S/B (85%)
- Aliran Perkasa S/B (100%)
- Amona MKH Ventures S/B (100%)  
(f.k.a. MKH IHS Precast S/B)
- Budi Bidara S/B (100%)
- Danau Saujana S/B (51%)
- Dapat Jaya Builder S/B (100%)  
Rimbunan Melati S/B (45%)
- Europixel S/B (100%)
- Everland Asia Development S/B (100%)
- Gabung Wajib S/B (100%)  
Alif Mesra S/B (65%)  
Amona Metro Development S/B (60%)  
Temara Pekeliling S/B (84%)
- Gerak Teguh S/B (100%)
- GK Resort Berhad (100%)  
PNSB-GK Resort S/B (70%)
- Intelek Kekal (M) S/B (100%)
- Intra Tegas (M) S/B (100%)
- Kajang Resources Corporation S/B (100%)  
MKH Property Ventures S/B (51%)  
Panasonic Homes MKH Malaysia S/B (49%)
- Kumpulan Indah Bersatu S/B (100%)  
Palga S/B (100%)  
Hiliran Juara S/B (100%)
- Metro K.L. City S/B (100%)
- Metro Kajang Construction S/B (100%)
- MKH Development S/B (100%)
- MKH Land (Aust) Pty Ltd (100%)
- Nexus Starship S/B (100%)  
Quantum Density S/B (50.0004%)
- Pelangi Binaraya S/B (100%)
- Pelangi Semenyih S/B (100%)
- Pelangi Seri Alam Development S/B (100%)  
Hillpark Resources S/B (100%)
- Perkasa Bernas (M) S/B (100%)  
Daksina Harta S/B (40%)
- Petik Mekar S/B (100%)
- Serba Sentosa S/B (100%)
- Serentak Maju Corporation S/B (100%)
- Srijang Kemajuan S/B (99.99%)
- Stand Allied Corporation S/B (100%)
- Sumber Lengkap S/B (100%)
- Suria Villa S/B (100%)
- Vista Haruman Development S/B (55%)



## NON-PROPERTY DIVISION

- MKH Oil Palm (East Kalimantan) S/B (100%)  
(f.k.a. MKH Global Plantation S/B)  
PT Maju Kalimantan Hadapan (95%)  
PT Nusantara Makmur Jaya (100%)
- Global Landscape Creation S/B (51%)
- MKH Plantation S/B (100%)  
PT Sawit Prima Sakti (75%)
- Intelek Murni (M) Berhad (100%)
- Juda Universe S/B (60%)
- Metro Kajang (Oversea) S/B (100%)  
Vast Furniture Manufacturing  
(Kunshan) Co. Ltd. (100%)
- Metro Nusantara S/B (100%)
- Metro Readymix S/B (100%)
- Metro Tiara (M) S/B (100%)
- MKH Building Materials S/B (100%)  
Sunway MKH Marketing S/B (49%)
- MKH Credit Corporation S/B (100%)
- MKH Food S/B (100%)
- MKH Management S/B (100%)
- MKH Resources S/B (100%)
- Srijang Indah S/B (100%)  
Laju Jaya S/B (100%)  
Maha Usaha S/B (100%)  
Metro Emart S/B (100%)  
Hexapace S/B (100%)  
Mercuri Jasakita S/B (100%)





## Property Development & Construction

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As a property developer that started out in Kajang, we built our first residential township in 1979, followed by our first high-rise development in 1993, and Kajang's first shopping complex in 1994.

While our products have evolved over the past few decades to meet the ever-changing needs of the people, our brand promise remained the same - to deliver value to our stakeholders in the aspects of quality, affordability and practicality, and it is on the same principle that we stood by in our exploration and establishment of new business opportunities.

**22%**

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Total Segment Profit  
Before Tax Contribution



**56%**

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Contribution To Total  
Group Revenue

# Chairman's Statement

**Dear Shareholders,**

**On behalf of the Board of Directors and the management, it is my great pleasure to present to you the Annual Report of MKH Berhad ("MKH" or "the Group") for the financial year ended 30 September 2021 ("FY2021").**



It has been another challenging year due to the COVID-19 pandemic which continue to impact the economy and life of everyone both locally and abroad. Despite the challenges, our Group recorded a commendable performance building on our strong vision and resilience. For FY2021, the Group's profit before tax ("PBT") increased by 38% to RM161.1 million (FY2020: RM116.5 million).

A more detailed review of the Group's performance is covered under the section on "Management Discussion and Analysis Report" in this Annual Report.

Malaysia's gross domestic product ("GDP") is expected to grow between 5.5% and 6.5% in 2022 after a 4.5% contraction in the third quarter of 2021. The various stimulus packages implemented by the Government is expected to have spill over effects and provide additional boost to the economy in 2022.

The Group continues to leverage on strong demand for affordable housing emphasising on affordable pricing, good location and the right product mix. For FY2021, the Property Development and Construction Division recorded a lower revenue and PBT of RM509.0 million and RM36.2 million respectively

mainly due to the temporary disruption of physical construction work for ongoing development projects arising from the Movement Control Order ("MCO").

In line with the good demand for transit-oriented urban development model ("TOD"), MKH has been developing TOD projects that are well-located along the Klang Valley transit system such as Nexus @ Taman Pertama in Cheras, MKH Boulevard 2 in Kajang, Nexus @ Kajang Station, MIRAI Residences @ Kajang 2 Precinct 1 (ongoing service apartment projects) and the new service apartment project known as TR2 Residence @ Jalan Tun Razak, Kuala Lumpur.

The Group has been actively carrying out marketing activities through digital and social media platforms to widen our market reach and increase engagement with potential buyers, pacing new property launches and synergizing with the extension of the well-received Home Ownership Campaign ("HOC").

## Chairman's Statement

As at 30 September 2021, the Group recorded an unbilled sales value of RM947.2 million that was mainly attributable to new and ongoing property development projects namely Hillpark Shah Alam, Inspirasi @ Mont Kiara, Kajang East Precinct 1, MKH Boulevard 2, Nexus @ Kajang Station, Bandar Teknologi Kajang Shops, Hillpark 3 Phase 1B Shops, Kajang East Avenue Shops, MIRAI Residences @ Kajang 2 Precinct 1 and Nexus @ Taman Pertama.

For FY2021, the Plantation Division recorded a substantially higher revenue and profit before tax of RM294.5 million and RM101.9 million respectively mainly due to higher average crude palm oil ("CPO") selling price and inclusion of unrealised foreign exchange gains of RM8.0 million.

The announcement by the Indonesian Government on the shifting of the administrative capital of Indonesia to East Kalimantan have a positive effect as it will accelerate the economic and infrastructure development in East Kalimantan where our plantation is located.

In recognising the importance of innovation in value creation for our businesses, our oil palm plantation located in East Kalimantan, Indonesia continues to expand on the use of mechanical-assisted collection of fresh fruits bunches ("FFB") and the use of software apps for monitoring. The Plantation Division also utilises drones to enhance good agriculture practices and monitoring. The combined program assists management to analyse field condition and palm growth; conduct palm census; monitor road access and water flows which contribute towards good estate management. We will continue to focus on our efforts to maximise CPO production and operation efficiency.

The Plantation Division is operating as usual albeit with added biosecurity measures against COVID-19. To date, our plantation was able to ensure an uninterrupted business operation for continued sustainability and revenue generation. Part of our corporate social responsibilities ("CSR") initiative included continued education of biosecurity measures for our employees and the general public, reinforced with donation of 100,000 masks to communities identified to be at risk from the pandemic.



Unloading of fresh fruit bunches from our plantation estate to our CPO mill



## Chairman's Statement



Artist's impression of landscape at Kajang 2 Precinct 2

Our Building Materials Trading Division has also established its own ironmongeries trademarked EGON and sanitary fittings, CASCADA to fit the aesthetically needs of modern residential and commercial projects that can enhance the prestige of the property.

At our Hotel and Property Investment Division, the Group extended support to our tenants at Plaza Metro Kajang and Metro Point Complex by giving rental rebates for eligible tenants to ease their financial burdens during the Movement Control Order.

During the financial year, the Group contributed approximately RM664,000 in community engagement that benefitted 50 educational institutions, community clubs and charitable organisations.

MKH's sustainability progress is further detailed in the section on "Sustainability Report" of this Annual Report, from page 29 to page 40.

**Group have contributed approximately  
RM664,000 to**



**educational institutions**



**charitable organisations**



**community clubs**

# Chairman's Statement



For FY2021, a first interim dividend of 3.5 sen per ordinary share amounting to approximately RM20.2 million was declared on 29 November 2021 and paid on 7 January 2022. This represents a distribution of approximately 25.1% of the Group's net profit attributable to shareholders.

Moving forward, we are confident that the Group is well positioned to create sustainable businesses with our TOD model. While the Klang Valley residential market in general is foreseen to remain challenging, we are confident that our strategy of building affordable housing at good location with TOD concept will continue to receive good take up rate.

With the on-going vaccination programme by the Government and with more than 97% of adult Malaysians fully vaccinated, we can increase our engagement with potential buyers to visit our sales gallery and promoting our new property launches in addition to our digital marketing campaign.

We are also optimistic that crude palm oil ("CPO") price will remain well supported in 2022 with the current CPO price trading above RM4,000/MT (net of export levy and duty) in Indonesia. This is due to continued good demand and a tighter global palm oil stocks, due to wet weather impact and labour constraints arising from the COVID-19 pandemic.

On behalf of the Board of Directors, I would like to express our sincere appreciation and thanks to our valued shareholders, customers, bankers, business associates and regulatory authorities for their continued support towards the Group. I would also like to extend my heartfelt gratitude to my Board members, management team and all employees for their commitment and teamwork towards the Group's success.

I believe that MKH Berhad is well positioned to achieve greater success in year 2022 with the continued support from all of our stakeholders.

Thank you.

**Tan Sri Dato' Alex Chen Kooi Chiew**  
Group Executive Chairman





## Plantation

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### Oil Palm Plantation

MKH Berhad (“MKH” or “The Group”) ventured into oil palm plantation in 2008. The Group has 18,338 hectares (45,438 acres) of plantation land in East Kalimantan, about 75km from Kota Samarinda, Indonesia.

**63%**

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Total Segment Profit  
Before Tax Contribution



**32%**

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Contribution To Total  
Group Revenue



# Management Discussion and Analysis Report

**This Report provides a discussion and analysis of the Group's financial performance for the financial year ended 30 September 2021 ("FY2021"), including explanations for significant fluctuations over the previous financial year.**

The Group's principal business segments, which remained unchanged from the preceding year, comprise Property Development and Construction; Plantation; Hotel and Property Investment; and Others. The segment "Others" comprises Trading, Manufacturing, Investment Holding and other non-reportable operations.

## FY2021 FINANCIAL HIGHLIGHTS

The Group's revenue and profit before tax for the financial year under review and the preceding year are summarised as follows:

	2021 RM'000	2020 RM'000	Changes (%)
Group Revenue	913,572	911,926	0.2
<b>Segments</b>			
• Property Development and Construction	508,985	561,833	(9.4)
• Plantation	294,458	250,453	17.6
• Hotel and Property Investment	23,949	25,036	(4.3)
• Others	86,180	74,604	15.5
<b>Group Profit Before Tax</b>	<b>161,054</b>	<b>116,476</b>	<b>38.3</b>
<b>Segments</b>			
• Property Development and Construction	36,222	73,839	(50.9)
• Plantation	101,903	26,192	289.1
• Hotel and Property Investment	955	(7,994)	111.9
• Others	21,974	24,439	(10.1)

For the financial year ended 30 September 2021, the Group's revenue and profit before tax ("PBT") increased by 0.2% and 38.3% to RM913.6 million (FY2020: RM911.9 million) and RM161.1 million (FY2020: 116.5 million) respectively mainly due to the contribution from Plantation Division as a result of higher average selling price of CPO.

In addition, the Group recorded unrealised foreign exchange gains of RM8.0 million as compared to the preceding year unrealised foreign exchange losses of RM13.9 million mainly from the Plantation Division following the strengthening of Indonesian Rupiah against its borrowings in United States ("US") Dollar (30-09-2021: USD1: Rp14,307; 30-09-2020: USD1: Rp14,918).

Excluding the unrealised foreign exchange gains of RM8.0 million (FY2020: unrealised foreign exchange losses of RM13.9 million), the Group's PBT was higher by 17.4% at RM153.1 million (FY2020: RM130.4 million) which was mainly due to higher gross profit from Plantation Division as a consequence of higher average CPO price of RM2,945/MT (FY2020: RM2,227/MT), lower loss on changes in fair value of investment properties totalling RM5.0 million (FY2020: RM12.2 million) and the absence of fair value losses from transfer of inventories to investment properties (FY2020: RM5.2 million) coupled with lower interest expense from unwinding of discount on landowners' entitlement of RM7.6 million (FY2020: RM19.0 million) from the Hotel and Property Investment Division and the Property Development and Construction Division respectively.



# Management Discussion and Analysis Report



Artist's impression of Nexus @ Taman Pertama which offers elevated amenities and suitable for live-work-play lifestyles

Further details of the Group's financial performance are discussed in the segments below.

## LIQUIDITY AND CAPITAL RESOURCES

For FY2021, the cash and cash equivalents of the Group increased significantly by RM49.7 million to RM412.1 million as at 30 September 2021 (FY2020: decreased slightly by RM9.4 million to RM359.5 million as at 30 September 2020), which was culminated from the following cash flows activities:

Net cash generated from/ (used in)	2021 RM'000	2020 RM'000	Changes (%)
Operating activities	206,664	119,502	72.9
Investing activities	(57,382)	(57,733)	0.6
Financing activities	(99,548)	(71,214)	(39.8)
(Decrease)/Increase in cash and cash equivalents	49,734	(9,445)	626.6

For FY2021, the Group recorded higher cashflows generated from operating activities following the contribution from Plantation Division and ongoing project developments.

The cashflows used in financing activities increased significantly following a net repayment of bank borrowings totalling RM105.7 million in FY2021 via surplus funds from completed property development projects, prepayments of some bank loan installments by PT Maju Kalimantan Hadapan in view of the good cashflows generated from its operation as compared to a net repayment of bank borrowings totalling RM41.5 million in FY2020 and the set off of proceeds from issuance of shares by subsidiaries to non-controlling interests totalling RM24.3 million (FY2020: RM Nil).

The Group's capital resources comprise primarily of cash flows generated from operating activities, cash and cash equivalents, term deposits, fixed income funds and available lines of credit. As at 30 September 2021, the Group's net gearing improved to 0.07 times (FY2020: 0.17 times). The Group continues to maintain a prudent approach towards managing its capital resources to ensure adequacy in meeting operational requirements and capital expenditure from time to time.



Artist's impression of Kajang East Precinct 2 residential development with luxurious and harmonious ambience

# Management Discussion and Analysis Report

## SEGMENT RESULTS AND ANALYSIS

### Property Development and Construction

This division achieved lower revenue and PBT of RM509.0 million (FY2020: RM561.8 million) and RM36.2 million (FY2020: RM73.8 million) respectively following the completion of Kajang 2 Precinct 2 Phase 3 and Phase 4, Kajang East Precinct 1 (Phase 2 and Phase 4) and TR Residence in the current year as well as temporary disruption in the construction work due to the Movement Control Order (“MCO”).

As at 30 September 2021, the Group has locked-in unbilled sales value of RM947.2 million (FY2020: RM1.02 billion) which was mainly contributed from the ongoing development projects namely Hillpark Shah Alam (RM101.0 million), Inspirasi @ Mont Kiara (RM90.9 million), Kajang East Precinct 1 (RM16.3 million), MKH Boulevard 2 (RM89.2 million), Nexus @ Kajang Station (RM249.0 million), Bandar Teknologi Kajang Shops (RM1.7 million), Hillpark 3 Phase 1B Shop (RM1.5 million), Kajang East Avenue Shops (RM16.7 million), MIRAI Residences @ Kajang 2 Precinct 1 (RM267.9 million) and Nexus @ Taman Pertama (RM113.0 million). These attributed sales revenue and profits will be recognised progressively as development percentage of completion progresses.

Both newly launched projects MIRAI Residences @ Kajang 2 Precinct 1 and Nexus @ Taman Pertama are still at the preliminary stage of development. However, the Movement Control Order (“MCO 3.0”) started from 1 June 2021 and ended on 16 July 2021 disrupted the physical construction works of the ongoing property development projects which comprise MKH Boulevard 2, Nexus @ Kajang Station and the above mentioned newly launched projects. The Group is well positioned to unlock the value of its current development landbank for the transit-oriented development projects which are strategically located in Kuala Lumpur, Kajang and Cheras.

MIRAI Residences @ Kajang 2 Precinct 1 Phase 1 which was launched in 30 September 2020 with

the GDV of approximately RM236.8 million has achieved take up rate of approximately 88% while MIRAI Residences @ Kajang 2 Precinct 1 Phase 2 which was launched in February 2021 with the GDV of approximately RM245.1 million has achieved take up rate of approximately 31%. Nexus @ Taman Pertama with GDV of approximately RM261.2 million launched in November 2020 has achieved take up rate of approximately 43%. Iris @ Hillpark Shah Alam with roughly RM125.7 million GDV which was launched in September 2021 has achieved 37% of take up rate. Paired with good product design and strategic location with vital lifestyle facilities, our ongoing projects recorded a good average take up rate of 82%.

### Hotel and Property Investment

For FY2021, this division recorded a lower revenue of RM23.9 million (FY2020: RM25.0 million) and a turnaround with a profit before tax of RM1.0 million (FY2020: loss before tax of RM8.0 million) due to inclusion of lower loss on changes in fair value of investment properties totalling RM5.0 million in FY2021 (FY2020: RM12.2 million).

The property investment segment has granted approximately RM2.0 million rental rebates as compared to the preceding year (FY2020: approximately RM3.1 million rent free and rental rebates) during MCO to assist the tenants.



RHR Hotel @ Kajang is strategically located in the heart of Kajang city

# Management Discussion and Analysis Report

## Plantation

The following table summarises the performance of the division for the past three (3) years:

Production for Estate (MT)	FY2021	FY2020	FY2019
Fresh Fruit Bunches ("FFB")	<b>441,000*</b>	477,000*	459,000*
Crude Palm Oil ("CPO")	<b>89,000*</b>	100,000*	100,000*
Average CPO Price	<b>RM2,945</b>	RM2,227	RM1,856
Oil Extraction Rate ("OER")	<b>19.45%</b>	21%	21%
PT MKH - FFB Yield/hectare	<b>28 MT</b>	30 MT	29 MT

*Note: Figures exclude CPO purchased from outside parties for resale.  
\*rounded up to nearest thousand*

For FY2021, the Plantation Division recorded a higher revenue by 17.6% to RM294.5 million (FY2020: RM250.5 million) mainly attributable to higher average CPO price of RM2,945 per metric ton (MT) in FY2021 as compared to RM2,227 per MT in FY2020. This division's PBT was significantly higher by 288.9% to RM101.9 million (FY2020: RM26.2 million) mainly due to higher average CPO selling price.

This division recorded unrealised foreign exchange gains of RM8.0 million in FY2021 (FY2020: unrealised foreign exchange losses of RM14.1 million) following the strengthening of Indonesian Rupiah against its borrowings in US Dollar. Excluding the unrealised foreign exchange gains or losses, this division recorded significant increase in PBT by 133.0% to RM93.9 million as compared to RM40.3 million in FY2020 due to the above mentioned factors.

As with other commercial crops, prolong drier or wetter weather will result in lower crop production. The Kalimantan region in Indonesia including at our oil palm plantation in East Kalimantan has generally been experiencing above average rain fall resulting in lower FFB production and higher fruit moisture content leading to lower oil extraction rate ("OER"). Our plantation division continuously take proactive steps such as enhancing our water management system and also fine tuning the harvesting Standard



Harvester loading ripe fresh fruit bunches ("FFB")

Operating Procedures ("SOP's") to mitigate the effect of higher average rain fall. Thanks to our mitigating efforts, the reduction in our FFB and CPO production for FY2021 was relatively small and this has enabled our Plantation Division to capitalise on the higher CPO price resulting in a commendable 288.9% increase in profit before tax to RM101.9 million for FY2021 for the Plantation Division. We expect the weather to improve in the coming months and as the weather normalise, the production of FFB and OER will increase.

As at 30 September 2021, the total area planted for this division was about 16,408 hectares (FY2020: 16,408 hectares) with 16,081 hectares (FY2020: 16,081 hectares) have reached the mature age for harvest. PT Maju Kalimantan Hadapan is planted with 14,877 hectares of oil palm trees aged between 10 and 13 years old, while PT Sawit Prima Sakti is planted with 1,531 hectares of trees aged between 4 and 10 years old.



Fresh Fruit Bunches ("FFB")

# Management Discussion and Analysis Report

## PROSPECTS

The Board is optimistic and expect to achieve satisfactory results for financial year ending 30 September 2022 (“FY2022”) amid the current challenging business environment due to the prolonged COVID-19 pandemic impact on the economy and businesses in Malaysia and globally.

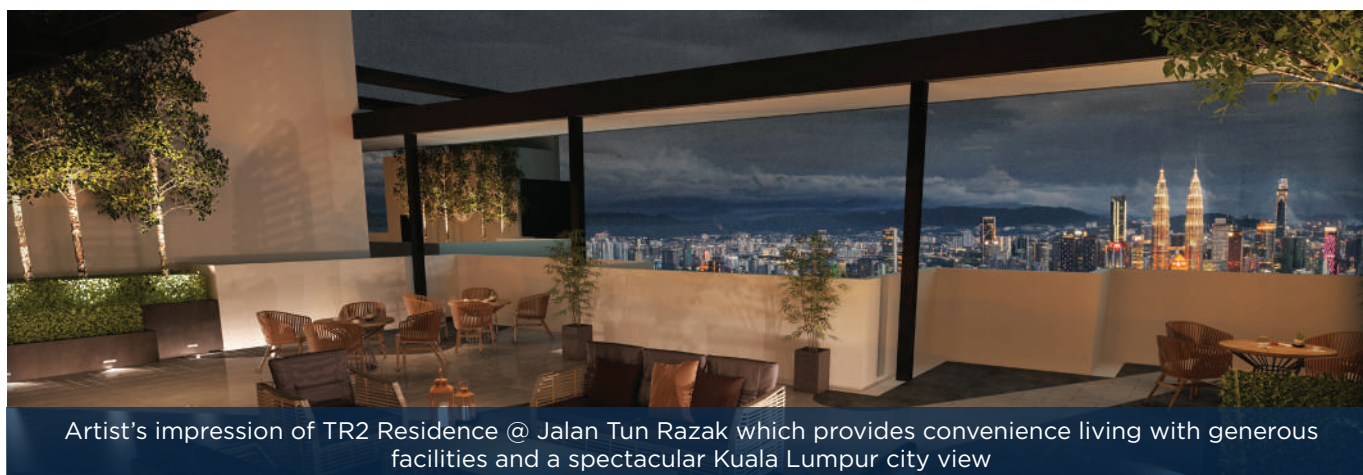
### Property Development and Construction

With the unbilled sales of RM947.2 million as at 30 September 2021 (FY2020: RM1.02 billion), the Group is well positioned for FY2022 with new and ongoing developments such as MIRAI Residences @ Kajang 2 Precinct 1, Nexus @ Taman Pertama, Hillpark @ Shah Alam North, Inspirasi @ Mont Kiara, Kajang East Precinct 1, MKH Boulevard 2, Nexus @ Kajang Station, Bandar Teknologi Kajang Shops, Hillpark 3 Phase 1B Shop, Kajang East Avenue Shops. The unbilled sales of the Group will provide sustainable income recognition for the next two (2) years. In addition, the new project launches which are strategically located in Kuala Lumpur, Cheras and Kajang will further contribute to the unbilled sales.

Our FY2022 planned launches with total estimated Gross Development Value of RM942.1 million are in line with the Government’s encouragement for more affordable residential projects and transit-oriented development (“TOD”) which will be phased according to the prevailing market sentiments. It comprises mainly of the transit-oriented service apartment development namely TR2 Residence @ Jalan Tun Razak, MIRAI 2 @ Kajang 2 Precinct 2, landed residential development namely Zenia @ Hillpark Shah Alam and Akina @ Kajang 2 Precinct 3.

The Housing Credit Guarantee Scheme announced by the Government in Budget 2022 which will provide up to RM2 billion guarantees to the banks to assist gig workers, small scale entrepreneurs and farmers to acquire homes and the Home Ownership Campaign (“HOC”) introduced in Budget 2021 to stimulate real estate industry with stamp duty exemptions for Instruments of Transfer and Loan Agreement augurs well for the property industry. The reduction of Real Property Gains Tax from 5% to 0% for individual who disposes property in the sixth year or thereafter will further help to improve the property market sentiment.

Moving forward, we continuously explore joint ventures and identify new good landbanks for development to ensure sustainability and growth.



Artist's impression of TR2 Residence @ Jalan Tun Razak which provides convenience living with generous facilities and a spectacular Kuala Lumpur city view

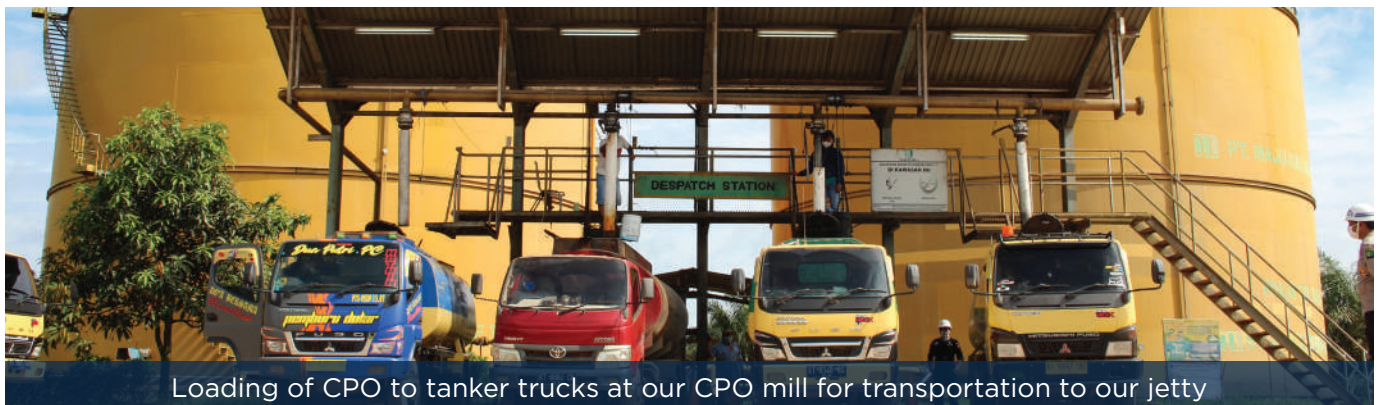
# Management Discussion and Analysis Report

## Plantation

Our Plantation Division is expected to achieve satisfactory results and continue to contribute positively to the Group's future earnings. We foresee the CPO price to remain well supported in 2022 due to the continued good demand and tight global supply of CPO. CPO prices have been trading strongly with the current price trading above RM4,000/MT (net of export levy and duty) in Indonesia which augurs well for the Plantation Division.

The Plantation Division which is operating as usual albeit with added biosecurity measures, has taken various initiatives to ensure daily operations are running smoothly including strict enforcement of COVID-19 prevention standard operating procedures ("SOP"), ongoing COVID-19 vaccination for our workers and family members and good estate management practices.

The Group will continue to expand on the use of mechanical assisted collection of fresh fruit bunches ("FFB") and maximising the utilisation of the CPO mill to further capitalise on the higher CPO price.



Loading of CPO to tanker trucks at our CPO mill for transportation to our jetty

## Property Investment

This division is expected to sustain the occupancy rate by maintaining an average rental yield of approximately 3% to 4% per annum based on fair values of the properties as at 30 September 2021.

This division has also benefited from the stimulus packages announced by the Government from time to time such as wage subsidy programme and electricity bill discounts. The retail activities have since picked up after the rollout of the vaccination programme and the reopening of the economy.



Plaza Metro Kajang is the first shopping complex in Kajang town

# Sustainability Report

**The content of this Sustainability Report (“Report”) narrates MKH’s sustainability efforts from 1 October 2020 to 30 September 2021, illustrates our various endeavours to build up the Economic, Environmental and Social (“EES”) and encompass the Group’s operations in Malaysia and Indonesia, which are the locations of the Group’s key businesses.**

Through this Report, the Group demonstrates our commitment in integrating sustainability practices across all facets of its businesses. This Report was prepared in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa”), sets out what the Board considers as material sustainability risks and opportunities, collectively known as Material Sustainability Matters, that impact the way the Group’s operations are carried out as well as how much Material Sustainability Matters are managed. In preparing this Report, the Board has considered the Sustainability Reporting Guide and its accompanying toolkits, issued by Bursa.

## Economic

An organisation’s impact on the economic conditions of its stakeholders and on economic systems at local, national, and global levels. It does not focus on the financial condition of the organisation.

*Note: These may include the organisation’s procurement practices, or community investment.*

## Environmental

An organisation’s impact on living and non-living natural systems, including land, air, water and ecosystems.

*Note: These may include the organisation’s usage of energy and water, discharge of emissions, or loss of biodiversity, etc.*

## Social

The impact an organisation has on the social systems within which it operates.

*Note: These may include the organisation’s relationships with communities, employees, consumers, etc.*

## SUSTAINABILITY GOVERNANCE

In MKH Berhad, we hold firmly to the principles of ethical conduct to ensure our business is conducted with integrity through good governance, in line with the best industry practices as well as the applicable rules and regulations.

Our business operating units are guided by the Group’s policies and its respective standard operating procedures. The Board of Directors and the senior management meet regularly including via virtual meetings to ensure that the planning, decision-making and execution of the Group’s business operations are carried out professionally.

We have an internal Audit Division to undertake an independent and systematic assessment of the Group’s system of risk management and internal controls as established by management in addressing the principal business risks faced by the Group.

Full disclosure on our Corporate Governance Report is available for reference on [www.mkhberhad.com](http://www.mkhberhad.com).

# Sustainability Report

## ORGANISATIONAL STRUCTURE FOR SUSTAINABILITY COMMITTEE

MKH's Sustainability Committee, led by the Group Managing Director Tan Sri Datuk Chen Lok Loi, oversees the planning and execution of sustainability strategies to ensure that our sustainability matters are implemented throughout our business operations.

Together, the Sustainability Committee identifies, evaluates, monitors, and manages risks as well as opportunities in our business operations relating to Economic, Environmental and Social aspects.



**MKH Berhad's**  
Sustainability Committee  
comprises:

- Group Managing Director
- Key Senior Management

The functions of the key management members are defined in sustainability management.

### Board of Directors of MKH

- Review the Group's sustainability matters and provide advice and direction on sustainability for the Group as and when necessary.
- Approve sustainability report.

### Group Managing Director of MKH

- Lead and drive the sustainability initiatives in the Group.
- Discuss, review and monitor progress of sustainability matters regularly.
- Report to the Board of Directors on sustainability matters.

### Sustainability Committee

- Responsible for assessing and identifying sustainability matters.
- Oversees the implementation of sustainability-related strategies and initiatives.
- Undertake actions as and when necessary to address sustainability concerns.



# Sustainability Report

## MKH'S SUSTAINABILITY GOALS

MKH defines and aligns its key topics and core principles with reference to the United Nation's 17 Sustainable Development Goals ("SDGs") enacted in 2015 by the United Nation General Assembly. We share our responsibilities in supporting the efforts of tackling the EES challenges through the implementation of sustainable practices as follows:



To drive economic, growth and innovation by using our resources efficiently to create value for shareholders via sustainable planning, decision-making and implementation of business processes.



To operate transparently in compliance with ethical codes of conduct and adopt shared values approach in business and social collaborations that bring positive impact towards internal and external communities.



To responsibly utilise resources with emphasis on recycling waste and energy savings, as well as to initiate continuous development of environmentally-friendly initiatives.



To provide a healthy, safe and empowering environment that encourages the health, growth and productivity of our employees and communities.



To foster a diversity and social inclusion by creating an environment where employees are valued without discrimination against gender, race and religion.

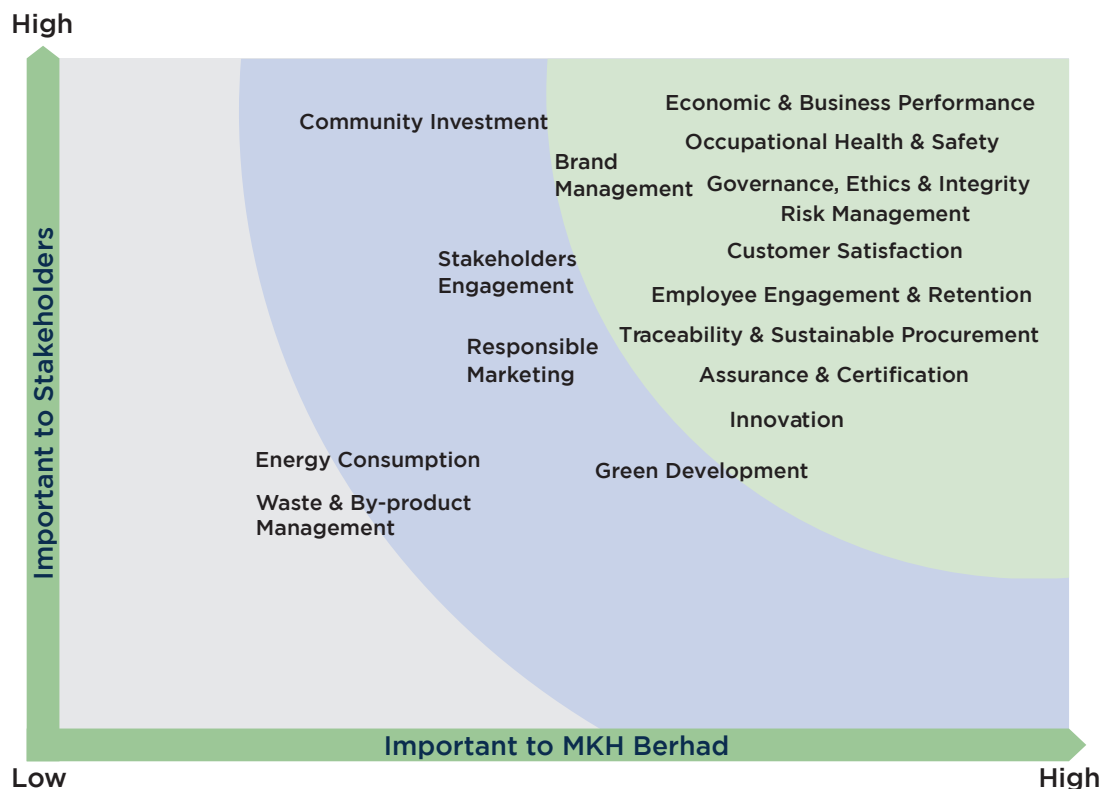


To support education for the community and employees with the provision of education aid or access to better learning environment towards academic excellence.

# Sustainability Report

## MKH'S MATERIALITY MATRIX

The key sustainability matters most relevant to our business operations relating to the economic, environmental, and social aspects as well as to our internal and external stakeholders, is illustrated below:



We believe these 16 key material matters are keys to creating value for all our stakeholders, building mutual trust and allowing better insight on community needs as well as market trends in our journey towards a sustainable future.

## STAKEHOLDER ENGAGEMENT

We engage our stakeholders regularly to develop a deeper understanding of how we can address their needs while further carrying our corporate mission. Maintaining a good relationship, recognising and valuing each of them such as our business partners and understanding their interest and needs are vital aspects that ensure our business success.

Our stakeholder universe consists of shareholders, investors, customers, employees, community members, regulators, financial institutions, industry group, business associates, consultants, suppliers and the media.

Working with stakeholders improves our ability to address priorities. In line with our corporate core values, we strive to engage with our stakeholders, respectfully in an efficient, knowledgeable and responsive manner in our journey to deliver holistic value. We listen to and engage with our stakeholders. We also provide stakeholders with accurate information so that they can understand our actions and intentions with greater clarity.

# Sustainability Report

The following groups are key stakeholders who have the greatest impact on our organisation and with whom we engage regularly:

No.	STAKEHOLDERS	TYPE OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT
1	Customers	<ul style="list-style-type: none"> <li>• Written, Social Media &amp; Email Communication</li> <li>• Centralised Sales Galleries</li> <li>• Customer Feedback Management</li> <li>• Outreach Events/Roadshow/Open Day</li> </ul>	<ul style="list-style-type: none"> <li>• Daily</li> <li>• Daily</li> <li>• Daily</li> <li>• Ad hoc</li> </ul>
2	Employees	<ul style="list-style-type: none"> <li>• Employee Engagement Activities</li> <li>• Written Communications</li> <li>• Departmental Meetings/Virtual Meetings</li> <li>• Employee Development Trainings, Workshops &amp; Webinars</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> <li>• Regular</li> <li>• Regular</li> <li>• Regular</li> </ul>
3	Government Agencies/ Local Authorities	<ul style="list-style-type: none"> <li>• Reports</li> <li>• Written Communications</li> <li>• Formal Meetings/Virtual Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> <li>• Regular</li> <li>• Ad hoc</li> </ul>
4	Industry Group	<ul style="list-style-type: none"> <li>• Formal Meetings/Virtual Meetings</li> <li>• Written Communications</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> <li>• Regular</li> </ul>
5	Investors/Analysts/Fund Managers/Private Equity Firms	<ul style="list-style-type: none"> <li>• Formal Meetings/Briefing/Virtual Meetings</li> <li>• Written Communications</li> </ul>	<ul style="list-style-type: none"> <li>• Ad hoc</li> <li>• Ad hoc</li> </ul>
6	Financial Institutions	<ul style="list-style-type: none"> <li>• Formal Meetings/Virtual Meetings</li> <li>• Written Communications</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> <li>• Regular</li> </ul>
7	JV Partners/Business Associates	<ul style="list-style-type: none"> <li>• Formal Meetings/Virtual Meetings</li> <li>• Written Communications</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> <li>• Regular</li> </ul>
8	Local Communities/ Residents' Associations/Joint Management Bodies	<ul style="list-style-type: none"> <li>• Formal Meetings/Virtual Meetings</li> <li>• Written Communications</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> <li>• Regular</li> </ul>
9	Media	<ul style="list-style-type: none"> <li>• Press Releases</li> <li>• Written Communications</li> <li>• Networking Sessions</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> <li>• Regular</li> <li>• Ad hoc</li> </ul>
10	Shareholders	<ul style="list-style-type: none"> <li>• Written Communications</li> <li>• Quarterly Financial Report</li> <li>• Annual General Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> <li>• Quarterly</li> <li>• Annual</li> </ul>
11	Vendors/Suppliers/ Contractors/Consultants	<ul style="list-style-type: none"> <li>• Formal Meetings/Virtual Meetings</li> <li>• Project Tender</li> <li>• Written Communications</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> <li>• Regular</li> <li>• Regular</li> </ul>

# Sustainability Report

## SUSTAINABILITY EFFORTS

At MKH, we are guided by the best industry practices in our business operations to produce and deliver quality products to our customers, while also being cognisant of the EES aspects of our communities.

To-date, MKH's diverse property portfolio comprises:



that are strategically located within Kajang and across the Klang Valley.

## Towards the Economy

With more than 40 years in the property industry, the Group actively engage with various chamber associations and professional groups to gain the latest insight on industries which are relevant to our business operations.

In FY2021, the Group conducted sales campaign during festive season namely MKH Ganjaran Raya 2021 (campaign period 1 May 2021-31 July 2021) which offer incentives to 21 residential and commercial projects in line with the Home Ownership Campaign ("HOC") 2020/2021. In addition, MKH Super Saver Merdeka (campaign

period 1 August 2021-30 September 2021) offering incentives to 22 residential and commercial projects. The HOC is a Malaysian Government initiative offered to stimulate the property market with incentive such as stamp duty exemption and 10% discount on selected residential properties to homebuyers.

Our adaption of Industrialised Building System ("IBS") in property development accentuates our expertise in creating values for our homebuyers through the building of affordable yet quality housing.

# Sustainability Report

## Towards the Economy (Cont'd)

Our Property Development and Construction Division has developed a wide range of successful property products to include integrated townships, transit-oriented developments (“TOD”) and affordable homes that caters to various market demands.

We constantly explore joint-venture opportunities to expand our land bank which enable the Group to carry out development with relatively lower upfront financial commitment.

Partnering to develop projects also enable our Property Development and Construction Division the opportunity to adopt new specialised knowledge in the construction industry, which further enhances our product offerings for the greater community. Our joint venture project with Panasonic namely MIRAI Residences at Kajang 2 Precinct 1 applying the Japanese Inspired Living is proud to be the first residential property in Malaysia to provide Panasonic Energy Recovery Ventilator (“ERV”) system in Kajang 2. The system provides healthy indoor air circulation and creates a peaceful and pleasant living at our residence.

Building Materials Trading Division managed to deliver its two trademarked products namely EGON ironmongeries and CASCADA sanitary fittings (hand shower) to Kajang East and Kajang 2 Precinct 2 development respectively. Maintaining its success in the trading industry, our Building Materials Trading Division has also ventured into Readymix concrete.



Building Materials Trading Division Readymix concrete operations



PT MKH conduct vaccination program for the workers in the plantation

The Plantation Division had implemented usage of software application (“App”) namely RondaApp to further complement the management of our plantation. For example, RondaApp enabled the plantation management team to monitor and take timely steps to mitigate or resolve matters such as maintenance and repair work to roads. The RondaApp is being continuously tested and improved over time to suit our plantation usage. In addition, the Plantation Division has increased its mechanisation efforts towards a more efficient and effective FFB crop evacuation.

We emphasise on credibility and traceability in our operational activities by ensuring responsible sourcing from our supply chain through taking steps to understand respective practices of our suppliers, regular reviews and renegotiating terms of trade in efforts to ensure a sustainable business relationship in the long run. At our oil palm plantation, we also focus on the traceability of external crops procured under the Indonesian Plasma Programme.

Our Plantation Division had conducted anti-COVID 19 programmes for workers in the plantation area as a precautionary measure against the pandemic. The initiative has enabled our Plantation Division to carry out its daily operations as usual albeit with enhanced biosecurity measures. This is further complimented with our ongoing mechanisation of fresh fruit bunches (“FFB”) collection. The consistent crop evacuation in a timely manner enabled our production and sales of CPO to be better managed.

# Sustainability Report

## Towards the Economy (Cont'd)

Our Building Materials Trading Division continues to produce quality ironmongery for our customers to meet current needs and also to ensure a sustainable trade business among industry peers.

MKH engages certified architects, engineers and contractors for its property development projects through strict tender process. In addition, our Quality Assurance personnel carry out regular inspection throughout the construction and processes in order to achieve minimum scores of 75% in Quality Assessment System in Construction (“QLASSIC”) for all our developments.

In FY2021, we were ranked 13th among Top 30 Property Developers in Malaysia at The Edge Malaysia's Property Excellence Awards 2021 with high scores in innovation & creativity for development projects that create value for our homebuyers and investors.

Our Plantation Division had been well-recognised by the province and other local authorities as one of the most efficient plantations in East Kalimantan for its good estate management practices and innovations, as could be evidenced by our multiple highly-coveted awards.

Amongst the awards, PT Maju Kalimantan Hadapan (“PT MKH”), our subsidiary received the Gold Award for COVID-19 Prevention Program at Workplace and Zero Accident Award. PT MKH plantation estate and CPO mill had further been awarded with a 5-year certification of Indonesia Sustainable Palm Oil System (“ISPO”) based on the re-assessment conducted in year 2020.



PT MKH has been awarded for its excellence engagement in COVID-19 Prevention Program at Workplace



The Plantation Division adhere to strict COVID-19 prevention SOPs

# Sustainability Report

## Towards the Environment

Our Property Development and Construction Division incorporates a sustainable approach and focuses on the innovative concept and design which aim to reduce energy consumption in our residential development.

At the construction sites, existing top soil is preserved where possible for future landscape use, while buildings are constructed in the north-south orientation, where possible, to create cooler living environment for residents. In addition, wastes generated from the construction sites are either recycled for reuse, or timely transported to designated disposal sites.

As we believe that green spaces provide substantial environmental benefits to our communities, we allocated about 60 acres of forest park and central lake park in Hillpark @ Shah Alam North, one of our eco-themed township development. Our newly launched project, TR2 Residence @ Jalan Tun Razak will apply eco-concept development with rain water collection and natural ventilation in the building designs. TR2 Residence @ Jalan Tun Razak is also a TOD adjacent to existing Light Rail Transit ("LRT"), Monorail and the under construction Mass Rapid Transit 2 ("MRT2"). Inspired to bring nature to its residents, our award-winning township namely Hillpark @ Shah Alam North has a large reforested public community park built with various recreational facilities and an innovative ant colony-themed playground to encourage healthy community living.

In recognising the importance for sustainable living environment, we practises energy saving faithfully by using natural renewable energy. The solar photovoltaic panels were installed at our shopping malls in Kajang and successfully reduced utility bills by up to 22%. Certified green building materials and fittings are also part of our Building Materials Trading Division's product offering to contractors.

To improve the office indoor air quality, air purifier units are placed at the departments' workstation, managerial rooms, meeting rooms, pantries, 'surau' and other common areas.

In addition, our employees practise energy saving faithfully at the workplace by switching lights and appliances off when not in use and reducing paper printing.

We are committed to preserve a healthy ecosystem at our plantation estates via good estate management practices such as zero-burning policy in the planting of oil palm trees and putting up various signboards on environment preservation and wildlife protection as a constant reminder to in-field workers as they carry out their daily duties.

To ensure that our estates are responsibly managed, we work closely with the Indonesia Department of Environment. Drainage and irrigation systems are built to ensure optimum water levels to promote growth of oil palm trees, and we also reduce application of agrochemicals through the use of natural alternatives such as planting of beneficial plant to combat pests.

Effluents from our CPO mill are treated using anaerobic, aerobic, and facultative ponding system, and subsequently used as natural soil fertiliser.



Our plantation worker loading fresh fruit bunches ("FFB")

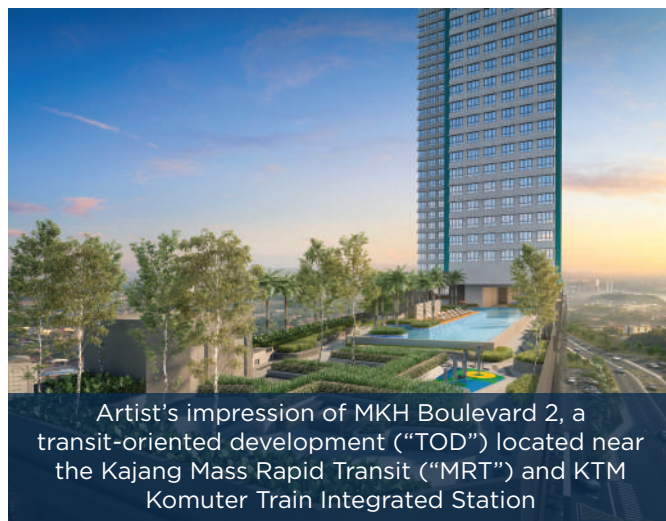
# Sustainability Report

## Towards the Environment (Cont'd)

While the practice to reduce, reuse and recycle is observed, recycle bins are provided at our high-rise residences, shopping malls, and workplace. Organic wastes are periodically collected and recycled into natural composts at our headquarters, which are used as fertilisers in our developments' landscape. Waste paper and plastic materials are collected from headquarters periodically to be sent to respective recycling service providers for further processing.

In support to reduce carbon-footprints and encourage public transportation ridership, our Property Development and Construction Division has been developing TOD projects that are connected or well-within walking distance to public transit points. Our project, Nexus @ Taman Pertama, a 41-storey serviced apartment provides good TOD facilities to residents as it is very near the Mass Rapid Transit ("MRT") stations namely Taman Pertama MRT (approximately 150 meters). Another of our TOD service apartment project, MKH Boulevard 2 is located next to the Kajang MRT-KTM Integrated Station which has MRT and train services.

Our employees are encouraged to practise water-saving habits by minimising water wastage in the washrooms and pantries, while at our investment properties, notices, and posters encouraging efficient water usage are put up at designated areas to encourage tenants, customers, and guests to use water responsibly.



Artist's impression of MKH Boulevard 2, a transit-oriented development ("TOD") located near the Kajang Mass Rapid Transit ("MRT") and KTM Komuter Train Integrated Station

## Towards the Society

As a responsible corporate citizen, MKH aspires to foster a stable relationship while creating value for our key stakeholders, comprising customers, shareholders, regulators and the greater community within the environment where our business operate in.

We inculcate safety awareness amongst our employees by providing safety training and regular safety reviews. The Safety and Health Committee ("SHC") is established to develop in-house safety and health rules, review the policies and ensure that all employees are in a safe working environment at our headquarters.

To prevent the spread of COVID-19 in our community and reduce the risk of exposure, all employees in our headquarters, site offices and sales galleries are required to undergo a COVID-19 self-test every two weeks, check in by scanning MySejahtera app, check body temperature, sanitise hands before entering to the buildings and wearing of face masks. The management will continue to actively monitor, implement protocols and adhere to government guidelines, and further enhance biosecurity measures at our workplace.

# Sustainability Report

## Towards the Society (Cont'd)

The Property Development and Construction Division supervises site safety by following specific project safety plans which are drawn up by the appointed contractors before commencement of any construction activities at site as well as in compliance with the standard operating procedure for construction issued by the Ministry of Works to contain the COVID-19 pandemic. In FY2021, the Group implemented the work from home arrangement with not more than 50% employees working from office on a rotational basis.

MKH cares about the welfare of its employee. We progressively create an integrated work culture that emphasises on providing various welfare benefits such as dental and health care in recognition and appreciation of the dedicated hard work by fellow employees. Special arrangements such as designated parking for pregnant employees are also provided for mobility convenience, and birthdays are celebrated with the giving of gift vouchers.

Promoting a harmonious work culture is always a priority for the Group. The Group respects and appreciates diversity in our workforce and does not tolerate discrimination against anyone on the basis of race, religion, and gender.

We strongly encourage employees to attend trainings which provide equal opportunities of personal and career enhancement within the Group. A total of 180 trainings and workshops amounting to 2,517 training hours were organised within the reporting year to educate and enhance employees' knowledge and skills. For the year ended 30 September 2021, a total of 1,260 training hours were conducted virtually either in self-learning mode or organised by training providers while 1,257 training hours were carried out in the headquarters.

The Group greatly appreciate the employees who have consistently shown high level of commitment and achievement throughout the year. To provide fair remuneration to our employees, we determine their annual performance through the evaluation of Key Performance Indicators ("KPI") and practise the internal promotions for eligible employees to assume greater responsibility.

In the social realm, we strive to foster a high quality of working relationship with local authorities, interest groups, joint-venture partners, bankers, suppliers, contractors, and also agencies in our mission to create and deliver sustainable value to all our stakeholders. We work closely with industry associations, participate in multi-sector forums, and meet with socially responsible investors to gain diverse and valuable perspectives as we continuously improve our sustainable development programs and initiatives. Our key management members also play active roles in advocating the growth and advancement of the industry with present memberships in non-governmental organisations that also contribute to improving the welfare of the greater community.

We recognise that the journey towards a sustainable future begins with ourselves therefore we are committed to fulfill our role as a responsible corporate citizen in our mission to generate long-term growth for our businesses and also ensure value creation for our immediate communities.

In supporting and adding value to the communities-in-need where our employees live and work in, we ensure that our residential developments are ideal for multi-generational living with the adoption of universal designs, recreational and landscape creation as well as provision of various outdoor exercise facilities.

In enhancing the living experience for residents of our projects, we set up online portals for certain newly handed over projects that provide communication channels to the building management and various residence services, such as monthly maintenance payments and booking of common facilities. Initially a mobile app pilot programme that has evolved to include a website platform for residents' convenience.



Distribution of food pack to students from various schools

# Sustainability Report

## Towards the Society (Cont'd)

MKH supports community-based programmes and sustainable initiatives intended to improve the wellbeing of disadvantaged people and reduce socio-economic disparities through various corporate social responsibility (“CSR”) activities such as charity donation drives, financial aid, sponsorship for local authorities and school aid. With our aim to help to ease the burden of students from B40 group and improve the students’ learning ability, our CSR programme namely “Mata Sihat Lebih Jelas” has provided free spectacles to 30 students from schools in Kajang.

During the financial year, we contributed approximately RM664,033 in the community engagement that supported a total of 50 beneficiaries included education institutions, local authorities and non-profit organisations.

Concerned with community impacted from the COVID-19 pandemic, we donated food items, daily necessities and cash donations to 6 welfare homes around Kajang comprising old folks homes and orphanage to assist in their needs and management cost. In addition, food packs were distributed to students from various schools in Kajang. To support the Government’s COVID-19 vaccination program, Mewah Club Kajang owned by the Group served as a vaccination centre.

Prior to the COVID-19 movement control by Indonesian government, our Plantation Division had actively conducted the anti-COVID-19 programmes. These included socialisation efforts to educate our workers on COVID-19 prevention measures, physical distancing, cleanliness, sanitisation, quarantine procedures and implementation of controlled entry and exit at our plantation check points. Our continued efforts to ensure all parties’ health and safety, had to date been well-received by the workers and local communities at large.

Our Plantation Division in East Kalimantan, Indonesia is operating as usual albeit with added biosecurity measures against COVID-19. Thorough programs had been implemented to ensure the safety of our workers and neighbouring communities, which had been instrumental to ensure zero occurrences of COVID-19 within our plantation thus far. To-date, our plantation was able to ensure an uninterrupted process workflow for continued sustainability and

revenue generation. Given our plantation’s success in the combat against the pandemic, our management was invited to serve as part of the local authorities’ think tank towards the sustainability of the province’s efforts in crisis management. Part of our initiative included continued socialisation of biosecurity measures to educate the general public, reinforced with donation of masks to communities identified to be at risk from the pandemic.

Our Plantation Division has also conducted COVID-19 vaccination program for the workers and their family members. As part of the Plantation Division’s corporate social responsibility, we donated 50 units of Oxygen Regulators to the general hospital namely Rumah Sakit Umum Daerah (RSUD) Aji Muhammad Parikesit in East Kalimantan as assistance for their medical support equipment. PT Maju Kalimantan Hadapan has been awarded for its excellent engagement in COVID-19 Prevention Program at Workplace, a Gold Category Award and Zero Accident Award.

As a seasoned builder of affordable housing, we commit to escalate our brand presence in the real estate industry and also engage the community where the company operates in a responsible and sustainable manner.

The Board is of the view that the existing sustainability practices adopted are adequate and pertinent to steer the Group’s sustainable growth. Nonetheless, it will consider the need to implement other sustainability practise, as appropriate, to complement existing ones as the Board monitors the sustainability performance of the Group’s operations on an ongoing basis.



Pertubuhan Kebajikan Yesuvin Mahligai Selangor was among the six welfare homes which received food items and daily necessities

# Directors' Profile

## **Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong** Group Executive Chairman

Age: **78**  
Gender: **Male**  
Nationality: **Malaysian**

**Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong** serves as the Group Executive Chairman since 30 October 2006. He was appointed to the Board on 27 September 1979 and is also a member of the Group's Board of Directors and Executive Committee as well as Director of Intelek Murni (M) Berhad, a subsidiary of MKH Berhad.

Other than real estate and property development, he has successfully led the Group to establish and develop oil palm plantation as one of MKH's present core businesses. To-date, he has been involved in business for about 61 years, of which 43 years were in property development and construction industry and 29 years were in plantation sector.

In recognition of his vast knowledge and experience in the business industry, he was the recipient of "World Chinese Economic Summit Lifetime Achievement Award 2017" and "The International Real Estate Federation (FIABCI) Malaysia Property Man of the Year 2013".

He is generous in supporting community and educational causes and is also the Chairman for Hulu Langat Chinese & Commerce Association as well as Chairman for Yu Hua National Primary and Secondary School Board.

Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong is the brother of Tan Sri Datuk Chen Lok Loi and Datuk Chen Fook Wah. He has no conflict of interest with the Company.

## **Tan Sri Datuk Chen Lok Loi** Group Managing Director

Age: **69**  
Gender: **Male**  
Nationality: **Malaysian**

**Tan Sri Datuk Chen Lok Loi** holds a Bachelor of Business Studies (Marketing) from Monash University, Australia. He was appointed to the Board on 31 July 1984 and holding the present position as Group Managing Director since 19 January 2005. He is also a member of the Executive Committee and a Director of GK Resort Berhad and Intelek Murni (M) Berhad, both subsidiaries of MKH Berhad.

He is the recipient of "The Edge Malaysia Outstanding Property CEO Award 2018", "CIDB's Malaysian Construction Industry Excellence Awards CEO of The Year Award 2015" and "Real Estate and Housing Developers' Association ("REHDA") Personality Award 2013". He has 40 years of experience in property development and construction related businesses and is the past Chairman of Perbadanan PRIMA Malaysia. He is a patron of REHDA Malaysia and serves as a National Council and Executive Committee Member of REHDA Malaysia as well as the Board of Advisors for Malaysia Shopping Malls Association.

He is an active committee member in various government-private sector organisations that formulate policies governing the housing and real estate industry; holding current positions as the Advisory Council Member of Construction Labour Exchange Centre Berhad and member of PEMUDAH Special Task Force on Kuala Lumpur City Hall. An advocate of healthy living, he is also the President of the Race Walkers' Association of Malaysia.

Tan Sri Datuk Chen Lok Loi is the brother of Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong and Datuk Chen Fook Wah. He has no conflict of interest with the company.

## Directors' Profile

### **Datuk Chen Fook Wah**

Deputy Managing Director

Age: **65**

Gender: **Male**

Nationality: **Malaysian**

**Datuk Chen Fook Wah** holds a Master of Business Administration from University of Wales. He was appointed to the Board on 25 November 1999 and holding the present position as Deputy Managing Director since 19 January 2005. He is currently a member of the Executive Committee and also a Director of GK Resort Berhad, a subsidiary of MKH Berhad. He was admitted to the Board of Valuers and Real Estate Agent of Malaysia in 1986. Prior to joining the Group, he was with Guthrie Trading Sdn. Bhd. from 1973 to 1974 and Hilton Realty from 1975 to 1978.

He is the brother of Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong and Tan Sri Datuk Chen Lok Loi. He has no conflict of interest with the Company.

### **En. Jeffrey bin Bosra**

Senior Independent Non-Executive Director

Age: **53**

Gender: **Male**

Nationality: **Malaysian**

**En. Jeffrey bin Bosra** was appointed to the Board on 1 August 2008. On 3 March 2021, he was re-designated as Senior Independent Non-Executive Director to the Board. He is also the Chairman of the Audit Committee and Nomination Committee as well as a member of the Remuneration Committee. He is currently a member of The Malaysian Institute of Certified Public Accountants (MICPA) and The Malaysian Institute of Accountants (MIA). He started his professional career with Arthur Andersen & Co. focusing on external audits and business advisory works. He later joined an established commercial group as the Finance Manager from 1996 to 2000. He then joined Ernst & Young as the Senior Manager specialising in corporate governance, risk management, internal audits, special investigation and turnaround management related service. He left Ernst & Young in 2004 and started his own audit firm.

He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

## Directors' Profile

### Datuk Mohammad bin Maidon

Independent Non-Executive Director

Age: **80**

Gender: **Male**

Nationality: **Malaysian**

**Datuk Mohammad bin Maidon** was appointed to the Board on 27 February 2014. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. He holds a Degree in Business Administration from Universiti Teknologi MARA.

He started his career in the marketing division of Colgate-Palmolive (Malaysia) Sdn. Bhd. ("Colgate-Palmolive") in 1965 as Product Manager. In 1975, he was promoted to Marketing Director of Colgate-Palmolive (Indonesia) based in Surabaya until end of 1979. Back in Malaysia, he assumed the position of Human Resources Director until his retirement in 2000. He was responsible for the Halal program of Colgate-Palmolive and had been working closely with Jabatan Kemajuan Islam Malaysia and Halal Development Corporation. He was an active member of the Halal Management Team of Colgate-Palmolive from 1980 to 2000 and is still a board member of Colgate-Palmolive as at this date.

He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

### Dato' Lim Hong Shuan

Independent Non-Executive Director

Age: **62**

Gender: **Male**

Nationality: **Malaysian**

**Dato' Lim Hong Shuan** was appointed to the Board on 21 May 2021 and is also a member of the Audit Committee and Nomination Committee. He holds a Bachelor of Arts (Hons) from University of Malaya; Masters of Arts in Criminology from University of Hull, England; Bachelor of Law (LLB) Hons from University of London and has obtained the Certificate in Legal Practice from the Legal Profession Qualifying Board Malaysia. He started his career in 1985 with the Royal Malaysia Police and has 35 years of working experience with Royal Malaysia Police and was later promoted as the Deputy Chief Police Officer of Perak with the rank of Deputy Commissioner of Police (DCP) in 2019 until his retirement in January 2020. He is currently a Senior Associate of a legal firm and the Security Advisor for another public listed company in Malaysia.

He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

#### Additional Information:

- Save as disclosed in the profile of Directors, Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, Tan Sri Datuk Chen Lok Loi and Datuk Chen Fook Wah have no other directorship in public companies and listed issuers.
- Save for Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, Tan Sri Datuk Chen Lok Loi and Datuk Chen Fook Wah, none of the other Directors have any family relationship with any Director and/or major shareholder of the Company.
- None of the Directors have:
  - any conflict of interest with the Company;
  - been convicted of any offence (other than traffic offences, if any) within the past 5 years; and
  - been imposed with any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on page 55.

# Profile of Key Senior Management

## **Dato' Chong Yong Han** Property Director

Age: **50**  
Gender: **Male**  
Nationality: **Malaysian**

He was appointed as a Property Manager in Property Development Department of MKH Berhad and was later promoted to General Manager of Property Department in December 2002, Group Senior General Manager in April 2007 and Property Director in March 2013.

He graduated from Lincoln University, New Zealand with Bachelor of Commerce (Valuation and Property Management) in year 1994 and obtained his MBA (Real Estate) in year 2000 from University of Western Sydney, Australia.

He has more than 20 years of experience in property development and construction related businesses. He specialises in development planning and marketing.

## **Dato' Lee Khee Meng** Plantation Director

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

He holds a Bachelor of Science (Honours) in Economics and Management from University of London, UK. He had further undertaken Certified Credit Professional examinations from the Institute of Bankers Malaysia.

Having started his career as a corporate banker in Malaysia, he moved on to management roles in other industries, with exposure in Southeast Asia and Europe. In 2011, he began his career in MKH Berhad and is the Plantation Director for the Group's agriculture division.

He is passionate about sustainable palm oil practices and has been an international delegate at Indonesia Palm Oil Conferences since 2012. He has been regularly invited by authorities and industry players to share his views on policies, initiatives and innovative practices relevant to the oil palm industry.

## **Dato' Chen Way Kian** Deputy Property Director

Age: **37**  
Gender: **Male**  
Nationality: **Malaysian**

He holds a Bachelor of Business from University of Technology, Sydney. He joined MKH Berhad in 2005 and has been appointed as the Deputy Property Director of MKH Berhad on March 2015. Prior to his appointment to the present position, he was Special Assistant to the Group Executive Chairman since 2011. He has been in the property development and agricultural sectors for more than 14 years.

He is the son of Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong and the nephew of Tan Sri Datuk Chen Lok Loi and Datuk Chen Fook Wah who are members of the Board of the Company.

## Profile of Key Senior Management

### **Ms. Kok Siew Yin** Chief Financial Officer

Age: **49**  
Gender: **Female**  
Nationality: **Malaysian**

She is a fellow member of the Association of Chartered Certified Accountants (FCCA) and a member of the Malaysian Institute of Accountants (MIA).

She is the Chief Financial Officer for MKH Berhad group of companies. She has more than 17 years of audit experience in property development, construction, hotels, retail, manufacturing and timber plantation industry. She was also involved in corporate advisory and has experience in financial valuation and financial due diligence for companies. She joined MKH Group in 2004 as a Corporate Finance Manager and was promoted to Financial Controller in 2008 and Chief Financial Officer in 2015.

### **Mr. Tan Wan San** Chief Treasury Officer / Group Company Secretary

Age: **53**  
Gender: **Male**  
Nationality: **Malaysian**

He is the Chief Treasury Officer and Group Company Secretary for MKH Berhad group of companies. Prior to joining MKH Berhad Group in 1996, he was with a bank. He graduated from Universiti Utara Malaysia with a Bachelor Degree in Accountancy (Honours) and is a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA) and is a member of Certified Practising Accountant (CPA), Australia. He was promoted to Chief Treasury Officer in 2015.

He has more than 28 years of senior-level management experience in company secretarial, legal and treasury matters.

### **En. Ahmad Yani Sulaiman** General Manager

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

He was appointed as a Senior Manager in Property Development Department of MKH Berhad in 2007 and was promoted to General Manager in 2016.

He started his career as an auditor in 1991 upon graduating from ITM in Accounting Studies.

In 2001, he joined a property developer and was overseeing the sales and marketing portfolio and was later re-designated to be a Project Manager overseeing property development.

Save as disclosed, none of the Key Senior Management have:

- any directorship in public companies and listed issuers;
- any family relationship with any Directors and/or major shareholders of the Company;
- any conflict of interest with the Company;
- any conviction for offences within the past 5 years other than traffic offences, if any; and
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# Corporate Governance Overview Statement

The Board of Directors (“Board”) of MKH Berhad recognise the importance of promoting good corporate governance to ensure long term sustainability, growth and delivering value.

The Board is pleased to present the Corporate Governance Overview Statement (“CG Overview Statement”), which is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) to the shareholders on the manner MKH Berhad (“MKH” or “the Company”) and its subsidiaries (“the Group”) have applied the key Principles and Practices in accordance with the Malaysian Code on Corporate Governance 2017 (“the Code”) during the financial year ended 30 September 2021.

This overview statement is to be read together with the Corporate Governance Report (“CG Report”), made pursuant to Paragraph 15.25(2) of the MMLR of Bursa Securities which articulates the application of the Company’s corporate governance practices as set out in the CG Report. The CG Report is available on the Company’s website at [www.mkhberhad.com](http://www.mkhberhad.com) and Bursa Malaysia’s website.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

#### 1. Board Duties and Responsibilities

The Board is primarily responsible for the Group’s overall strategic plans, business performance, overseeing the proper conduct of the Group’s business, risk management, succession planning, investor relations, shareholders’ communication, internal control, corporate governance practices and statutory matters.

To ensure effective discharge of its responsibilities, the Board delegates specific powers to other Board Committees and the management as prescribed under the Code namely, Executive Committee, Audit Committee, Nomination Committee, Remuneration Committee, Risk Management Committee and Sustainability Committee to ensure appropriate checks and balances in discharging its oversight function. These committees operate under clearly defined terms of reference as approved by the Board to oversee and deliberate matters within their purview.

The Board meets periodically to conduct review and update to the Board Charter, the Code of Ethics and Conduct as well all its governing policies across the Group at all levels. The Board Charter which outlines the duties and responsibilities of the Board and matters specifically reserved for collective decision of the Board, serves as a source of reference and primary induction literature for Directors in discharging their duties.

The Board has approved the adoption of Anti Bribery and Corruption Policy which is implemented across the Group at all levels.

The Board Charter, the Code of Ethics and Conduct, the Whistleblowing Policy, the External Auditors Assessment Policy and the Anti Bribery and Corruption Policy respectively which were approved and adopted are available for viewing at [www.mkhberhad.com](http://www.mkhberhad.com).

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

#### 2. Chairman of the Board

The Board is led by an experienced Executive Chairman, who is accountable for ensuring the integrity and effectiveness of the governance process of the Board.

The Executive Chairman is primarily responsible for the orderly conduct of the Board meetings and ensure effectiveness of the Board as well as to ensure that all strategic and critical issues are discussed by the Board in a timely manner.

#### 3. Separation of Position of Chairman and Chief Executive Officer (“CEO”)

The roles and responsibilities of CEO in the Company is assumed by the Managing Director (“MD”). There is a clear division of responsibilities to ensure a balance of authority and power as the roles of the Chairman and the MD are held by two different individuals. The responsibilities of the Chairman and the MD are set out in the Board Charter.

The MD is responsible for the development and implementation of the Board policies and business direction, formulating business strategies for the Group’s business operation based on effective risk management controls and overseeing and managing the day-to-day operation of the Group, including defining the limits of Management’s responsibilities.

#### 4. Qualified and Competent Company Secretary

The Board is supported by a qualified and competent Company Secretary under the Companies Act 2016 in carrying out the roles and responsibilities and ensuring that Board meeting procedures are followed. The Board has direct access to the professional advice and services of the Company Secretary especially relating to procedural and regulatory requirements such as company and securities laws and regulations, governance matters and MMLR of Bursa Securities. The profile of the Company Secretary is provided on page 45.

The Company Secretary attends the Board Meetings and Board Committees’ meetings to ensure that all deliberation of issues discussed and decisions/conclusions made are recorded accurately. The Company Secretary also facilitates timely communication of decisions made by the Board at Board Meetings to the Senior Management team for action and work closely with the Senior Management team to ensure that there are timely and appropriate information flow within and to the Board and Board Committees, and between the Non-Executive Directors and the management.

The Company Secretary constantly keeps himself abreast with the latest regulatory changes and/or development in corporate governance by attending the necessary trainings, conferences, seminars and/or workshops to ensure effective discharge of his advisory role to the Board.

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

#### 5. Access to Information and Advice

The Board has access to all information within the Company on matters requiring information for deliberation. The Board may seek independent professional advice, at the Company's expense, if required in furtherance of their duties.

The Notice of Board meeting and the board papers (non-financial meeting materials) are circulated at least seven (7) days prior to the meeting whilst the financial meeting materials are circulated at least three (3) days prior to the meeting.

The board papers are issued in advance thus given sufficient time for the Board members to peruse the matters that will be tabled at the Board meeting and this enhances the overall decision-making process. The MD, Chief Financial Officer and Group Company Secretary would lead the presentation of board papers and provide comprehensive explanations of business plans, business performance, corporate proposals (if any), progress reports on operations in relation to the risk management and other pertinent issues.

The Board has full access to both internal and external auditors and received reports on audit findings via the Audit Committee. All matters raised, discussions, deliberations, decisions and conclusions including dissenting views made at the meeting are recorded in the minutes of meeting.

The Board is also regularly updated and kept informed by the Company Secretary and the management on corporate disclosures and compliance with company and securities regulations and listing requirements such as restriction in dealing with the securities of the Company and updates on the latest developments in legislations and regulatory framework affecting the Group issued by the various regulatory authorities.

#### 6. Board Charter

The Board has adopted a Charter, which sets out the Board's strategic intent and outlines the Board's roles and responsibilities including the vision and mission and principles of the Company and the policies and strategy development of the Group. The Charter also serves as a source of reference and primary induction literature, providing insights to new Board members and matters specifically reserved for collective decision of the Board.

The Charter will be periodically reviewed and updated in accordance with the objectives and responsibilities of the Board and any new regulations that may have an impact on the discharge of the Board's responsibilities.

The Board had reviewed and approved the Board Charter to enhance governance practices by the Board in line with the principles of good corporate governance of the Code and requirements of MMLR of Bursa Securities.

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

#### 7. Code of Ethics and Conduct

The Board is committed to create a corporate culture that adhere to the best practices of corporate governance and to uphold high standard of corporate conduct. The Code of Ethics and Conduct (“the Ethics Conduct”) which set out the ethical standards and appropriate conduct at work adopted by the Group and is applicable to all employees and Directors of the Group.

The Ethics Conduct covers the areas of conflict of interest, confidential information, insider information and securities trading, protection of Group’s assets and etc. The details of the Ethics Conduct are available for reference at the Company’s website at [www.mkhberhad.com](http://www.mkhberhad.com).

#### 8. Whistleblowing Policy

The Board has put in place Whistleblowing Policy, a mechanism for its employees and stakeholders to report any concerns relating to possible improper conduct within the Company in matters relating to financial, compliance, misconduct, wrongdoing and other malpractices in an appropriate manner. The Group encourages its employees to raise genuine concerns within the Group in an appropriate way without the fear of retaliation and the identity of the whistleblower will be protected and kept confidential. The Whistleblowing Policy is posted on the Company’s website at [www.mkhberhad.com](http://www.mkhberhad.com).

#### 9. Anti Bribery and Corruption Policy

The Board has approved the adoption of Anti Bribery and Corruption Policy (“Policy”) which is implemented across the Group at all levels. This Policy which sets out its expectations for internal and external parties working for and on behalf of the Group in preventing bribery or corrupt practices in relation to the Group’s businesses.

This Policy which was approved by the Board will be reviewed at least once every year taking into consideration changes in the law and regulatory requirements. The Anti Bribery and Corruption Policy is posted on the Company’s website at [www.mkhberhad.com](http://www.mkhberhad.com).

### II. BOARD COMPOSITION

The Board presently has six (6) members comprising three (3) Executive Directors including the Chairman and Managing Director, and three (3) other Independent Non-Executive Directors. This is in line with Chapter 15.02 of the MMLR of Bursa Securities, which requires that at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, are independent directors.

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

The Independent Directors led by En. Jeffrey bin Bosra as the Senior Independent Non-Executive Director of the Company, to whom concern of shareholders, management, employees, and others may be conveyed by way of writing to the Company's registered address or electronic mail to [jeffrey@mkhberhad.com](mailto:jeffrey@mkhberhad.com) or contact via Tel: +603-8737 8228. The role of the Senior Independent Non-Executive Director is also explained in the Board Charter.

The present Senior Independent Non-Executive Director, En. Jeffrey bin Bosra who has served as an independent director for a cumulative terms of more than 12 years, has indicated his intention to continue serving the Board and will be re-designated as Non-Independent Non-Executive Director at the conclusion of the forthcoming Annual General Meeting ("AGM").

The Board has identified and will appoint Datuk Mohammad bin Maidon as the Senior Independent Non-Executive Director of the Company at the conclusion of the forthcoming AGM, to whom concern of shareholders, management, employees, and others may be conveyed by way of writing to the Company's registered address or electronic mail to [maidon@mkhberhad.com](mailto:maidon@mkhberhad.com) or contact via Tel: +603-8737 8228.

The Board expressed sincere appreciation to our late Independent Non-Executive Director, Haji Hasan Aziz bin Mohd Johan (demised on 10 May 2021) for his contribution to the Group.

The Board had on 21 May 2021 appointed Dato' Lim Hong Shuan on board as Independent Non-Executive Director to fill up the casual vacancy in compliance with MMLR of Bursa Securities and the Company's Constitution.

The Board having reviewed its size and composition is satisfied that its current size and composition is well balanced, with diverse professional background, skills, expertise and knowledge in discharging its responsibilities for the proper functioning of the Board and fairly reflects the investment in the Company by shareholders apart from the largest shareholder. Furthermore, the current number of Board members is conducive for efficient deliberations at Board meetings and effective conduct of Board decision-making.

Brief profile of each Director is detailed under Profile of Directors in this Annual Report.

#### 1. Independence

The Board supports the highest standards of corporate governance and the development of best practices for the Company. The concept of independence adopted by the Board is in line with the definition of an Independent Director under Paragraph 1.01 and Practice Note 13 of the MMLR of Bursa Securities, i.e. independent from management and are free from any business or other relationships that could materially interfere with the exercise of their independent judgement. Independent Non-Executive Directors are required to voice their reservations of any Board decisions in areas such as policies and strategies which could be detrimental to the interest of the minority shareholders.

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### 2. Tenure of Independent Directors

The Board is mindful of the recommendation of the Code that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board subject to being re-designated as a non-independent non-executive director.

However, the Company does not have term limits for its Independent Directors as the Board believes that continued contribution provides benefits to the Board and the Company as a whole. The length of service on the Board does not in any way interfere the exercising of independent judgement, expressing views and in participating in deliberations and decision making of the Board and Board Committees.

There are three (3) Independent Non-Executive Directors on the Board presently. As at this date, one (1) Independent Director, namely En. Jeffrey bin Bosra has served on the Board for a cumulative term of more than twelve (12) years.

En. Jeffrey bin Bosra who has served as independent directors for a cumulative terms of more than 12 years, has indicated his intention to continue serving the Board and will be re-designated as Non-Independent Non-Executive Director at the conclusion of the forthcoming AGM.

#### 3. Board Diversity

The Board comprised of members who are specialised in the property development and construction sector, plantation/agriculture sector, professional in accounting sector, professional in legal sector and human resource sector. These wide spectrum of competencies, capabilities, skills and relevant business experience provide the Board with a diverse set of expertise and knowledge in discharging its responsibilities for the proper functioning of the Board and ensure that the Group continues to be competitive within its diverse industry segment.

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### 3. Board Diversity (Cont'd)

The current Board composition in terms of each of the Director's industry and/or background experience and age is as follows:

Directors	Industry/ Background Experience					Age Composition			
	Property Development and Construction	Professional in Legal	Plantation/Agriculture	Professional in Accounting	Human Resource	40 to 49 years	50 to 59 years	60 to 69 years	70 to 79 years
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	✓		✓					✓	
Tan Sri Datuk Chen Lok Loi	✓							✓	
Datuk Chen Fook Wah	✓							✓	
Datuk Mohammad bin Maidon					✓				✓
En. Jeffrey bin Bosra				✓			✓		
Dato' Lim Hong Shuan		✓						✓	

#### 4. Gender Diversity

The Board acknowledges the importance of diversity in its membership, including gender, ethnicity and age, and strives to maintain the right balance for effective functioning of the Board. The Board is mindful of the recommendation of the Code to have at least 30% women decision-makers directors on board in the corporate sector for Large Companies.

During the financial year under reviewed, the Board has not established the policy on gender diversity. However, the presence of gender diversity across the Senior Management and the Group at all levels are selected on suitability as well as potential candidate equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company so as to ensure balances gender and skills diversity, ethnicity and age within the Group.

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### 4. Gender Diversity (Cont'd)

Nevertheless, the Nomination Committee would take steps to ensure suitable woman candidates are sought for appointment on Board to encourage a dynamic and diverse composition by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company so as to ensure balances gender and skills diversity, ethnicity and age within the Group.

#### 5. Nomination Committee

The Nomination Committee was established on 27 November 2012. The present Nomination Committee comprises of three (3) members, all of whom are Independent Non-Executive Directors and they are responsible to make independent recommendations for new appointments to the Board. The members of the Nomination Committee and their attendance at the Nomination Committee meeting held during the year under review are as follows:

Name	Designation	Attendance	Percentage
Haji Mohammed Chudi bin Haji Ghazali (Retired on 3.3.2021)	Chairman	1/1	100%
En. Jeffrey bin Bosra (Appointed on 3.3.2021)	Chairman	1/1	100%
Datuk Mohammad bin Maidon	Member	2/2	100%
Dato' Lim Hong Shuan (Appointed on 22.12.2021)	Member	1/1	100%

The summary activities undertaken by the Nomination Committee in the discharge of its duty for the financial year under review are as follows:

- (i) reviewed the Directors who were due for re-election by rotation and/or re-appointment;
- (ii) reviewed the Board's required mix of skills, current size and composition, experience and other qualities including the core competencies which Independent Non-Executive Directors should bring to the Board;
- (iii) evaluated the independence of the Independent Non-Executive Directors based on the criteria of "Independence" as prescribed in the MMLR of Bursa Securities and the Corporate Governance Guide issued by Bursa Securities;
- (iv) assessed and evaluated the effectiveness of the Board based on specific criteria such as Board composition and structure, principal responsibilities of the Board, the Board process and Board governance;
- (v) assessed and evaluated the individual Directors' performance and the effectiveness of the Board as a whole together with the Audit Committees' performance;

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### 5. Nomination Committee (Cont'd)

(vi) identified suitable training programmes for the Directors and Audit Committee; and  
(vii) deliberated on the findings of the assessments and reported the findings to the Board.

The terms of reference of the Nomination Committee are available for reference at [www.mkhberhad.com](http://www.mkhberhad.com).

#### 6. Board and Board Committee Evaluation

The Nomination Committee also assesses the effectiveness of the Board as a whole and Audit Committee and the contribution of each individual Director, including Independent Non-Executive Directors on an annual basis. The evaluation process was led by the Nomination Committee's Chairman and supported by the Company Secretary. The evaluation results were considered by the Nomination Committee, which then made recommendations to the Board with the aim of helping the Board to discharge its duties and responsibilities. The evaluation was based on specific criteria such as Board composition and structure, principal responsibilities of the Board, the Board process and Board governance.

The Nomination Committee conducted the Board members performance evaluation via questionnaires which covers Board's effectiveness as a whole together with Directors' self-assessment. The Directors' self-assessment was conducted to evaluate the mix of skills, experience and the individual Director's ability to contribute and exercise independent judgement towards the effective functioning of the Board. The Nomination Committee also conducted the review of the Audit Committee members' performance via questionnaire and self and peer evaluation form to ensure a balanced and objective review by the Directors and the Audit Committee for the abovementioned key areas.

The Nomination Committee also evaluates the independence of the Independent Non-Executive Directors based on the criteria of "Independence" as prescribed in the MMLR of Bursa Securities.

During the deliberation of the performance of an individual Director who is also a member of the Nomination Committee, that member will abstains from the deliberation of his or her own performance to avoid any conflict of interests.

The Nomination Committee, pursuant to the annual review that was carried out, was satisfied that the size of the Board is optimum, well-balanced with the appropriate mix of skills and experience for the composition of the Board and its Committees. All assessments and valuation carried out by the Nomination Committee in discharging its duties were also properly documented.

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### 7. Board Meetings

The Board meets at least four (4) times a year either through physical, virtual or hybrid meetings and has a formal schedule of matters reserved to it. Additional meetings are held on an ad-hoc basis to deliberate on matters requiring its immediate attention. The Board is supplied with full and timely information to enable it to discharge its responsibilities. During these meetings, the Board reviews the Group's financial performance, business operations, reports of the various Board Committees and results are deliberated and considered. Management and performance of the Group and any other strategic issues that affect or may affect the Group's businesses are also deliberated.

During the financial year, the Board met five (5) times; whereat it deliberated and considered a variety of matters affecting the Company's operations including the Group's financial results, business plan and direction of the Group.

The attendance record of each Director is as follows:

Name	No. of Meetings Attended	Percentage
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	4/5	80%
Tan Sri Datuk Chen Lok Loi	5/5	100%
Datuk Chen Fook Wah	5/5	100%
Datuk Mohammad bin Maidon	5/5	100%
Haji Mohammed Chudi bin Haji Ghazali (Retired on 3.3.2021)	3/3	100%
Haji Hasan Aziz bin Mohd Johan (Demised on 10.5.2021)	3/3	100%
En. Jeffrey bin Bosra	5/5	100%
Dato' Lim Hong Shuan (Appointed on 21.5.2021)	2/2	100%

In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approval will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

In fostering the commitment of the Board to devote sufficient time to carry out their responsibilities, each Director is required to notify the Chairman of the Board prior to accepting directorships outside the Group. Similarly, the Chairman of the Board shall also do likewise before taking up any additional appointment of directorships. The notification will also include an approximate indication of time that will be spent by the Directors on the new directorships.

All Directors shall not hold more than five (5) directorships in other public listed companies as required under Paragraph 15.06 of the MMLR of Bursa Securities.

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### 8. Retirement and Re-election

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subjected to re-election by the shareholders in the next AGM subsequent to their appointment. At least one-third (1/3) of the Directors are required to retire from office by rotation annually and subject to re-election at each AGM. All Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election which is in line with the MMLR of Bursa Securities.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the conclusion of the next AGM and shall then be eligible for re-election.

The Directors due for re-election by rotation pursuant to Clause 112(1) of the Company's Constitution at the forthcoming AGM are Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong and Tan Sri Datuk Chen Lok Loi. Whereas, the Director due for re-election pursuant to Clause 119 of the Company's Constitution at the forthcoming AGM is Dato' Lim Hong Shuan.

#### 9. Directors' Training

The Nomination Committee has taken on the responsibility in evaluating and determining the specific and continuous training needs of the Directors on a regular basis. The Directors had attended courses/conferences and/or in house training from time to time to enhance their skills and knowledge and to keep abreast with the relevant changes in laws, listing requirements, regulations and business environment in order to discharge their duties more effectively.

All the Directors had completed the Mandatory Accreditation Programme as specified by MMLR of Bursa Securities.

The Directors are mindful that they should continually attend seminars and courses to keep themselves abreast with the latest economic and corporate developments as well as new regulations and statutory requirements. The Directors are also encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board.

The Board is also updated by the Company Secretary on the latest update/amendments on the MMLR of Bursa Securities and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### 9. Directors' Training (Cont'd)

The training programmes, seminars and/or conferences attended by the Directors during the financial year are as follows:

Director	Training/Seminars/Conferences
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngj Chong	<ul style="list-style-type: none"> <li>In-house training on the updated Malaysian Code on Corporate Governance April 2021 - Implications to Listed Corporations, Directors &amp; Management</li> </ul>
Tan Sri Datuk Chen Lok Loi	<ul style="list-style-type: none"> <li>Virtual Reviewing and Meeting on UTAR MBA (BM) Programme as speaker organised by UTAR</li> <li>Coffee Talk Webinar with Rumah.com on "The Future of Real Estate - Shifting Into The New Norm with PropTech" as panelist organised by PropTech</li> <li>Zoom Interview by Asia Pacific University of Technology and Innovation on "Employee and Employment Trend on areas of Accounting &amp; Finance and Technology"</li> <li>Private Luncheon &amp; Networking Session reception on "Consumer Market Sentiment Insights - Building Resilience In The Challenging Real Estate Climate" organised by PropertyGuru</li> <li>Webinar on "The Business of Retirement Villages in Malaysia" organised by REHDA Institute</li> <li>Webinar on "The Business of Retirement Villages in UK" organised by REHDA Institute</li> <li>2021 IHA Interim Virtual Meeting organised by REHDA Malaysia</li> </ul>
Datuk Chen Fook Wah	<ul style="list-style-type: none"> <li>In-house training on the updated Malaysian Code on Corporate Governance April 2021 - Implications to Listed Corporations, Directors &amp; Management</li> </ul>
Datuk Mohammad bin Maidon	<ul style="list-style-type: none"> <li>The Updated Malaysian Code on Corporate Governance April 2021 - Implications to Listed Corporations, Directors &amp; Management organised by Malaysian Institute of Corporate Governance</li> </ul>
En. Jeffrey bin Bosra	<ul style="list-style-type: none"> <li>The Updated Malaysian Code on Corporate Governance April 2021 - Implications to Listed Corporations, Directors &amp; Management organised by Malaysian Institute of Corporate Governance</li> </ul>
Dato' Lim Hong Shuan	<ul style="list-style-type: none"> <li>Mandatory Accreditation Program for Directors of Public Listed Companies</li> <li>The Updated Malaysian Code on Corporate Governance April 2021 - Implications to Listed Corporations, Directors &amp; Management organised by Malaysian Institute of Corporate Governance</li> </ul>

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### III. REMUNERATION

The levels of remuneration for Executive Directors are linked to experience, scope of responsibilities, service seniority, performance of the Executive Directors and published market survey information in order to attract, retain and motivate the Executive Directors to run the Group successfully. The components of the remuneration package for the Executive Directors include fixed salary, allowance, bonus, performance incentive and benefits-in-kind.

The levels of remuneration for Independent Non-Executive Directors are based on their contribution to the Group in terms of their knowledge, experience and level of responsibilities undertaken by the Independent Non-Executive Directors concerned. The determination of Directors' fees for all Independent Non-Executive Directors shall be a matter for the Board as a whole.

#### 1. Remuneration Committee

The Remuneration Committee was established on 27 November 2012 and comprises of two (2) members, all of whom are Independent Non-Executive Directors. The members of the Remuneration Committee and their attendance at the Remuneration Committee meetings held during the year under review are as follows:

Name	Designation	Attendance	Percentage
Datuk Mohammad bin Maidon	Chairman	1/1	100%
En. Jeffrey bin Bosra	Member	1/1	100%

The Remuneration Committee is responsible for recommending to the Board on the remuneration framework and packages of all Directors and in the case of Non-Executive Directors' fees including Board Committees' fees, the approval of the shareholders is required. The Directors shall abstain from deliberation and voting on their own remuneration.

During the financial year under review, the Committee held one (1) meeting to deliberate on the following:

- (a) review of the salaries, bonuses and incentives of Senior Management of the Group; and
- (b) approve the remuneration package and bonus for the Executive Directors.

The terms of reference of the Remuneration Committee are available for reference at [www.mkhberhad.com](http://www.mkhberhad.com).

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### III. REMUNERATION (CONT'D)

#### 2. Directors' Remuneration

The details of the remuneration of Directors during the financial year are as follows:

##### Company Level

Name	Directors' Fees RM	Salaries and bonuses RM	Allowance RM	Benefit-in-kind RM	Other emoluments RM	Total RM
<b>Executive Directors</b>						
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	-	-	-	-	-	-
Tan Sri Datuk Chen Lok Loi	-	-	-	-	-	-
Datuk Chen Fook Wah	-	-	-	-	-	-
<b>Independent Non-Executive Directors</b>						
Datuk Mohammad bin Maidon	60,000	-	11,000	-	-	71,000
Haji Mohammed Chudi bin Haji Ghazali	26,250	-	10,000	-	-	36,250
Haji Hasan Aziz bin Mohd Johan	37,500	-	9,000	-	-	46,500
En. Jeffrey bin Bosra	60,000	-	18,000	-	-	78,000
Dato' Lim Hong Shuan	22,500	-	4,000	-	-	26,500
<b>Total</b>	<b>206,250</b>	<b>-</b>	<b>52,000</b>	<b>-</b>	<b>-</b>	<b>258,250</b>

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### III. REMUNERATION (CONT'D)

#### 2. Directors' Remuneration (Cont'd)

##### Group Level

Name	Directors' Fees RM	Salaries and bonuses RM	Allowance RM	Benefit-in-kind RM	Other emoluments RM	Total RM
<b>Executive Directors</b>						
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	-	6,524,226	-	28,679	1,239,616	7,792,521
Tan Sri Datuk Chen Lok Loi	-	4,990,350	-	33,227	948,176	5,971,753
Datuk Chen Fook Wah	-	1,386,800	-	22,700	263,496	1,672,996
<b>Independent Non-Executive Directors</b>						
Datuk Mohammad bin Maidon	60,000	-	*23,400	-	-	83,400
Haji Mohammed Chudi bin Haji Ghazali	26,250	-	*37,440	-	-	63,690
Haji Hasan Aziz bin Mohd Johan	37,500	-	9,000	-	-	46,500
En. Jeffrey bin Bosra	60,000	-	18,000	-	-	78,000
Dato' Lim Hong Shuan	22,500	-	4,000	-	-	26,500
<b>Total</b>	<b>206,250</b>	<b>12,901,376</b>	<b>91,840</b>	<b>84,606</b>	<b>2,451,288</b>	<b>15,735,360</b>

Note:

\* Inclusive of Employees Provident Fund

# Corporate Governance Overview Statement

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AUDIT COMMITTEE

#### 1. Composition of Audit Committee

The Audit Committee comprised of three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee, En. Jeffrey bin Bosra is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (“MIA”). The other members of the Audit Committee are Datuk Mohammad bin Maidon and Dato’ Lim Hong Shuan.

#### 2. Relationship with Auditors

The Company’s independent external auditors fill an essential role for the shareholders by enhancing the reliability of the Company’s financial statements and giving assurance of that reliability to users of these financial statements.

The Board through the Audit Committee maintains a transparent and professional relationship with the external auditors. The external auditors will communicate to the Audit Committee and the Board when they become aware of any significant weaknesses in the Company’s system of internal control, including fraud, during the course of their audit that may require the attention of the Audit Committee and the Board. The role of the Audit Committee in relation to the external auditors is set out on pages 65 to 72.

For the financial year under review, the external auditors had attended all the Audit Committee meetings and general meeting of the Company and had five (5) meetings with the Audit Committee without the presence of any Executive Director and management, to discuss the audit findings and any other observations they may have during the audit process.

The external auditors have also confirmed that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria as set out by the MIA By-Laws and have provided the declaration in their annual audit plan presented to the Audit Committee of the Company.

The Audit Committee together with the Chief Financial Officer had undertaken an annual assessment of the competency and independence of the external auditors pursuant to the External Auditors Assessment Policy, which has outlined the guidelines and procedures for the assessment on the suitability of the external auditors on 29 December 2021.

The Board, on the recommendation of the Audit Committee, is of the view that the declaration of independence, integrity and objectivity made by the external auditors in their audit report for each financial year under review is sufficient to serve as a written assurance from the external auditors on their independence and integrity throughout the conduct of the audit engagement in accordance with the independence criteria as set out by MIA By-Laws, has recommended their re-appointment to the Board, upon which the shareholders’ approval will be sought at the AGM.

The details of the External Auditors Assessment Policy are available for reference at [www.mkhberhad.com](http://www.mkhberhad.com).

# Corporate Governance Overview Statement

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### I. AUDIT COMMITTEE (CONT'D)

#### 3. Directors' Responsibility Statement

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results of the operations, changes in equity and cash flows of the Group and of the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

In preparing those financial statements, the Directors ensure that management have:

- adopted appropriate accounting policies and consistently apply them;
- made judgements and estimates that are reasonable and prudent;
- state whether applicable approved accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have taken such steps as are necessary to safeguard the assets of the Group and the Company to prevent fraud and other irregularities.

### II. RISK MANAGEMENT AND INTERNAL CONTROL

The Risk Management Committee presently comprised of five (5) members comprising one (1) Group Managing Director and four (4) other members from the Key Senior Management assists to the Audit Committee and the Board in discharging its risk management and control responsibilities. The terms of reference of the Risk Management Committee are available on the Company's website at [www.mkhberhad.com](http://www.mkhberhad.com). The members of the Risk Management Committee are as follows:

Name	Designation	Business Occupation
Tan Sri Datuk Chen Lok Loi	Chairman	Group Managing Director
Dato' Chong Yong Han	Member	Property Director
Dato' Lee Khee Meng	Member	Plantation Director
Kok Siew Yin	Member	Chief Financial Officer
Tan Wan San	Member	Chief Treasury Officer/ Group Company Secretary

# Corporate Governance Overview Statement

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### II. RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

In fulfilling the primary objectives, the Risk Management Committee has been tasked to identify and communicate the existing and potential critical risk areas faced by the Group and the management action plans to mitigate such risks by working with the internal auditors in providing periodic reports and updates to the Audit Committee on a quarterly basis.

The Group's Statement on Risk Management and Internal Control provides an overview of the risk management framework and state of internal control within the Group is set out on pages 73 to 77.

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

### I. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the need for stakeholders and the wider investment community to ensure that they are kept informed of all material business matters affecting the Group. This is done through timely dissemination of information on the Group's performance and major developments which are communicated via the following channels:

- (a) the Annual Report and relevant circulars despatched to shareholders and published in the Company's website and Bursa Malaysia;
- (b) the convening of AGM and/or Extraordinary General Meeting;
- (c) the release of various disclosures and announcements including quarterly financial announcements; and
- (d) press releases and analysts briefings.

The Company leverages on the use of information technology by maintaining a corporate website at <http://www.mkhberhad.com> for effective dissemination of information which shareholders or other stakeholders can easily access to the latest corporate information of the Group. All information released to Bursa Malaysia is posted on the Investor Relations section of the website at <http://mkh.irplc.com>.

The Group's investor relationship is helmed by the Managing Director, Chief Financial Officer, Property Director and Deputy Property Director, who attends to various investors namely fund managers and investment analysts, while the Corporate Communications Department will communicate with members of the media.

The Group has appointed Ms. Kok Siew Yin, the Chief Financial Officer to respond to investor queries and concerns pertaining to financial performance (Tel: +603-8737 8228, Fax: +603-8736 5436, E-mail: [ir@mkhberhad.com](mailto:ir@mkhberhad.com)), whereas Company developments related queries may be referred to the Deputy Property Director, Dato' Chen Way Kian (Tel: +603-8737 8228, Fax: +603-8734 0324, E-mail: [ccm@mkhberhad.com](mailto:ccm@mkhberhad.com)).

In addition, stakeholders who wish to reach the respective divisions of the Group may do so through the "Contact Us" page for enquiries and feedback purpose.

# Corporate Governance Overview Statement

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

### II. CONDUCT OF GENERAL MEETINGS

The AGM which is held once a year is the principal forum for dialogue with individual shareholders. At the Company's AGM, shareholders have direct access to the Board and are given the opportunity to ask questions during the AGM. The shareholders are encouraged to ask questions both about the resolutions being proposed or about the Company's operations in general. The Chairman of the Board also addresses the shareholders on the review of the Company's operations for the financial year and outlines the prospects of the Company for the new financial year. Additionally, immediately after the AGM, the Board may also meet members of the press.

The external auditors of the Company are invited to attend the AGM to answer any questions relating to the conduct of the audit and contents of the Auditors' Report.

The Company's upcoming AGM will be held fully virtual through live streaming at 10:00 a.m. on 9 March 2022. The notice of the AGM to be issued at least 28 days prior to the date of the meeting in accordance with the Malaysian Code on Corporate Governance 2017. The notice and agenda will also be published in the local English newspaper and made available on the Group's website at [www.mkhberhad.com](http://www.mkhberhad.com).

### Statement on Compliance

The Board having duly considered the rationale for the said exception as explained in the CG Report is committed to comply with the key Principles and Practices of the Code.

This Corporate Governance Overview Statement has been approved by the Board on 29 December 2021.

# Audit Committee Report

During the financial year under review, the Audit Committee had carried out its duties and responsibilities namely held discussion with external auditors, in-house internal auditors, risk management committee and relevant members of management in accordance with its terms of reference. The Audit Committee is of the view that no material misstatement, contingencies or uncertainties and significant deficiencies in internal control have arisen, based on the reviews made and discussion held.

## Composition and Meetings

The Audit Committee is appointed by the Board of Directors from amongst Non-Executive Directors and comprise of three (3) members, all of whom are Independent Non-Executive Directors.

The Chairman of the Audit Committee, En. Jeffrey bin Bosra is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA). The other members of the Audit Committee are Datuk Mohammad bin Maidon and Dato' Lim Hong Shuan.

The Audit Committee meetings were structured through the use of agendas and relevant board papers which were distributed to the Audit Committee prior to such meetings. During the financial year, six (6) meetings were held with the attendance of the Chief Financial Officer, Chief Treasury Officer/Group Company Secretary, Group Accountant, Partners and/or Managers from the external auditors and in-house internal audit team also attended the meetings upon invitation where matters relating to the external and internal audit were discussed. The Audit Committee also met with the external auditors without the presence of management during each of the Audit Committee meeting. The Chairman of the Audit Committee will report and highlights key issues discussed at each Audit Committee meeting to the Board accordingly.

Details of the Audit Committee members' attendance are appended below:

Name	Directorship	No. of Meetings Attended
En. Jeffrey bin Bosra (Chairman)	Senior Independent Non-Executive Director	6/6
Haji Mohammed Chudi bin Haji Ghazali (Member) (Retired on 3.3.2021)	Senior Independent Non-Executive Director	4/4
Haji Hasan Aziz bin Mohd Johan (Member) (Demised on 10.5.2021)	Independent Non-Executive Director	4/4
Datuk Mohammad bin Maidon (Member) (Appointed on 3.3.2021)	Independent Non-Executive Director	2/2
Dato' Lim Hong Shuan (Member) (Appointed on 21.5.2021)	Independent Non-Executive Director	2/2

# Audit Committee Report

## Composition and Meetings (Cont'd)

For the financial year under review, the performance and effectiveness of the Audit Committee has been evaluated through Audit Committee members' self and peer evaluation conducted by the Audit Committee and endorsed by the Nomination Committee. Having reviewed the Audit Committee's performance, the Board is satisfied that the Audit Committee members have been able to discharge their functions, duties and responsibilities in accordance with the terms of reference of the Audit Committee.

The details of the terms of reference of the Audit Committee are available for reference at [www.mkhberhad.com](http://www.mkhberhad.com).

## Summary of Work of the Audit Committee

During the financial year ended 30 September 2021 ("FY 2021"), the Audit Committee had worked closely with the external auditors, in-house internal audit team and management to carry out its functions and duties in line with the terms of reference.

The summary of the work of the Audit Committee in discharging its duties during the financial year under review includes the following:

### (a) Financial Reporting

- Reviewed all the four (4) quarter's unaudited financial results and audited financial statements of the Company and the Group for the FY 2021 together with the external auditors prior to recommending the same for approval by the Board.
- Reviewed the impacts of any changes in accounting policies and adoption of new accounting standards together with significant matters highlighted in the financial statements.
- Confirmed with management and external auditors that the Company's and Group's annual audited financial statements have been prepared in compliance with applicable approved accounting and financial reporting standards.

### (b) Internal Audit

- Reviewed and approved the scope of annual audit plan for the FY 2021 proposed by the in-house internal audit team to ensure the adequacy of the scope and coverage of work on the Group's activities.
- Reviewed the internal audit reports, which highlighted the audit issues, recommendations and management's responses. Discussed with management on actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports.
- Reviewed and approved the follow-up reports on the status of implementation of those control weaknesses as highlighted by in-house internal audit team.
- Reported to the Board on significant audit issues and concerns discussed during the Audit Committee meetings which may have significant impact on the Group from time to time, for consideration and deliberation by the Board.

# Audit Committee Report

## Summary of Work of the Audit Committee (Cont'd)

### (c) External Audit

- Reviewed and approved the external auditors annual audit planning memorandum of the Group for the FY 2021, external auditor's fees, audit strategy and scope of work for the year in connection with their audit.
- Reviewed the findings of the external auditors reports particularly on key audit matter and areas of concern highlighted in the progress report, including management's response to the concerns raised by the external auditors.
- Held private sessions with the external auditors without the presence of Executive Directors and management, to discuss the audit findings and any other observations they may have during the audit process. There were no major concerns/issues raised by the external auditors at the meetings.
- Discussed with external auditors on significant accounting and auditing updates arising from new or proposed changes in accounting standard and regulatory requirements in relation to the financial statements.
- Evaluated the performance and assessed the independence and objectivity of the external auditors in providing their services and made recommendations to the Board on their re-appointment and remuneration.

### (d) Risk Management Committee

- Reviewed the Risk Management Committee's reports regarding the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and management's views/responses on the acceptable and appropriate level of risks faced by Group's business unit as well as the proposed recommendations for improvements to be implemented.

### (e) Related Party Transactions

- Reviewed on a quarterly basis if there is any related party transaction(s) entered into by the Group and any conflict of interest situation that may arise within the Group, which are required to be transacted at an arm's length basis and not detrimental to the interest of the minority shareholders.
- Reviewed the annual confirmation from the Board and Audit Committee on related party transaction(s) entered into (if any) for the financial year under review.

### (f) Annual Reporting

- Reviewed the Audit Committee Report, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement to ensure compliance with relevant regulatory reporting requirements prior to recommend the same to the Board for approval.

# Audit Committee Report

## Summary of Work of the Audit Committee (Cont'd)

The Audit Committee having reviewed the extent of assistance rendered by management in the course of the audit and based on feedback from the external auditors was satisfied that management had co-operated fully and the external auditors were able to obtain information requested to carry out their work. Based on the review carried out and the report from the external auditors, the Audit Committee recommended the audited financial statements for the FY 2021 to the Board of Directors for approval on 29 December 2021.

The Audit Committee was satisfied with the conduct of external auditors professional work and the timeliness of completion of their works to meet reporting deadline. Accordingly, the Audit Committee recommended the re-appointment of the external auditors, Deloitte PLT at the forthcoming Annual General Meeting.

## Training

During the year, all the Audit Committee have attended various seminars, training programmes and conferences. The list of trainings attended is disclosed on the Corporate Governance Overview Statement at page 57 of the Annual Report.

## The Internal Audit Function and Its Role

The Company has set-up an in-house Internal Audit Department (IAD) effective 1 October 2016.

The IAD comprises five (5) staff members, led by Mr. Kannan a/I Sevakrishnavelu, an Associate Member of the Institute of Internal Auditors Malaysia ("IIA Malaysia") who has over 15 years of experience in internal audit. IAD report directly to the Audit Committee and is guided by its Internal Audit Charter. The IAD adopts the *International Standards for the Professional Practice of Internal Auditing* as well as established internal auditing guidelines to enhance its competency and proficiency.

The principal role of the internal audit function is to undertake, on a prioritised approach, an independent and systematic assessment of the Group's system of risk management and internal controls as established by management in addressing the principal business risks faced by the Group. In conducting internal audit of the Group, the internal audit function deployed professional standards promulgated by the IIA Malaysia. During the financial year under review, weaknesses noted in the said system and areas that required improvement, including the recommendations thereof and action plans agreed to be deployed by management to address the issues raised, were highlighted by the internal audit function by way of internal audit reports issued to the Audit Committee.

# Audit Committee Report

## The Internal Audit Function and Its Role (Cont'd)

### (a) Internal Audit Work Carried Out During The Financial Year Under Review

The internal audit function conducted its work based on an annual internal audit plan which was tabled before, and approved by, the Audit Committee. The main activities of work carried out by the internal audit function are set out below:

#### (i) Conduct Of Internal Audit

The internal audit function adopted a risk-based approach in identifying specific areas and processes to be covered. During the financial year under review, the internal audit function focused on selected key processes of the Group's as follows:

Entity	Key Processes
Aliran Perkasa Sdn. Bhd.	<ul style="list-style-type: none"> <li>• Project progress</li> <li>• Non-Conformance Report (NCR) and Defects Rectification</li> <li>• Quality Assurance &amp; Quality Control (QAQC)</li> <li>• Hand over vacant possession (HOVP)</li> <li>• Completed units' quality - pre handover</li> <li>• Land title process</li> </ul>
PT Maju Kalimantan Hadapan	<ul style="list-style-type: none"> <li>• Estates - FFB production, expenditures and employment and checkroll</li> <li>• Mill production, FFB Intake, CPO and PK despatches, employment and checkroll, payment for CPO and PK sales and payment to transporters</li> </ul>
MKH Building Materials Sdn. Bhd.	<ul style="list-style-type: none"> <li>• Overall sales performance</li> <li>• Selection of supplier &amp; background of the active suppliers</li> <li>• Account Receivable and Payable &amp; Bank Reconciliation</li> <li>• Stocks and Store management</li> <li>• Customer's credit assessment</li> <li>• Customer complaints</li> <li>• Staff claims</li> <li>• General IT controls - User Access</li> </ul>
Head Office (Sales & Marketing)	<ul style="list-style-type: none"> <li>• Overall sales</li> <li>• External sales agents' performance</li> <li>• Payment to external sales agents</li> <li>• Marketing plan and activities</li> <li>• Unsold inventories</li> <li>• Sale and Purchase Agreement signing and documentation</li> <li>• Pricing, discounts and rebates</li> <li>• MHub and Wiz system - (General IT controls)</li> </ul>

# Audit Committee Report

## The Internal Audit Function and Its Role (Cont'd)

### (a) Internal Audit Work Carried Out During The Financial Year Under Review (Cont'd)

#### (i) Conduct Of Internal Audit (Cont'd)

Entity	Key Processes
Head Office (Business Development Department)	<ul style="list-style-type: none"> <li>• Sourcing of new land, projects and business</li> <li>• Profit margins for completed/on-going projects</li> <li>• Land bank management</li> <li>• Safekeeping of land title documents, joint venture agreements and other related documents</li> </ul>
Head Office (Contract Management)	<ul style="list-style-type: none"> <li>• Tender committee</li> <li>• Tendering and awarding</li> <li>• Final account sum</li> </ul>
Temara Pekeliling Sdn. Bhd.	<ul style="list-style-type: none"> <li>• Overall Project Progress</li> <li>• Non-Conformance Report (NCR) and Defects Rectification</li> <li>• Quality Assurance &amp; Quality Control (QAQC)</li> <li>• Hand over vacant possession (HOVP)</li> <li>• Completed units' quality - pre handover</li> </ul>
Laju Jaya Sdn. Bhd. - RHR Hotel Kajang	<ul style="list-style-type: none"> <li>• Hotel Performance - Occupancy, Room, Banquet, Event &amp; F&amp;B revenue</li> <li>• Front Office</li> <li>• Food and beverages</li> <li>• Sales and marketing</li> <li>• Purchasing/tender</li> <li>• Repair and maintenance</li> <li>• Housekeeping</li> <li>• Store management</li> <li>• Accounts &amp; Finance (Account Receivable, Account Payable, Casual workers payment and Bank Reconciliation)</li> <li>• Operation system IT general controls</li> </ul>
Hillpark Resources Sdn. Bhd.	<ul style="list-style-type: none"> <li>• Overall Project Progress, Progress Reporting and Contractor's Performance</li> <li>• Building Materials Management</li> <li>• Non-Conformance Report (NCR) and Site Memo</li> <li>• Completed units' quality - pre handover</li> <li>• Compliance to Project Quality Plan (PQP)</li> </ul>

# Audit Committee Report

## The Internal Audit Function and Its Role (Cont'd)

### (a) Internal Audit Work Carried Out During The Financial Year Under Review (Cont'd)

#### (i) Conduct Of Internal Audit (Cont'd)

Entity	Key Processes
<ol style="list-style-type: none"> <li>1. MKH Property Ventures Sdn. Bhd.</li> <li>2. Alif Mesra Sdn. Bhd.</li> <li>3. MKH Development Sdn. Bhd.</li> <li>4. Stand Allied Corporation Sdn. Bhd.</li> <li>5. Metro K.L. City Sdn. Bhd.</li> </ol>	<ul style="list-style-type: none"> <li>• Overall Project Progress, Progress Reporting and Contractor's Performance</li> <li>• Building Materials Management</li> <li>• Non-Conformance Report (NCR) and Site Memo</li> <li>• Progress Payments to contractors and variation orders</li> <li>• Compliance to Project Quality Plan (PQP) and Project Safety Plan (PSP)</li> </ul>
<ol style="list-style-type: none"> <li>1. Maha Usaha Sdn Bhd - Plaza Metro Kajang</li> <li>2. Srijang Indah Sdn. Bhd. - Metro Point Complex</li> </ol>	<ul style="list-style-type: none"> <li>• Mall performance</li> <li>• Tenancy/leasing management</li> <li>• Rental billing, collection and credit control</li> <li>• Marketing and promotion - Advertising and website management</li> <li>• Occupancy and rental rate</li> <li>• Repair, maintenance and security</li> <li>• Accounting ledger, carpark collection and system</li> <li>• Licenses and permits</li> </ul>

Based on the internal audit reviews carried out, the findings of the internal audit, including the recommendations to address areas of control deficiencies as well as opportunities for improvements, were discussed with Senior Management and subsequently presented to the Audit Committee.

# Audit Committee Report

## The Internal Audit Function and Its Role (Cont'd)

### (a) Internal Audit Work Carried Out During The Financial Year Under Review (Cont'd)

#### (ii) Follow-Up On Internal Audit

During the financial year under review, the internal audit function also performed a follow-up to assess the status of management-agreed action plans on recommendations raised in preceding cycles of internal audit. The outcome thereof was summarised in a follow-up report to the Audit Committee, highlighting those issues that had yet to be fully addressed by management, including specific timelines for those outstanding matters to be resolved.

Whilst reports issued by the internal audit function for the financial year under review were tabled at Audit Committee meetings, management was present at such meetings to provide pertinent clarification or additional information to address questions raised by Audit Committee members pertaining to matters raised by the internal audit function.

#### (b) Cost Of Internal Audit

The cost of the internal audit function for the financial year under review amounted to approximately RM433,828 (2020: RM394,450.85).

This Audit Committee Report has been approved by the Board on 29 December 2021.

# Statement on Risk Management and Internal Control

The Malaysian Code on Corporate Governance 2017 (“the Code”) set out the Principles and Practices for the Board of a company listed on the Bursa Malaysia Securities Berhad (“Bursa Securities”) to establish a sound risk management framework and internal controls system to safeguard shareholders’ investments and the Group’s assets. The Board is committed to establish a sound framework to manage risks and is pleased to provide the following statement in accordance with Paragraph 15.26(b) of Bursa Securities’ Main Market Listing Requirements and guided by the “*Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers*”.

## Board’s Responsibilities

The Board acknowledges its responsibilities for establishing a sound risk management framework and internal control system to manage risks in accordance with Principle B of the Code to safeguard the interest of shareholders, customers, employees and the Group’s assets. The Board’s responsibilities include:

- (a) determine the Group’s level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders’ investments and the Group’s assets;
- (b) committed to articulating, implementing and reviewing the Group’s internal controls system for risk management; and
- (c) periodic review and/or conduct of the effectiveness and adequacy of the internal controls procedures and processes to ensure that the system is viable and robust.

However, due to the limitations inherent in any internal control system, it should be noted that such system is designed to manage rather than to eliminate the risk of failure to achieve the Group’s business objectives. Therefore, the system can only provide a reasonable and not absolute assurance against material misstatement or loss. The internal control system or framework of the Group covers, inter-alia, risk management, financial, operational and compliance controls. This process has been in place for the year under review and up to the date of approval of this statement for inclusion in the Annual Report.

Accompanying the maintenance of an appropriate internal control system, is an on-going process to identify, evaluate, monitor and manage principal risks faced by the Group and this process is reviewed quarterly by the Board. The Group identified major risk areas of concern which included demand for properties, fluctuating commodity prices, foreign exchange rates fluctuation and change in regulatory environments.

The Board has reviewed the adequacy and effectiveness of the Group’s risk management and internal control system for the year under review.

## Risk Management And Internal Control Processes

The Board has put in place an organisational structure with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability as appended below:

- The Executive Committee, comprising Executive Directors and assisted by certain Key Senior Management was established to review the operations of the Group’s operating divisions, the monthly financial information which includes actual results compare against budget as approved by the Board, explanation on significant variances and management actions taken, where necessary.

# Statement on Risk Management and Internal Control

## Risk Management And Internal Control Processes (Cont'd)

- The Audit Committee with the assistance of the Internal Audit team and Risk Management Committee (“RMC”), reviews the internal control processes, and evaluates the adequacy and effectiveness of the risk management and internal control system. Further details are set out in the Audit Committee Report and Corporate Governance Overview Statement.
- The RMC was established to review and monitor Group’s risk management framework and activities. The RMC members are Group Managing Director, Property Director, Plantation Director, Chief Financial Officer and Chief Treasury Officer/Group Company Secretary. The RMC reports to the Audit Committee on a quarterly basis where key risks and mitigating action are discussed and implemented.
- The head of business unit to follow-up on those potential risks identified and the management action plans to mitigate such risks based on the findings from internal audit reports prepared by our Internal Audit team and approved by the Audit Committee. Any significant findings of non-compliance or implementation by respective business units will be reported to the Audit Committee during quarterly meeting.
- Sufficient insurance coverage and physical safeguards on major assets are in place to ensure the Group’s assets are adequately covered against any mishap that could result in material loss.

## Risk Management Framework

The Board recognises that an effective risk management framework will allow the Group to identify, evaluate and manage risks that affect the achievement of the Group’s business objectives within defined risk parameters in a timely and effective manner. The Group is exposed to operational risks, Coronavirus (“COVID-19”) pandemic risks and various financial risks as follows:

### (a) Operational Risks

Operational risks arise from the execution of the Group core businesses (i.e. property development and construction, plantation, investment property and hotel and trading) and competencies of the management in managing the risks relating to health and safety, quality, inadequate skilled workforce and adverse climatic conditions. The management is guided by approved standard operating procedures and quality controls to ensure that all business units are functional.

The Group continue to offer competitive compensation that is benchmarked against the best performing companies in the same industry, and rewards framework that is closely linked to employees’ performance to attract and retain a skilled workforce to meet existing and future needs. The plantation division emphasise on good agricultural practices to ensure high production yields of fresh fruit bunches.

### (b) COVID-19 Pandemic Risk

The prolonged COVID-19 pandemic continues to impact the Group core businesses. The Board and the Group’s management proactively monitor and manage the impact to business and operations arising from COVID-19 pandemic.

# Statement on Risk Management and Internal Control

## Risk Management Framework (Cont'd)

### (b) COVID-19 Pandemic Risk (Cont'd)

Various safety and health measures were implemented such as instituted new working arrangement for business continuity (i.e. work from home/work from office on rotational basis), implement protocols and adhere to government guidelines, constantly reminded all employees to wear a mask, practise safe social distancing at work and enhance biosecurity measures at our workplace. The Group will continue to monitor the situation closely and will do its best to protect its employees and stakeholders.

### (c) Financial Risks

- (i) Credit and liquidity risks arise from the inability to recover debts in a timely manner which may adversely affect the Group's profitability, cash flow and funding. In order to minimise such exposures, tightening of credit control, close monitoring of collections and overdue debts were carried out.
- (ii) Interest rate risk arise mainly from the Group's borrowings in the form of term loan, overdraft and revolving credit facilities to meet capital expenditures and working capital requirements.
- (iii) Commodity risk arises from the volatility of commodity prices such as crude palm oil ("CPO") and palm kernel which are affected by factors such as weather, government policies, supply and demand, and competition from substitution products as well as currency fluctuation.
- (iv) Foreign exchange risk arises from movements in foreign currency exchange rates. The Group's reporting currency is Malaysian Ringgit ("RM"). The majority of the Group's plantation division borrowing is denominated in United States Dollar ("USD"), while the majority of the Group's expenses is denominated in Indonesian Rupiah ("IDR") and sale of CPO and palm kernel is denominated in IDR.

As the CPO is an internationally traded commodity mainly in USD, there is a natural hedge as the selling price of the CPO in IDR has a positive correlation with the strengthening of the USD currency. In addition, the Group constantly monitors and compare the selling price of CPO in the local Indonesian market (in Rupiah) and the Malaysia Derivation Exchange (in RM) and the foreign exchange rate to ensure that the Group is selling the CPO at the best possible price.

The Board with the assistance of the Audit Committee, RMC and Internal Audit team have continuously review existing risks and identify new risks that the Group faces and management action plans to manage the risks.

To further enhance the risk management process within the culture of the Group, review of existing risks and identification of new risks is also conducted annually with involvement of selected management staff. In additions, nominated key management personnel in each business unit have prepared action plans to address key risks and control issues highlighted by the Internal Audit team.

During the financial year ended 30 September 2021, the RMC has:

- (a) reviewed management action plans presented by the nominated key management of certain business units of the Group;

# Statement on Risk Management and Internal Control

## Risk Management Framework (Cont'd)

- (b) reviewed the Group's quarterly financial and non-financial performances measured against the approved budget with major variances being reviewed and management actions taken as necessary;
- (c) reported its findings on major issues relating to risks and risk management to the Audit Committee on quarterly basis which then reports to the Board;
- (d) reviewed new property development projects and business investment in the subsidiaries;
- (e) reviewed on a quarterly basis the property development outlook with appropriate product differentiation and pricing to suit the market demand; and
- (f) monitored financial performances and the progress of corrective actions/implementation for highlighted issues.

## Internal Audit Function

During the financial year, the Audit Committee worked closely with the Internal Audit team, distinct from the external auditors, to provide independent internal audit services to the Group, who reports independently to the Audit Committee. The internal audit function provides the Audit Committee with quarterly reports, based on the audits conducted, highlighting observations, recommendations and management action plans to improve the internal control system and contribute towards improving the Group's risk management.

The key role of the internal audit function is to assess management's adherence to establish policies and procedures as well as to act as an independent sounding board to the Audit Committee concerning areas of weaknesses or deficiencies in the risk management, governance and control processes for appropriate remedial measures to be carried out by the management.

## Review By The External Auditors

As required by Paragraph 15.23 of Bursa Securities' Main Market Listing Requirements, the external auditors have conducted a limited assurance engagement on this Statement on Risk Management and Internal Control. Their limited assurance engagement was performed in accordance with Malaysian Approved Standard on Assurance Engagements, International Standard on Assurance Engagements, ISAE 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and Audit and Assurance Practice Guide 3 ("AAPG 3"): *Guidance for Auditors on Engagements to Report on the Statement of Risk Management and Internal Control included in the Annual Report*.

# Statement on Risk Management and Internal Control

## Review By The External Auditors (Cont'd)

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers* to be set out, nor is factually inaccurate. AAPG 3 does not require the external auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and control system including the assessment and opinion by the Board and management thereon. The external auditors are not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems. The report from the external auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the Bursa Securities' Main Market Listing Requirements and for no other purposes or parties.

## Management Assurance

In accordance with the requirements of the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers*, the Group Managing Director and the Chief Financial Officer have given reasonable assurance to the Board that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively.

## Board's Conclusion

The Board is of the view that an appropriate risk management and internal control system, procedures and processes in operation during the year in review was reasonably adequate and effective to safeguard the assets of the Group and interest of shareholders. For the financial year under review, no significant control failures or weaknesses that result in material losses and require disclosure in the Group's Annual Report were identified.

This Statement has been approved by the Board on 29 December 2021.

# Additional Compliance Information

## 1. Utilisation of Proceeds Raised from Corporate Proposals

The utilisation of rights issue proceeds as at 30 September 2021 are as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Revised timeframe
Infrastructure and property development	37,190	37,190	-	Completed
Payment of landowners' entitlements	20,000	20,000	-	Completed
Construction of KTM Komuter station	21,400	21,400	-	Within 46 months <sup>#</sup>
Working capital	372	372	-	Completed
Estimated expenses for the rights with bonus issue	1,600	1,600	-	Completed
<b>Total</b>	<b>80,562</b>	<b>80,562</b>	<b>-</b>	

*Note:*

<sup>#</sup> The time frame for the utilisation of the proceeds raised from the rights with bonus issue has been extended for another 6 months period from 30 September 2020 (2nd revised time frame) up to 31 March 2021.

## 2. Audit and Non-Audit Fees

The amount of audit fees and non-audit fees paid by the Company and its subsidiaries to the external auditors for the financial year ended 30 September 2021 are as follows:

	Group (RM)	Company (RM)
Audit Fees	727,998	56,000
Non-audit Fees	112,000	99,000
<b>Total</b>	<b>839,998</b>	<b>155,000</b>

The non-audit fees was payment towards reviewing the statement on risk management and internal control, additional audit works and special audit works, accountant report and trust account audit.

## 3. Material Contracts Involving Directors and Major Shareholders' Interest

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and/or major shareholders' interests during the financial year.

## 4. Sanctions and/or Penalties

There were no material public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

## Financial Statements

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# Directors' Report

The directors have pleasure in presenting their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2021.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and providing management services.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiaries are as 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	The Company RM
Profit for the financial year	102,707,980	76,391,268
Profit attributable to:		
Owners of the parent	80,435,074	76,391,268
Non-controlling interests	22,272,906	-
	102,707,980	76,391,268

## DIVIDEND

Since the end of the previous financial year, a first interim single tier dividend of 3.0 sen per ordinary share in respect of financial year ended 30 September 2020 amounting to RM17,322,476 was declared on 27 November 2020 and paid on 8 January 2021 as reported in the directors' report of that year.

A first interim single tier dividend of 3.5 sen per ordinary share in respect of financial year ended 30 September 2021 amounting to RM20,209,552 was declared on 29 November 2021 and to be paid on 7 January 2022. The financial statements for the current financial year do not reflect the dividend. Such dividend will be accounted in equity as an appropriation of retained earnings in the financial year ending 30 September 2022.

The directors do not recommend any final dividend payment in respect of the financial year ended 30 September 2021.

## ISSUES OF SHARES

The Company has not issued any new shares or debentures during the financial year.

# Directors' Report

## 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 Dato' Chen Kooi Chiew @ Cheng Ngi Chong  
Tan Sri Datuk Chen Lok Loi  
Datuk Chen Fook Wah  
Datuk Mohammad bin Maidon  
Jeffrey bin Bosra  
Dato' Lim Hong Shuan (Appointed on 21 May 2021)  
Mohammed Chudi bin Haji Ghazali (Retired on 3 March 2021)  
Hasan Aziz bin Mohd Johan (Demised on 10 May 2021)

## LIST OF DIRECTORS OF SUBSIDIARIES

Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong  
Tan Sri Datuk Chen Lok Loi  
Datuk Chen Fook Wah  
Datuk Mohammad bin Maidon  
Dato' Chong Yong Han  
Dato' Chen Way Kian  
Dato' Lee Khee Meng  
Dato' Mazbar bin Abu Bakar  
Mohammed Chudi bin Haji Ghazali  
Datuk Hj. Johan bin Abd. Aziz  
Chen Wei Chyong  
Chen Way Liang  
Chen Yunn Shin  
Tan Wan San  
Tang Wai Hoong  
Tang Hee Teik  
Teh Lee Lean  
Ong Khek Gee  
Ahmad Yani bin Sulaiman  
Kok Siew Yin  
Datuk Muztaza bin Mohamad  
Ra Adrina binti Muztaza (Alternate director to Datuk Muztaza bin Mohamad)  
Dzulkeflee bin Khairuddin  
Yap Yoon Soong (Alternate director to Dzulkeflee bin Khairuddin)  
Abd Manaf bin Ahmad  
Mohd Adib bin Othman  
Hafiz bin Othman  
Che Hasnadi bin Che Hassan  
Morlifa Elanda  
Mirza Aulia  
Drs. Haji Norhansyah  
Isso Suzuki

# Directors' Report

## LIST OF DIRECTORS OF SUBSIDIARIES (CONT'D)

Kazuhiko Tanaka  
 Chen Wei Sern  
 G. Premman a/I R.S Gopal  
 Kaisyah binti Abu Khalil  
 Khaleda Rizky Meitya (Appointed on 15 February 2021)  
 Agrie Aldipari Norusandi (Appointed on 15 February 2021)  
 Kenichi Takishita (Appointed on 1 April 2021)  
 Kohsaku Yanagi (Appointed on 1 April 2021)  
 YM Raja Ahmad Shahrir Iskandar bin Raja Salim (Appointed on 19 July 2021)  
 Mikiya Ishizako (Resigned on 1 April 2021)  
 Shigeki Watanabe (Resigned on 1 April 2021)  
 Mohd Helmi bin Mohd Yusof (Resigned on 19 July 2021)  
 Drs. Haji Khairil Anwar (Demised on 29 December 2020)

## DIRECTORS' INTERESTS

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations of those who were directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

### (a) Shareholdings in the Company

	Number of ordinary shares			At 30 September 2021
	At 1 October 2020	Bought	Sold	
<b>Direct interests:</b>				
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	277,080	-	-	277,080
Tan Sri Datuk Chen Lok Loi	10,602,844	-	-	10,602,844
Datuk Chen Fook Wah	2,013,354	-	-	2,013,354
<b>Deemed interests:</b>				
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong <sup>^</sup>	253,126,658	3,000	-	253,129,658
Tan Sri Datuk Chen Lok Loi <sup>#</sup>	245,120,987	100,000	-	245,220,987
Datuk Chen Fook Wah <sup>*</sup>	236,337,454	-	-	236,337,454

<sup>^</sup> Deemed interests through shares held in Chen Choy & Sons Realty Sdn. Bhd. ("CCSR"), Lotus Way Sdn. Bhd. and a nominee company.

<sup>#</sup> Deemed interests through shares held in CCSR and a nominee company.

<sup>\*</sup> Deemed interests through shares held in CCSR and Activest Sdn. Bhd..

# Directors' Report

## DIRECTORS' INTERESTS (CONT'D)

### (b) Shareholdings in subsidiary

#### - Srijang Kemajuan Sdn. Bhd.

	Number of ordinary share			At 30 September 2021
	At 1 October 2020	Bought	Sold	
<b>Direct interests:</b>				
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	1	-	-	1

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 7 to the financial statements or the fixed salary of a full time employee of the Company) 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 other than any benefits which may be deemed to have arisen from transactions entered into in the ordinary course of business as disclosed in Note 38 to the financial statements.

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

## RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

## STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

- 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 had been written off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

# Directors' Report

## STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D)

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

- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (iii) 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
- (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

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

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 affect the ability of the Group and of the Company to meet their obligations when they fall due.

In the opinion of the directors:

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

## SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

# Directors' Report

## TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirements of Section 127(4)(b) of the Companies Act, 2016 in Malaysia.

The Company has not repurchased any treasury shares during the financial year.

As at 30 September 2021, the Company held 9,132,300 treasury shares out of its 586,548,168 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM11,112,278. Further details are disclosed in Note 27 to the financial statements.

## INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' and officers' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance coverage for the directors and officers of the Company. The amount of insurance premium paid during the year amounted to RM40,290.

There was no indemnity given to or insurance effected for auditors of the Company.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS

Details of significant events during the financial year and subsequent events are disclosed in Note 40 to the financial statements.

## AUDITORS

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

## AUDITORS' REMUNERATION

The amount paid or payable by the Group and the Company as remuneration of the auditors for audit services for the financial year ended 30 September 2021 amounting to RM727,998 and RM56,000 respectively.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 December 2021.

TAN SRI DATO' CHEN KOOI CHIEW @  
CHENG NGI CHONG

TAN SRI DATUK CHEN LOK LOI

# Statement By Directors

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong and Tan Sri Datuk Chen Lok Loi, being two of the directors of the Company, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 92 to 236, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 December 2021.

**TAN SRI DATO' CHEN KOOI CHIEW @  
CHENG NGI CHONG**

**TAN SRI DATUK CHEN LOK LOI**

# Statutory Declaration

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

I, Kok Siew Yin, being the person primarily responsible for the financial management of **MKH BERHAD**, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 92 to 236, in my opinion, are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed  
at Kajang in the State of Selangor on 29 December 2021

**KOK SIEW YIN**  
MIA MEMBERSHIP NO: 15343

Before me

**SUBRAMANIAM A/L THIRUPATHY (B514)**  
Commissioner for Oaths

# Independent Auditors' Report

TO THE MEMBERS OF MKH BERHAD (Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **MKH BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 30 September 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 and other explanatory information, as set out on pages 92 to 236.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 30 September 2021, and of their financial performance and their cash flows for the year then ended in accordance with the 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 described further 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 IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, are of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters are 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.

<i>Key audit matter</i>	<i>How the matter was addressed in the audit</i>
<b>Revenue from property development activities</b>  The Group recognises property development revenue using the cost-based input method, which is measured on the basis of the Group's efforts or inputs to the property development costs incurred to date relative to the total expected property development costs.	Our audit procedures included, among others: <ul style="list-style-type: none"> <li>Obtained an understanding of the relevant controls put in place by the Group in respect of revenue recognition for property development activities and performed procedures to evaluate the design and implementation and test operating effectiveness of such controls.</li> </ul>

# Independent Auditors' Report

TO THE MEMBERS OF MKH BERHAD (Incorporated in Malaysia)

## Report on the Audit of the Financial Statements (Cont'd)

### Key Audit Matters (Cont'd)

<i>Key audit matter</i>	<i>How the matter was addressed in the audit</i>
<p><b>Revenue from property development activities (Cont'd)</b></p> <p>Significant judgement is required in the estimation of total property development costs. Where the actual total property development costs is different from the estimated total property development costs, such difference will impact the property development profits recognised.</p> <p>Refer to “Significant accounting estimates and judgements” in Note 2(c)(i) to the financial statements.</p>	<p>Our audit procedures included, among others: (Cont'd)</p> <ul style="list-style-type: none"> <li>• Performed site visits for individually significant projects to arrive at an overall assessment as to whether information provided by management is reasonable.</li> <li>• Reviewed management prepared budgets for property development projects and ensured that budgets are appropriate and reflected cost incurred and cost to complete, current cost of operations and computation of profit recognition.</li> <li>• Challenged management assumptions used in the preparation of the respective budgets, and performed a retrospective review to establish the reliability of management-prepared budgets and considered the implication of any changes in assumption used in the budgets.</li> <li>• Performed test of details on actual development costs incurred during the financial year as to whether the development costs recorded are valid and in the correct accounting period.</li> <li>• Verified the gross development value by reviewing the sale and purchase agreement entered into between the purchasers and the Group.</li> <li>• Checked the mathematical accuracy of the revenue and profit based on percentage of completion calculations and considered the implications of any changes in estimate.</li> </ul>

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

# Independent Auditors' Report

TO THE MEMBERS OF MKH BERHAD (Incorporated in Malaysia)

## Report on the Audit of the Financial Statements (Cont'd)

### Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report of the Group but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Analysis of Shareholdings and Directors' Shareholdings, which are expected to be made available to us after that date.

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 the other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Analysis of Shareholdings and Directors' Shareholdings, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request management to correct the other information accordingly.

### Responsibilities of the Directors for the Financial Statements

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

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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

# Independent Auditors' Report

TO THE MEMBERS OF MKH BERHAD (Incorporated in Malaysia)

## Report on the Audit of the Financial Statements (Cont'd)

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

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

- 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.

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

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

# Independent Auditors' Report

TO THE MEMBERS OF MKH BERHAD (Incorporated in Malaysia)

## Report on the Audit of the Financial Statements (Cont'd)

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

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 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, as disclosed in Note 15 to the financial statements.

### Other Matters

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

**DELOITTE PLT (LLP0010145-LCA)**  
**Chartered Accountants (AF0080)**

**TEO SWEE CHUA**  
**Partner - 02846/01/2022 J**  
**Chartered Accountant**

Kuala Lumpur  
29 December 2021

# Statements of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	4	913,572,107	911,925,743	72,500,000	51,012,000
Cost of sales	5	(619,013,919)	(600,057,995)	-	-
<b>Gross profit</b>		<b>294,558,188</b>	<b>311,867,748</b>	<b>72,500,000</b>	<b>51,012,000</b>
Other income		27,695,603	23,282,527	15,587,585	19,754,321
Sales and marketing expenses		(17,213,388)	(16,556,202)	-	-
Administrative expenses		(88,817,844)	(95,033,050)	(2,319,371)	(1,671,044)
Other expenses		(21,268,611)	(51,582,611)	(113,181)	(2,768,297)
<b>Profit from operations</b>		<b>194,953,948</b>	<b>171,978,412</b>	<b>85,655,033</b>	<b>66,326,980</b>
Finance costs		(31,508,978)	(50,389,033)	(5,937,334)	(7,505,756)
Share of results of associates	16	(2,390,996)	(5,113,693)	-	-
<b>Profit before tax</b>	6	<b>161,053,974</b>	<b>116,475,686</b>	<b>79,717,699</b>	<b>58,821,224</b>
Tax expense	8	(58,345,994)	(50,208,914)	(3,326,431)	(4,089,006)
<b>Profit for the financial year</b>		<b>102,707,980</b>	<b>66,266,772</b>	<b>76,391,268</b>	<b>54,732,218</b>
<b>Other comprehensive income/(loss)</b>					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Remeasurement gains/(losses) on defined benefit plans	29	3,177,926	(144,860)	-	-
Revaluation surplus of land and buildings		-	4,973,395	-	67,045
Income tax relating to components of other comprehensive (income)/loss	8	(820,936)	54,686	-	-
Income tax relating to surplus arising from revaluation of land and buildings	8	-	(896,603)	-	(15,932)
		<b>2,356,990</b>	<b>3,986,618</b>	<b>-</b>	<b>51,113</b>
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation differences		8,259,061	(4,280,558)	-	-
<b>Total comprehensive income for the financial year</b>		<b>113,324,031</b>	<b>65,972,832</b>	<b>76,391,268</b>	<b>54,783,331</b>
<b>Profit for the financial year attributable to:</b>					
Owners of the parent		80,435,074	41,737,497	76,391,268	54,732,218
Non-controlling interests		22,272,906	24,529,275	-	-
		<b>102,707,980</b>	<b>66,266,772</b>	<b>76,391,268</b>	<b>54,732,218</b>

# Statements of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		<b>90,782,151</b>	41,360,556	<b>76,391,268</b>	54,783,331
Non-controlling interests		<b>22,541,880</b>	24,612,276	-	-
		<b>113,324,031</b>	65,972,832	<b>76,391,268</b>	54,783,331
<b>Basic and diluted earnings per share (sen)</b>	9	<b>13.93</b>	7.22		

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

# Statements of Financial Position

AS AT 30 SEPTEMBER 2021

		The Group		The Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	10	401,053,759	409,046,963	1,216,597	1,230,146
Right-of-use asset	11	17,766,275	18,088,322	-	-
Intangible assets	12	60,072,830	50,668,704	-	-
Prepaid lease payments	13	40,640,831	41,721,899	-	-
Investment properties	14	344,241,000	349,256,000	-	-
Investment in subsidiaries	15	-	-	889,253,640	887,532,642
Investment in associates	16	12,485,569	9,976,516	-	-
Other investment	17	355,820	132,496	-	-
Land held for property development	18	883,036,837	903,715,813	-	-
Deferred tax assets	19	35,550,916	41,236,529	-	-
Receivables, deposits and prepayments	20	36,777,172	44,577,427	-	-
Total Non-Current Assets		1,831,981,009	1,868,420,669	890,470,237	888,762,788
Current Assets					
Property development costs	21	539,809,044	394,961,676	-	-
Inventories	22	161,770,892	137,144,068	-	-
Contract assets	23	285,493,960	340,668,466	-	-
Biological assets	24	6,177,026	4,233,267	-	-
Receivables, deposits and prepayments	20	196,069,455	210,524,205	351,874,478	356,545,723
Current tax assets		9,895,532	11,650,201	-	-
Cash, bank balances, term deposits and fixed income funds	25	427,546,675	374,653,655	33,763,775	1,900,392
		1,626,762,584	1,473,835,538	385,638,253	358,446,115
Non-current assets classified as held for sale	26	737,030	4,533,955	-	-
Total Current Assets		1,627,499,614	1,478,369,493	385,638,253	358,446,115
Total Assets		3,459,480,623	3,346,790,162	1,276,108,490	1,247,208,903

# Statements of Financial Position

AS AT 30 SEPTEMBER 2021

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	27	654,458,655	654,458,655	654,458,655	654,458,655
Treasury shares	27	(11,112,278)	(11,112,278)	(11,112,278)	(11,112,278)
Reserves	28	1,062,722,625	989,262,950	493,407,888	434,339,096
Equity attributable to owners of the parent		1,706,069,002	1,632,609,327	1,136,754,265	1,077,685,473
Non-controlling interests	15	138,702,359	91,811,380	-	-
<b>Total Equity</b>		<b>1,844,771,361</b>	<b>1,724,420,707</b>	<b>1,136,754,265</b>	<b>1,077,685,473</b>
<b>Non-Current Liabilities</b>					
Deferred tax liabilities	19	56,122,660	58,133,071	114,428	114,428
Provisions	29	15,210,765	16,654,765	-	-
Payables and accruals	30	395,713,312	348,607,562	-	-
Lease liability	31	18,593,107	18,282,900	-	-
Loans and borrowings	32	175,879,293	256,225,792	-	-
<b>Total Non-Current Liabilities</b>		<b>661,519,137</b>	<b>697,904,090</b>	<b>114,428</b>	<b>114,428</b>
<b>Current Liabilities</b>					
Provisions	29	20,587,069	20,587,069	-	-
Contract liabilities	23	15,373,699	12,659,720	-	-
Payables and accruals	30	538,251,142	504,172,256	600,511	712,040
Lease liability	31	492,775	457,778	-	-
Loans and borrowings	32	353,929,426	377,547,983	138,031,600	167,653,600
Current tax liabilities		24,556,014	9,040,559	607,686	1,043,362
<b>Total Current Liabilities</b>		<b>953,190,125</b>	<b>924,465,365</b>	<b>139,239,797</b>	<b>169,409,002</b>
<b>Total Liabilities</b>		<b>1,614,709,262</b>	<b>1,622,369,455</b>	<b>139,354,225</b>	<b>169,523,430</b>
<b>Total Equity and Liabilities</b>		<b>3,459,480,623</b>	<b>3,346,790,162</b>	<b>1,276,108,490</b>	<b>1,247,208,903</b>
<b>Net assets per share (RM)</b>	9	<b>2.95</b>	<b>2.83</b>		

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

# Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

Note	Share capital RM	Treasury shares RM	Non-distributable Translation reserve RM	Revaluation reserve RM	Distributable Retained earnings RM	Attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
<b>At 1 October 2020</b>	654,458,655	(11,112,278)	(8,778,833)	27,359,331	970,682,452	1,632,609,327	91,811,380	1,724,420,707
<b>Comprehensive income</b>								
Profit for the financial year	-	-	-	-	80,435,074	80,435,074	22,272,906	102,707,980
<b>Other comprehensive income</b>								
Foreign currency translation differences	-	-	8,101,134	-	-	8,101,134	157,927	8,259,061
Remeasurement gains on defined benefit plans - net of tax	-	-	-	-	2,245,943	2,245,943	111,047	2,356,990
Total comprehensive income	-	-	8,101,134	-	82,681,017	90,782,151	22,541,880	113,324,031
<b>Transactions with owners</b>								
Issuance of shares by subsidiaries to non-controlling interest	-	-	-	-	-	-	24,349,099	24,349,099
Dividend	-	-	-	-	(17,322,476)	(17,322,476)	-	(17,322,476)
Total transactions with owners	-	-	-	-	(17,322,476)	(17,322,476)	24,349,099	7,026,623
<b>At 30 September 2021</b>	654,458,655	(11,112,278)	(677,699)	27,359,331	1,036,040,993	1,706,069,002	138,702,359	1,844,771,361

# Consolidated Statement of Changes in Equity

AS AT 30 SEPTEMBER 2021

Note	Share capital RM	Treasury shares RM	Non-distributable Translation reserve RM	Revaluation reserve RM	Distributable Retained earnings RM	Attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
<b>At 1 October 2019</b>	654,458,655	(9,637,077)	(4,551,006)	23,402,037	952,212,746	1,615,885,355	71,249,104	1,687,134,459
<b>Comprehensive (loss)/income</b>								
Profit for the financial year	-	-	-	-	41,737,497	41,737,497	24,529,275	66,266,772
<b>Other comprehensive (loss)/income</b>								
Foreign currency translation differences	-	-	(4,227,827)	-	-	(4,227,827)	(52,731)	(4,280,558)
Revaluation surplus of land and buildings	-	-	-	3,957,294	-	3,957,294	119,498	4,076,792
- net of tax	-	-	-	-	(106,408)	(106,408)	16,234	(90,174)
Remeasurement (loss)/gains on defined benefit plans - net of tax	-	-	-	-	-	-	-	-
<b>Total comprehensive (loss)/income</b>	-	-	(4,227,827)	3,957,294	41,631,089	41,360,556	24,612,276	65,972,832
<b>Transactions with owners</b>								
Share buy back	-	(1,475,201)	-	-	-	(1,475,201)	-	(1,475,201)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(4,050,000)	(4,050,000)
Dividend	-	-	-	-	(23,161,383)	(23,161,383)	-	(23,161,383)
<b>Total transactions with owners</b>	-	(1,475,201)	-	-	(23,161,383)	(24,636,584)	(4,050,000)	(28,686,584)
<b>At 30 September 2020</b>	654,458,655	(11,112,278)	(8,778,833)	27,359,331	970,682,452	1,632,609,327	91,811,380	1,724,420,707

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# Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	Share capital RM	Treasury shares RM	Non-distributable Revaluation reserve RM	Distributable Retained earnings RM	Total equity RM
<b>At 1 October 2020</b>		654,458,655	(11,112,278)	671,520	433,667,576	1,077,685,473
<b>Comprehensive income</b>						
Profit for the financial year		-	-	-	76,391,268	76,391,268
<b>Transactions with owners</b>						
Dividend	33	-	-	-	(17,322,476)	(17,322,476)
<b>At 30 September 2021</b>		654,458,655	(11,112,278)	671,520	492,736,368	1,136,754,265

	Note	Share capital RM	Treasury shares RM	Non-distributable Revaluation reserve RM	Distributable Retained earnings RM	Total equity RM
<b>At 1 October 2019</b>		654,458,655	(9,637,077)	620,407	402,096,741	1,047,538,726
<b>Comprehensive income</b>						
Profit for the financial year		-	-	-	54,732,218	54,732,218
<b>Other comprehensive income</b>						
Revaluation surplus of land and buildings - net of tax		-	-	51,113	-	51,113
		-	-	51,113	54,732,218	54,783,331
<b>Transactions with owners</b>						
Share buy back		-	(1,475,201)	-	-	(1,475,201)
Dividend	33	-	-	-	(23,161,383)	(23,161,383)
Total transactions with owners		-	(1,475,201)	-	(23,161,383)	(24,636,584)
<b>At 30 September 2020</b>		654,458,655	(11,112,278)	671,520	433,667,576	1,077,685,473

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

# Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES</b>				
Profit before tax	<b>161,053,974</b>	116,475,686	<b>79,717,699</b>	58,821,224
Adjustments for:				
Reversal of allowance for slow moving inventories	-	(152)	-	-
Amortisation of prepaid lease payments	<b>1,517,601</b>	1,507,568	-	-
Bad debts written off	-	12,853	-	-
Changes in fair value of biological assets	<b>(1,637,252)</b>	913,440	-	-
Changes in fair value of investment properties	<b>5,015,000</b>	12,165,000	-	-
Changes in fair value of other investment	<b>39,239</b>	(3,246)	-	-
Deposits written off	<b>1,000</b>	-	-	-
Depreciation of property, plant and equipment	<b>36,850,547</b>	36,411,827	<b>13,549</b>	16,950
Depreciation of right-of-use asset	<b>322,047</b>	322,048	-	-
Development expenditure expensed off	<b>3,418,590</b>	233,677	-	-
Dividend income from investment in subsidiaries	-	-	<b>(72,500,000)</b>	(51,012,000)
Dividend income from other investment	<b>(21,614)</b>	(879)	-	-
Fair value losses from transfer of inventories to investment properties	-	5,180,808	-	-
Gain on disposal of non-current assets classified as held for sale	<b>(3,274,186)</b>	-	-	-
Gain on disposal of other investment	<b>(188,329)</b>	-	-	-
Impairment loss on:				
Loan receivables	<b>73,000</b>	21,000	-	-
Trade receivables	<b>307,487</b>	10,707	-	-
Investment in subsidiaries	-	-	-	2,712,412
Impairment loss no longer required on:				
Finance lease receivables	-	(150)	-	-
Loan receivables	<b>(77,608)</b>	-	-	-
Trade receivables	-	(96,622)	-	-
Other receivables	<b>(53,279)</b>	(41,250)	-	(11,250)
Interest expense	<b>31,508,978</b>	50,389,033	<b>5,937,334</b>	7,505,756
Interest income	<b>(4,288,834)</b>	(7,497,224)	<b>(15,557,335)</b>	(19,567,016)
Inventories written down	-	174,531	-	-
Inventories written off	<b>721</b>	4,493	-	-
Loss/(Gain) on disposal of property, plant and equipment	<b>1,632</b>	(130,311)	-	-
Property, plant and equipment written off	<b>354,678</b>	341,877	-	-
Provision for retirement gratuity	-	403,683	-	-

# Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES (CONT'D)</b>				
Impairment loss no longer required on: (Cont'd)				
Provision for post-employment benefit obligations	2,064,106	3,711,395	-	-
Revaluation loss on property, plant and equipment	-	65,310	-	-
Share of results of associates	2,390,996	5,113,693	-	-
Unrealised (gains)/losses on foreign exchange - net	(7,998,714)	13,939,628	20,650	(155,250)
Operating Profit/(Loss) Before Changes in Working Capital	227,379,780	239,628,423	(2,368,103)	(1,689,174)
Change in property development costs	4,600,776	53,312,530	-	-
Change in inventories	2,190,093	14,248,566	-	-
Change in contract assets	55,174,506	(59,370,767)	-	-
Change in receivables, deposits and prepayments	(8,886,666)	5,173,183	(8,439,804)	(14,629,887)
Change in contract liabilities	2,713,979	751,961	-	-
Change in payables and accruals	(15,634,769)	(65,334,334)	(111,529)	(57,481)
Cash Generated From/(Used In) Operations	267,537,699	188,409,562	(10,919,436)	(16,376,542)
Interest received	2,301,714	6,550,207	15,557,335	19,567,016
Interest paid	(23,068,420)	(30,735,362)	(5,937,334)	(7,505,756)
Tax paid	(39,741,671)	(49,753,283)	(3,762,107)	(4,779,010)
Tax refunded	1,149,717	5,777,451	-	-
Retirement benefit obligations paid	(1,514,693)	(746,241)	-	-
Net Cash From/(Used In) Operating Activities	206,664,346	119,502,334	(5,061,542)	(9,094,292)
<b>CASH FLOWS (USED IN)/ FROM INVESTING ACTIVITIES</b>				
Repayment/(Advances) to subsidiaries	-	-	11,890,544	(30,662,409)
Acquisition of shares in an associate	(49)	-	-	-
Subscription of shares in an associate	(4,900,000)	(99,996)	-	-
Acquisition of other investment	(1,474,925)	(129,250)	-	-
Acquisition of property, plant and equipment	(10,753,722)	(9,543,552)	-	-
Additions to intangible assets	(9,158,204)	(20,501,079)	-	-
Additions to land held for property development	(38,504,985)	(37,436,804)	-	-

# Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>CASH FLOWS (USED IN)/ FROM INVESTING ACTIVITIES (CONT'D)</b>				
Dividends received from subsidiaries	-	-	<b>72,500,000</b>	51,012,000
Dividend received from other investment (Placement)/Withdrawal of deposits with licensed banks	<b>21,614</b>	879	-	-
Proceeds from disposal of non-current assets classified as held for sale	<b>(1,484,581)</b>	9,844,999	-	-
Proceeds from disposal of other investment	<b>7,469,185</b>	-	-	-
Proceeds from disposal of property, plant and equipment	<b>1,400,691</b>	-	-	-
	<b>2,500</b>	131,378	-	-
Net Cash (Used In)/From Investing Activities	<b>(57,382,476)</b>	(57,733,425)	<b>84,390,544</b>	20,349,591
<b>CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES</b>				
Drawdown of revolving credits	<b>201,191,950</b>	173,502,088	<b>156,400,000</b>	125,175,850
Drawdown of term loans	<b>76,229,601</b>	66,915,407	-	-
Repayments of revolving credits	<b>(266,142,819)</b>	(150,692,252)	<b>(186,042,650)</b>	(99,976,000)
Repayments of term loans	<b>(116,995,544)</b>	(131,204,719)	-	-
Payments of hire purchase liabilities	<b>(358,019)</b>	(547,739)	-	-
Payment of lease liability	<b>(500,000)</b>	(500,000)	-	-
Share buy back	-	(1,475,201)	-	(1,475,201)
Proceeds from issuance of shares by subsidiaries to non-controlling interests	<b>24,349,099</b>	-	-	-
Dividend paid to non-controlling interests	-	(4,050,000)	-	-
Dividend paid	<b>(17,322,476)</b>	(23,161,383)	<b>(17,322,476)</b>	(23,161,383)
Subscription of additional shares in subsidiaries	-	-	<b>(500,493)</b>	(6,651,560)
Net Cash Used In Financing Activities	<b>(99,548,208)</b>	(71,213,799)	<b>(47,465,619)</b>	(6,088,294)
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>49,733,662</b>	(9,444,890)	<b>31,863,383</b>	5,167,005
Effect of exchange rate fluctuations	<b>2,877,276</b>	(5,121,002)	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>359,500,273</b>	374,066,165	<b>1,900,392</b>	(3,266,613)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<b>412,111,211</b>	359,500,273	<b>33,763,775</b>	1,900,392

# Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Deposits with licensed banks	25	12,345,487	6,872,443	-	-
Cash and bank balances	25	142,406,575	105,888,495	7,484,069	1,900,392
Cash held under housing development accounts	25	215,276,195	247,109,816	-	-
Short-term placements	25	20,005,995	-	20,005,995	-
Fixed income funds:					
Redeemable at call	25	2,495,946	6,910,278	-	-
Redeemable upon 1 day notice	25	35,016,477	7,872,623	6,273,711	-
		427,546,675	374,653,655	33,763,775	1,900,392
Bank overdrafts	32	-	(1,202,499)	-	-
		427,546,675	373,451,156	33,763,775	1,900,392
Less: Non short-term and highly liquid fixed deposits		(3,887,499)	-	-	-
Less: Deposits and bank balances pledged for credit facilities		(11,547,965)	(13,950,883)	-	-
		412,111,211	359,500,273	33,763,775	1,900,392

## Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment by the following means:

	The Group	
	2021 RM	2020 RM
Hire purchase arrangement	-	464,000
Interest capitalised	34,190	167,603
Cash payments	10,753,722	9,543,552
	10,787,912	10,175,155

# Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## Reconciliation of liabilities arising from financing activities

	As of 1.10.2020 RM	Financing cash flows RM	Non-cash changes RM	Effect of movements in exchange rate RM	As of 30.9.2021 RM
<b>The Group</b>					
Term loans	140,255,467	(40,765,943)	-	2,378,326	101,867,850
Revolving credits	491,167,825	(64,950,869)	-	933,948	427,150,904
Hire purchase liabilities	1,147,984	(358,019)	-	-	789,965
Lease liability	18,740,678	(500,000)	845,204	-	19,085,882
	651,311,954	(106,574,831)	845,204	3,312,274	548,894,601
<b>The Company</b>					
Revolving credits	167,653,600	(29,642,650)	-	20,650	138,031,600

	As of 1.10.2019 RM	Financing cash flows RM	Acquisition of property, plant and equipment by hire purchase payment RM	Non-cash changes RM	Effect of movements in exchange rate RM	As of 30.9.2020 RM
<b>The Group</b>						
Term loans	206,477,544	(64,289,312)	-	-	(1,932,765)	140,255,467
Revolving credits	469,761,035	22,809,836	-	-	(1,403,046)	491,167,825
Hire purchase liabilities	1,231,723	(547,739)	464,000	-	-	1,147,984
Lease liability	18,410,370	(500,000)	-	830,308	-	18,740,678
	695,880,672	(42,527,215)	464,000	830,308	(3,335,811)	651,311,954
<b>The Company</b>						
Revolving credits	142,609,000	25,199,850	-	-	(155,250)	167,653,600

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

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 1. GENERAL INFORMATION

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

The principal activities of the Company are investment holding and providing management services.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiaries are as disclosed in Note 15.

The registered office of the Company is located at Suite 1, 5th Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan.

The principal place of business of the Company is located at 5th Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan.

The financial statements were approved and authorised for issue in accordance with a Board of Directors' resolution dated 29 December 2021.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), 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 basis, except as disclosed in the significant accounting policies in Note 3.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgements in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(c).

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

### (a) Statement of compliance (Cont'd)

#### Adoption of Amendments to MFRSs

In the current financial year, the Group and the Company have adopted all the amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual financial periods beginning on or after 1 October 2020 as follows:

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

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 has no significant effect on the financial performance or position of the Group and of the Company.

#### Standards and Amendments in Issue But Not Yet Effective

At the date of authorisation for issue of these financial statements, the new and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and by the Company are as listed below:

MFRS 17	Insurance Contracts <sup>5</sup>
Amendments to MFRS 3	Reference to the Conceptual Framework <sup>3</sup>
Amendments to MFRS 4	Extension of Temporary Exemption from Applying MFRS 9 <sup>4</sup>
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2 <sup>1</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>6</sup>
Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021 <sup>2</sup>
Amendments to MFRS 17	Insurance Contracts <sup>5</sup>
Amendments to MFRS 101	Disclosure of Accounting Policies <sup>5</sup>
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current <sup>5</sup>
Amendments to MFRS 108	Definition of Accounting Estimates <sup>5</sup>
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>5</sup>
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use <sup>3</sup>
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract <sup>3</sup>

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

### (a) Statement of compliance (Cont'd)

#### Standards and Amendments in Issue But Not Yet Effective (Cont'd)

Amendments to MFRSs	Annual Improvements to MFRS 2018 - 2020 Cycle <sup>3</sup>
---------------------	--

- |              |   |
|--------------|---|
| <sup>1</sup> | Effective for annual periods beginning on or after 1 January 2021.        |
| <sup>2</sup> | Effective for annual periods beginning on or after 1 April 2021.          |
| <sup>3</sup> | Effective for annual periods beginning on or after 1 January 2022.        |
| <sup>4</sup> | Effective immediately for annual periods beginning before 1 January 2023. |
| <sup>5</sup> | Effective for annual periods beginning on or after 1 January 2023.        |
| <sup>6</sup> | Effective date deferred to a date to be announced by MASB.                |

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

### (b) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

### (c) Significant accounting estimates and judgements

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are described in the following paragraphs:

- (i) Revenue and cost of sales recognition (Notes 4 and 5) - revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer.

The Group recognises revenue from property development over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Significant judgement is required in determining the progress towards complete satisfaction of that performance obligation, based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgements, management relies on past experience and the work of specialists.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

### (c) Significant accounting estimates and judgements (Cont'd)

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are described in the following paragraphs:

- (i) As at 30 September 2021, the Group recognised revenue of RM464,089,558 (2020: RM512,610,693) and cost of RM340,745,225 (2020: RM329,105,836), respectively arising from the property development activities recognised over time using the cost-based input method.
- (ii) Tax expense (Note 8) - significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the tax expense. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax in the periods in which the outcome is known.
- (iii) Valuation of land and buildings (Note 10) - the valuation of land and buildings performed by management is based on independent professional valuations with reference to direct comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and when necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences, and cost method of valuation, being assumed to have a direct relationship with its cost of construction, is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value. The management believes that the chosen valuation techniques and assumptions are appropriate in determining the valuation of the Group's and of the Company's land and buildings.
- (iv) Impairment of property, plant and equipment (Note 10) - the Group and the Company assess impairment of property, plant and equipment 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 such as discount rate, revenue growth and costs of sales 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.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

### (c) Significant accounting estimates and judgements (Cont'd)

- (v) Depreciation of property, plant and equipment (Note 10) - the cost of property, plant and equipment are depreciated on a straight-line basis over the assets' useful lives and lease term respectively. Management estimates the useful lives of these property, plant and equipment to be within 4 to 99 years based on past experience with similar assets or/and common life expectancies of the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets resulting in revision of future depreciation or amortisation charges. Depreciation of bearer plants is charged so as to write off the cost of mature plantations, using the straight-line method, over the estimated useful lives of 20 years or over the lease period, whichever is shorter.
- (vi) Fair values of investment properties (Note 14) - the measurement of the fair values for investment properties performed by management is based on independent professional valuations with reference to direct comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences, investment method, being the projected net income and other benefits that the subject property can generate over the life of the property capitalised at market derived yields to arrive at the present value of the property and cost method of valuation, being assumed to have a direct relationship with its cost of construction, is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value. The management believes that the chosen valuation techniques and assumptions are appropriate in determining the fair values of the Group's investment properties.
- (vii) Deferred tax assets (Note 19) - deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the Group to the extent that is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future financial performance of the Group.
- (viii) Impairment loss on receivables (Note 20) - the Group accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. The Group uses a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit loss ("ECL") for trade receivables, contract assets and lease receivables.
- (ix) Inventories (Note 22) - the saleability of inventories are reviewed by management on a periodic basis. This review involves comparison of the carrying value of the inventory items with the respective net realisable value. The purpose is to ascertain whether a write down to net realisable value is required to be made.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

### (c) Significant accounting estimates and judgements (Cont'd)

- (x) Provision of post-employment benefit obligations (Note 29) - the provision is determined using actuarial valuation prepared by an independent actuary. The actuarial valuation involved making assumptions about discount rate, future salary increase, mortality rates, resignation rate and normal retirement age. As such, this estimated provision amount is subject to significant uncertainty.
- (xi) Revenue and cost recognition for intangible asset model (Note 12) - a subsidiary, which adopts the intangible asset model has recognised a construction margin of 7% in the construction of commuter station. Income and expenses associated with the said construction are recognised based on percentage of completion method. The estimated margin is based on relative comparison with general industry trend although actual margins may differ due to location, materials and other pricing considerations.
- (xii) Liquidated damages in relation to the construction of KTM Komuter Station (Note 36) - significant judgement is required in determining the potential liquidated damages. This judgement involves the understanding of relevant case facts, past experience and updates on the legal assessment status from time to time. Should it be probable that an outflow of resources will be required to settle the obligation, a provision may be required.

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved when the Group:

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

The Group 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.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of consolidation (Cont'd)

When the Group 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 Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to 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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income and 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 subsidiaries that do not result in the Group losing 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 subsidiaries. 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.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of consolidation (Cont'd)

When the Group loses control of a subsidiary, a gain or a loss is recognised and 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 and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). 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 for subsequent accounting under MFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

### (b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree 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.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets 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 the 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* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Business combinations (Cont'd)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with MFRS 9 or MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date 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 at the reporting date in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, 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 at that date.

### (c) Investment in Associates

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.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Investment in Associates (Cont'd)

The results, assets and liabilities of associate are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associate are initially recognised in the consolidated statements 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, less any impairment in the value of individual investments. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), 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.

An investment in associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, 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.

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 to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that 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 investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate 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 at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the associate is included in the determination of the gain or loss on disposal of the associate. 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 and liabilities. Therefore, if a gain or a loss previously recognised in other comprehensive income by that associate 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.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Investment in Associates (Cont'd)

When the Group reduces its ownership interest in an associate 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 its associate of the Group, profits or losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the associate that are not related to the Group.

### (d) Foreign currency

#### (i) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the Group entities' functional currency (foreign currencies) are recorded in the Group entities' functional currency at the exchange rates prevailing at the date of the transaction. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items and on the translation of monetary items are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Foreign currency (Cont'd)

#### (ii) Operations denominated in functional currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- (i) assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;
- (ii) income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- (iii) all resulting exchange differences are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

Upon disposal of a foreign subsidiary, the cumulative amount of translation differences accumulated in equity at the date of disposal of the subsidiary is reclassified to the consolidated profit or loss.

### (e) 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.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Revenue recognition (Cont'd)

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) Development properties

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

### (ii) Sales of completed properties

Revenue from sale of completed properties is recognised at a point in time upon the finalisation of sale and purchase agreements and when the control of the properties has been passed to the customers.

### (iii) Investment properties

Revenue from sale of investment properties is measured at fair value of the consideration received or receivable. Revenue is recognised when the control of the ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of investment properties can be estimated reliably, and there is no continuing management involvement with the properties.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Revenue recognition (Cont'd)

#### (iv) Construction contract

Revenue from rendering of services relating to construction contracts is recognised over time based on efforts or inputs to the satisfaction of the performance obligation.

#### (v) Sale of goods

Revenue from sale of goods, crude palm oil and palm kernel is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue is recognised by the Group at a point in time when control of the goods underlying the performance obligation is transferred to the buyers.

#### (vi) Services

Revenue from services is recognised as and when services are rendered.

#### (vii) Entrance and subscription fees

Entrance and subscription fees received from club members are recognised on an accrual basis. When members account become inactive, subscription fee is suspended until it is realised on a cash basis. Members' accounts are deemed to be inactive where subscriptions are in arrears for more than 6 months.

#### (viii) Rental income

Rental income is recognised on a straight-line basis over the lease terms.

#### (ix) Interest income

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

Interest income from hire-purchase financing, housing loan and term loan are recognised on an accrual basis as follows:

(a) interest earned on hire-purchase financing is recognised using the 'sum-of-digits' method so as to produce a constant periodic rate of interest on the balance for each period. Unearned interest is deducted in arriving at the net balance of the hire-purchase debts; and

(b) interest earned on housing loan and term loan is calculated on a monthly rest basis.

#### (x) Dividend income

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

#### (xi) Income from fixed income fund

Income from fixed income fund is recognised when the right to receive payment is established.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Employee benefits

#### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if any, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the Employees Provident Fund or other defined contributable plans are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

#### (ii) Defined benefit plans

Certain foreign subsidiaries of the Company operate unfunded defined benefit schemes. The foreign subsidiaries' obligations under the schemes are determined based on external actuarial valuation in accordance with the labour law requirements in that country where the amount of benefits that employees have earned in return for their service in the current and prior years is estimated. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statements of financial position with a charge or a credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be classified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost and past service cost);
- net interest expense or income; and
- remeasurement.

The amount recognised at the reporting date represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and reduced by the fair value of plan assets. Plan assets resulting from this calculation are to be used only to settle the employee benefit obligations and only can be returned to the Group if the remaining assets of the fund are sufficient to meet the plan's obligation to pay the related employee benefits directly.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Employee benefits (Cont'd)

#### (iii) Retirement gratuity scheme

The Company established a retirement gratuity scheme in 2005 for certain Executive Directors of the Company. The amount of retirement gratuity payable is determined by the Board of Directors in relation to the past services rendered and it does not account for the director's services to be rendered in later years up to retirement. The retirement gratuity is calculated based on the last drawn monthly salaries of the eligible directors and contribution to Employees Provident Fund for three years. The retirement gratuity payable is vested upon the directors reaching retirement age and is classified as current liabilities.

### (g) Borrowing costs

All borrowing costs are recognised in profit or loss using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are interrupted or completed.

### (h) Leases

#### Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physical distinct asset. If the lessor has a substantive substitution right, the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the lessee has the right to direct the use of the asset. The lessee has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the lessee has the right to operate the asset; or the lessor designed the asset in a way that predetermines how and for what purpose it will be used.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Leases (Cont'd)

#### Definition of a lease (Cont'd)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single-lease component.

### (i) The Group as lessee

#### (a) Recognition and initial measurement

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar term, security and conditions.

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

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Leases (Cont'd)

#### (i) The Group as lessee (Cont'd)

##### (a) Recognition and initial measurement (Cont'd)

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

##### (b) Subsequent measurement

The right-of-use asset is subsequently measured at cost, less accumulated depreciation and impairment loss (if any) in accordance with MFRS 136 *Impairment of Assets*. The right-of-use asset is generally depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The estimated useful lives of right-of-use asset is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is adjusted for certain remeasurement of the lease liabilities.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in 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 a rate or change in expected payment under guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modifications 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 the modification.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Leases (Cont'd)

#### (ii) The Group as lessor

##### (a) Recognition and initial measurement

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee, and also consider indicators such as whether the lease is for the major part of the economic life of the asset. If this is the case, the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling prices.

##### (b) Subsequent measurement

The Group recognises lease payment received or receivable under operating leases as income on a straight-line basis over the lease term.

#### Determination of lease term

In determining the lease term upon the lease commencement, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group which affects whether the Group is reasonably certain to exercise an option not previously included in the determination of the lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

### (i) Tax expense

Income tax for the year comprises current and deferred tax. Current tax is the expected amount of income tax payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) Tax expense (Cont'd)

Deferred tax is recognised on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and 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 profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

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

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.

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 intends to settle the current tax assets and liabilities on a net basis.

### (j) Property, plant and equipment

#### (i) Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment, except for long-term leasehold land, freehold land and buildings, are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land are stated at valuation, which is the fair value at the date of valuation, less impairment loss, if any. Long-term leasehold land and buildings are stated at valuation, which is the fair value at the date of the valuation, less accumulated depreciation and impairment loss, if any.

The Group revalues its land and building every five years from the last date of valuation or at shorter intervals whenever the fair value of the said assets is expected to differ substantially from its carrying amounts.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (j) Property, plant and equipment (Cont'd)

#### (i) Recognition and measurement (Cont'd)

Surplus arising from revaluation are transferred to revaluation reserve. Any deficits are offset against the previously recognised revaluation surplus to the extent of a previous increase for the same property and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any unutilised revaluation reserve relating to the particular asset is transferred to retained earnings.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

#### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of the day-to-day servicing of the property, plant and equipment are recognised in profit or loss as incurred.

#### (iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until these assets are ready for their intended use.

The principal annual rates for the current and comparative financial years are as follows:

Long-term leasehold land	Over lease period of 78 to 99 years
Buildings	2% to 12.5%
Motor vehicles, plant and machinery	5% to 20%
Furniture, fittings and equipment	10% to 25%
Plantation infrastructure	12.5%
Bearer plants	20 years, or over the lease period if shorter

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (j) Property, plant and equipment (Cont'd)

#### (iii) Depreciation(Cont'd)

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

Bearer plants are living plants that are used in the production or supply of agricultural produce, which are expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants (oil palm trees) include mature plantations and immature plantations that are established or acquired by the Group.

Mature plantations are stated at cost, less accumulated depreciation and any impairment losses where the recoverable amount of the asset is estimated to be lower than its carrying amount. Depreciation is charged so as to write off the cost of mature plantations, using the straight-line method, over the estimated useful lives of 20 years or over the lease period, whichever is shorter.

Immature plantations are stated at cost. The costs of immature plantations consist mainly of the accumulated cost of planting, fertilising and maintaining the plantation, including borrowing costs on such borrowings and other indirect overhead costs up to the time the trees are harvestable and to the extent appropriate. An oil palm plantation is considered mature when such plantation starts to produce at the end of the fourth year.

Bearer plants are derecognised upon disposal or when no future economic benefits are expected from its use. Any gains or losses on disposal of bearer plants are recognised in profit or loss in the year of disposal.

The residual values and useful lives of bearer plants are reviewed, and adjusted as appropriate, at the end of each reporting period.

### (k) Property, plant and equipment under hire-purchase arrangement

Property, plant and equipment acquired under hire-purchase arrangement are capitalised 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 obligations.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (l) Prepaid lease payments

The upfront payments for right to use the leasehold land over a predetermined period are accounted for as prepaid lease payments that are stated at cost less accumulated amortisation, are amortised over the lease term on a straight-line basis, except for leasehold land classified as investment property.

### (m) Intangible assets

#### (i) Goodwill

Goodwill arises on the acquisition of subsidiaries is identified as any excess of the consideration paid over the Group's share of fair value of the identifiable assets, liabilities and contingent liabilities acquired as at the date of acquisition. Goodwill is initially measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill acquired is allocated to the cash-generating units ("CGU") expected to benefit from the acquisition synergies. An impairment loss is recognised in profit or loss when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount is the higher of the CGU's fair value less costs to sell and its value in use. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each assets in the CGU. Impairment loss on goodwill is not reversed in a subsequent period.

#### (ii) Other intangible assets

Other intangible assets acquired by the Group are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (n) Biological assets

Biological assets comprise produce growing on bearer plants. Biological assets are measured at fair value less cost to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows from the produce growing on bearer plants. The expected net cash flow are estimated using expected output method and the estimated market price of the produce growing on bearer plants.

Biological assets are classified as current assets for bearer plants that are expected to be harvested on a date not more than 12 months after the reporting date.

### (o) Investment properties

Investment properties are properties which are owned or held to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies within the Group are accounted for as owner's occupied rather than as investment properties.

All investment properties are measured initially and subsequently at fair value with any change therein recognised in profit or loss.

Investment property under construction is classified as investment property. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

### (p) Land held for property development

Land held for property development consists of land on which no significant development work 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 lower of cost and net realisable value.

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 transferred to property development costs (under current assets) where development activities have commenced and where the development activities can be completed within the normal operating cycle.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (q) 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.

### (r) Inventories

#### (i) Completed properties

Inventories are valued at the lower of cost and net realisable value. The cost of completed development properties is determined based on the specific identification basis and includes land, construction and appropriate development overheads.

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

#### (ii) Crude palm oil and palm kernel

Crude palm oil and palm kernel include direct labour, an appropriate share of production overheads and the fair value attributable to agriculture produce at year end in accordance to MFRS 141 *Agriculture*. The fair value of biological assets harvested from the Group's plantation and sold during the year are recorded as part of the biological assets movements in Note 24 and as part of changes in fair value of biological assets in determining profit.

#### (iii) Materials and goods

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the specific identification, first-in first-out and weighted average principles, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes raw materials, direct labour and an appropriate production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (s) Contract assets and contract liabilities

Contract asset is the right to consideration 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 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 customers 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 liability is recognised as revenue when the Group performs its obligation under the contracts.

### (t) Contract costs

The Group recognises 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 incurred 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.

### (u) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

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 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (u) Impairment of non-financial assets (Cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless it reverses an impairment loss on revalued assets, in which case, the reversal is treated as a revaluation increase.

### (v) Non-current assets classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the sale is expected to be completed within one year from the date of classification. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

### (w) Financial instruments

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provision of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statements of profit or loss. Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or a loss in the statements of profit or loss. However, trade receivables that do not contain a significant financing component are measured at transaction price.

### (i) Financial assets

#### 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 asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (w) Financial instruments (Cont'd)

#### (i) Financial assets (Cont'd)

##### Financial assets measured at amortised cost (Cont'd)

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

##### Financial assets measured at fair value through other comprehensive income ("FVTOCI")

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income.

##### Financial assets measured at fair value through profit or loss ("FVTPL")

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through profit or loss. Fair value changes are recognised in the statements of profit or loss at each reporting period.

##### Impairment of financial assets and contract assets

An impairment loss is recognised in profit or loss based on expected credit losses ("ECL") at the end of each reporting period. ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

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

Reversal of impairment loss to profit or loss, if any, is restricted to not exceeding what the amortised cost would have been had the impairment not been recognised previously.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (w) Financial instruments (Cont'd)

#### (i) Financial assets (Cont'd)

##### Impairment of financial assets and contract assets (Cont'd)

The Group and the Company apply the simplified approach to measure the impairment of trade receivables, contract assets and lease receivables at lifetime ECL. The ECL are estimated based on the Group's and the Company'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 end of the reporting period, including time value of money where appropriate.

To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

For other financial assets such as other receivables and amount due from intercompany, the Group and the Company recognise lifetime ECL 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 and the Company measure the impairment losses for that financial instrument at an amount equal to 12-month ECL.

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 due 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 the end of each reporting period, the Group and the Company assess whether the 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, such as debtor who have defaulted on payment, or are in significant financial difficulties, or it is becoming probable that the borrower will enter bankruptcy.

These assets are written off when there is no reasonable expectation of recovery, with case-by-case assessment performed based on indicators such as insolvency or demise. Subsequent recoveries of amounts previously written off are recognised in profit or loss as bad debts recovered.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (w) Financial instruments (Cont'd)

#### (i) Financial assets (Cont'd)

##### Impairment of financial assets and contract assets (Cont'd)

Deposits and bank balances of the Group and the Company are placed with reputable financial institution with high credit ratings and no history of default. Hence, the Group and the Company do not expect any losses from default or non-performance by the counterparties.

##### Derecognition of financial assets

The Group and the Company derecognise 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 and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On the recognition of a financial asset (except for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognised in the statements of profit or loss.

#### (ii) Financial liabilities and equity instruments

##### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group and by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### 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 and by the Company are recognised at the proceeds received, net of direct issue costs.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (w) Financial instruments (Cont'd)

#### (ii) Financial liabilities and equity instruments (Cont'd)

##### Financial liabilities

Payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statements of profit or loss.

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 net carrying amount on initial recognition.

##### Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The differences between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the statements of profit or loss and other comprehensive income.

### (x) Cash and cash equivalents

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows. Cash and cash equivalents are short-term and highly liquid investments and are readily convertible to cash with insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

### (y) Provisions

Provisions are made when the Group has 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 of the obligation can be made. Provisions are measured at the management's best estimate of the amount required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

At the reporting date, provisions are reviewed by the management and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group will be required to settle the obligation.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (z) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable costs are classified as treasury shares and presented as deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

### (aa) Contingencies

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. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset 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. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

### (ab) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by their respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to chief operating decision maker who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are disclosed in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

### (ac) Fair value measurement

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 a liability, the Group and the Company take into account the characteristics of the asset or liability at the measurement date.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (ac) Fair value measurement (Cont'd)

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2 *Share-based Payments*, leasing transactions that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 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.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 4. REVENUE

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Revenue from contracts with customers:</b>				
Property development:				
Attributable revenue from sale of uncompleted development properties	<b>464,089,558</b>	512,610,693	-	-
Attributable revenue from sale of completed development properties	<b>27,347,173</b>	28,520,902	-	-
Attributable revenue from construction contracts	<b>9,158,204</b>	20,501,079	-	-
	<b>500,594,935</b>	561,632,674	-	-
Sale of goods	<b>83,954,642</b>	73,003,331	-	-
Sale of crude palm oil and palm kernel	<b>294,458,125</b>	250,453,420	-	-
Revenue from hotel operations	<b>1,240,792</b>	2,490,810	-	-
Services rendered	<b>514,654</b>	727,243	-	-
Sale of non-current assets classified as held for sale	<b>7,469,185</b>	-	-	-
	<b>888,232,333</b>	888,307,478	-	-
<b>Revenue from other sources:</b>				
Dividend income from subsidiaries	-	-	<b>72,500,000</b>	51,012,000
Interest income from money lending	<b>2,417,131</b>	1,813,452	-	-
Rental income	<b>176,648</b>	182,194	-	-
Rental income from investment properties	<b>22,745,995</b>	21,622,619	-	-
	<b>913,572,107</b>	911,925,743	<b>72,500,000</b>	51,012,000

Group revenue excludes intra-group transactions.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 4. REVENUE (CONT'D)

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Timing of revenue recognition</b>				
Point in time	<b>414,984,571</b>	355,195,706	-	-
Over time	<b>473,247,762</b>	533,111,772	-	-
	<b>888,232,333</b>	888,307,478	-	-

## 5. COST OF SALES

	The Group	
	2021 RM	2020 RM
Attributable property development costs	<b>340,745,225</b>	329,105,836
Attributable cost of completed development properties sold	<b>21,524,947</b>	19,399,815
Under/(Over) provision of property development costs for completed projects	<b>532,040</b>	(2,798,814)
Attributable construction contract costs	<b>8,559,069</b>	19,159,888
Direct operating expenses from investment properties generating rental income	<b>9,895,109</b>	10,506,960
Cost of goods sold	<b>80,032,808</b>	70,758,735
Cost of non-current assets classified as held for sale	<b>4,194,999</b>	-
Cost of sales of crude palm oil and palm kernel	<b>153,177,599</b>	153,353,296
Cost of services	<b>352,123</b>	572,279
	<b>619,013,919</b>	600,057,995

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 6. PROFIT BEFORE TAX

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Profit before tax is arrived at after charging:</b>				
Amortisation of prepaid lease payments	1,517,601	1,507,568	-	-
Auditors' remuneration:				
Audit services	727,998	568,475	56,000	52,000
Other services by auditors of the Company	112,000	49,000	99,000	35,000
Bad debts written off	-	12,853	-	-
Changes in fair value of biological assets	-	913,440	-	-
Changes in fair value of investment properties	5,015,000	12,165,000	-	-
Changes in fair value of other investment	39,239	-	-	-
Deposit written off	1,000	-	-	-
Depreciation of property, plant and equipment	36,850,547	36,411,827	13,549	16,950
Depreciation of right-of-use asset	322,047	322,048	-	-
Development expenditure expensed off	3,418,590	233,677	-	-
Fair value losses from transfer of inventories to investment properties	-	5,180,808	-	-
Impairment loss on:				
Loan receivables	73,000	21,000	-	-
Trade receivables	307,487	10,707	-	-
Investment in subsidiaries	-	-	-	2,712,412
Interest expense:				
Amount owing to landowner	729,081	-	-	-
Lease liability	845,204	830,308	-	-
Loans and borrowings	22,305,149	30,567,759	5,937,334	7,505,756
Unwinding of discount	7,629,544	18,990,966	-	-
Inventories written down	-	174,531	-	-
Inventories written off	721	4,493	-	-
Loss on disposal of property, plant and equipment	1,632	-	-	-
Net losses on foreign exchange:				
Realised	-	3,446,577	2,674	-
Unrealised	-	13,939,628	20,650	-
Personnel expenses (including key management personnel):				
Contributions to Employees Provident Fund	6,039,905	6,750,648	-	-
Provision for post-employment benefit obligations	2,064,106	3,711,395	-	-
Provision for retirement gratuity	-	403,683	-	-
Wages, salaries and others	56,300,471	59,483,459	260,540	258,517

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 6. PROFIT BEFORE TAX (CONT'D)

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Profit before tax is arrived at after charging: (Cont'd)</b>				
Property, plant and equipment written off	354,678	341,877	-	-
Revaluation loss on property, plant and equipment	-	65,310	-	-
Expenses relating to leases:				
Short term leases	165,095	748,252	-	-
Low value assets	69,171	80,887	-	-
<b>and after crediting:</b>				
Changes in fair value of biological assets	1,637,252	-	-	-
Changes in fair value of other investment	-	3,246	-	-
Dividend income from other investment	21,614	879	-	-
Gain on disposal of non-current assets classified as held for sale	3,274,186	-	-	-
Gain on disposal of other investment	188,329	-	-	-
Gain on disposal of property, plant and equipment	-	130,311	-	-
Impairment loss no longer required on:				
Finance lease receivables	-	150	-	-
Loan receivables	77,608	-	-	-
Trade receivables	-	96,622	-	-
Other receivables	53,279	41,250	-	11,250
Interest income:				
Advances to subsidiaries	-	-	15,452,738	19,336,424
Bank balances, term deposits and fixed income funds	3,295,274	6,550,207	104,597	230,592
Accretion of interest	993,560	947,017	-	-
Net gain on foreign exchange:				
Realised	2,891,696	-	-	11,093
Unrealised	7,998,714	-	-	155,250
Realised gain arising from derivatives financial assets	-	3,000	-	-
Rental income on land and buildings	27,092,486	25,892,113	-	-
Reversal of allowance for slow moving inventories	-	152	-	-

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Directors of the Company</b>				
Executive Directors:				
Other emoluments	15,352,664	15,563,660	-	-
Provision for retirement gratuity	-	403,683	-	-
	15,352,664	15,967,343	-	-
Non-Executive Directors:				
Fees	206,250	200,000	206,250	200,000
Other emoluments	91,840	75,090	52,000	35,250
	298,090	275,090	258,250	235,250
	15,650,754	16,242,433	258,250	235,250
<b>Directors of subsidiaries</b>				
Executive Directors:				
Other emoluments	4,547,590	5,610,751	-	-
	20,198,344	21,853,184	258,250	235,250
<b>Estimated monetary value of benefits-in-kind</b>				
Directors of the Company				
- Executive Directors	84,606	95,282	-	-
Directors of subsidiaries				
- Executive Directors	24,033	24,186	-	-
	108,639	119,468	-	-
	20,306,983	21,972,652	258,250	235,250

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 8. TAX EXPENSE

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Current tax</b>				
Malaysia:				
Current financial year	29,682,270	39,604,760	3,304,300	4,062,900
Under provision in prior financial year	540,860	788,441	22,131	21,110
Overseas:				
Current financial year	25,181,323	10,595,232	-	-
Under provision in prior financial year	457,625	-	-	-
	55,862,078	50,988,433	3,326,431	4,084,010
<b>Deferred tax (Note 19):</b>				
Origination and reversal of temporary differences	2,719,136	(843,879)	-	1,036
(Over)/Under provision in prior financial year	(235,220)	64,360	-	3,960
	2,483,916	(779,519)	-	4,996
Total tax expense recognised in profit or loss	58,345,994	50,208,914	3,326,431	4,089,006
Deferred tax related to other comprehensive income (Note 19):				
Remeasurement gain/(loss) on defined benefit plans	820,936	(54,686)	-	-
Revaluation of land and buildings	-	896,603	-	15,932
Total tax expense recognised in other comprehensive income	820,936	841,917	-	15,932

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 8. TAX EXPENSE (CONT'D)

A reconciliation of tax expense applicable to profit before tax at the applicable statutory income tax rate to tax expense at the effective income tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	<b>161,053,974</b>	116,475,686	<b>79,717,699</b>	58,821,224
Tax calculated using Malaysian tax rate of 24%	<b>38,653,000</b>	27,954,200	<b>19,132,200</b>	14,117,000
Tax effects of:				
Non-deductible expenses	<b>5,981,806</b>	7,952,590	<b>1,600,300</b>	2,189,836
Non-taxable income	<b>(2,240,935)</b>	(2,226,941)	<b>(17,428,200)</b>	(12,242,900)
Share of results of associates	<b>573,839</b>	1,227,286	-	-
Double deduction expenses	<b>(80,700)</b>	(33,100)	-	-
Effect of difference in Real Property Gains Tax ("RPGT") rate	<b>702,100</b>	1,703,100	-	-
Effect of differences in overseas tax rate:				
The People's Republic of China	<b>35,600</b>	34,300	-	-
Republic of Indonesia	<b>(2,117,400)</b>	(114,417)	-	-
Deferred tax assets not recognised	<b>7,845,630</b>	13,214,415	-	-
Realisation of deferred tax assets not recognised in prior financial years	<b>(757,011)</b>	(958,020)	-	-
Reversal of deferred tax assets recognised in prior year	<b>8,986,800</b>	602,700	-	-
Under/(Over) provision in prior financial year:				
Current tax	<b>998,485</b>	788,441	<b>22,131</b>	21,110
Deferred tax	<b>(235,220)</b>	64,360	-	3,960
Tax expense	<b>58,345,994</b>	50,208,914	<b>3,326,431</b>	4,089,006

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 8. TAX EXPENSE (CONT'D)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net 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 unused tax credits can be utilised. As of 30 September 2021, the estimated amount of deductible temporary differences, unused tax losses and unused tax credits, for which the net deferred tax assets are not recognised in the financial statements due to uncertainty of realisation, is as follows:

	The Group	
	2021 RM	2020 RM
Unused tax losses	47,353,574	44,848,643
Unabsorbed capital allowances	185,119	170,105
Other temporary differences	235,473,845	171,011,803
	283,012,538	216,030,551

On 13 December 2021, the Malaysia's parliament passed the Finance Bill 2021, any accumulated tax losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessments 2019 to 2028). Upon expiry of the 10 years, the unused tax losses will be disregarded.

Business loss incurred in year of assessment	RM	Carried forward up to YA	Unutilised amount will be disregarded in YA
2018	6,805,767	2028	2029
2019	10,812,498	2029	2030
2020	8,175,094	2030	2031
2021	11,360,368	2031	2032
	37,153,727		

Under the Indonesia tax regulations, the unused tax losses can be utilised within 5 years after the losses were incurred.

Business loss incurred in year of assessment	RM	Carried forward up to YA	Unutilised amount will be disregarded in YA
2017	2,966,886	2022	2023
2018	7,232,961	2023	2024
	10,199,847		

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 9. EARNINGS AND NET ASSETS PER SHARE

### Basic earnings per share

The basic earnings per share is calculated by dividing the Group's profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

Basic earnings per share are calculated as follows:

	The Group	
	2021 RM	2020 RM
Profit attributable to owners of the parent	80,435,074	41,737,497
Number of ordinary shares in issue at beginning and end of the financial year	586,548,168	586,548,168
Adjusted weighted average number of treasury shares	(9,132,300)	(8,379,026)
Weighted average number of ordinary shares in issue	577,415,868	578,169,142
Basic earnings per share (sen)	13.93	7.22

### Net assets per share

The net assets per share is calculated by dividing the total equity attributable to owners of the parent by the number of ordinary shares in issue, net of treasury shares at the reporting date as disclosed in Note 27.

### Diluted earnings per share

The basic and diluted earnings per share are the same as the Group has no dilutive potential ordinary shares.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 10. PROPERTY, PLANT AND EQUIPMENT

The Group 2021	Freehold land RM	Long-term leasehold land RM	Motor vehicles, plant and machinery RM	Furniture, fittings and equipment RM	Plantation infrastructure RM	Bearer plants RM	Under construction RM	Total RM
<b>Cost/Valuation</b>								
At 1 October 2020	12,880,000	6,400,000	81,107,594	102,469,073	37,788,479	49,988,714	313,001,097	13,345,115
Additions	-	-	3,649,919	858,530	38,812	-	-	6,240,651
Disposals	-	-	-	(19,000)	-	-	-	-
Write-offs	-	-	(108,540)	(932,379)	(421,824)	-	-	(1,462,743)
Reclassification	-	-	1,248,807	2,675,431	467,061	-	-	-
Effect of movements in exchange rates	-	-	3,082,131	4,794,828	416,364	2,510,713	15,304,959	655,255
At 30 September 2021	<b>12,880,000</b>	<b>6,400,000</b>	<b>85,329,992</b>	<b>112,656,872</b>	<b>39,089,610</b>	<b>52,877,508</b>	<b>328,306,056</b>	<b>15,510,453</b>
<b>Accumulated Depreciation</b>								
At 1 October 2020	-	-	11,918,505	55,522,497	23,935,915	18,084,629	98,471,563	-
Charge for the financial year	-	93,092	4,936,105	9,538,350	3,451,940	2,697,129	16,133,931	-
Disposals	-	-	-	-	(14,868)	-	-	-
Write-offs	-	-	(107,770)	(732,617)	(267,678)	-	-	-
Effect of movements in exchange rates	-	-	633,641	1,300,157	295,381	925,310	5,181,520	-
At 30 September 2021	-	93,092	17,380,481	65,628,387	27,400,690	21,707,068	119,787,014	-
<b>Net Carrying Amount</b>								
At 30 September 2021	<b>12,880,000</b>	<b>6,306,908</b>	<b>67,949,511</b>	<b>47,028,485</b>	<b>11,688,920</b>	<b>31,170,440</b>	<b>208,519,042</b>	<b>15,510,453</b>
								<b>401,053,759</b>

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group 2020	Freehold land RM	Long-term leasehold land RM	Buildings RM	Motor vehicles, plant and machinery RM	Furniture, fixtures and equipment RM	Plantation infrastructure RM	Bearer plants RM	Under construction RM	Total RM
<b>Cost/Valuation</b>									
At 1 October 2019	12,240,000	6,400,000	94,097,512	106,837,705	37,865,839	51,928,735	318,638,254	24,220,753	652,228,798
Additions	-	-	-	4,567,462	900,791	-	-	4,706,902	10,175,155
Disposals	-	-	-	(479,957)	(3,086)	-	-	-	(483,043)
Write-offs	-	-	(266,239)	(2,405,737)	(567,601)	-	-	-	(3,239,577)
Reclassification	-	-	3,041,475	(852,963)	6,725	882,313	11,217,214	(14,294,764)	-
Revaluation	640,000	-	(13,708,091)	-	-	-	-	-	(13,068,091)
Effect of movements in exchange rates	-	-	(2,057,063)	(5,197,437)	(414,189)	(2,822,334)	(16,854,371)	(1,287,776)	(28,633,170)
At 30 September 2020	12,880,000	6,400,000	81,107,594	102,469,073	37,788,479	49,988,714	313,001,097	13,345,115	616,980,072
<b>Accumulated Depreciation</b>									
At 1 October 2019	-	347,120	30,659,737	48,433,837	20,925,797	16,431,540	87,819,172	-	204,617,203
Charge for the financial year	-	86,780	4,847,692	9,203,039	3,793,932	2,566,316	15,914,068	-	36,411,827
Disposals	-	-	-	(479,954)	(2,022)	-	-	-	(481,976)
Write-offs	-	-	(283,632)	(2,108,873)	(505,195)	-	-	-	(2,897,700)
Reclassification	-	-	(4,439,590)	4,439,590	-	-	-	-	-
Revaluation	-	(433,900)	(17,542,276)	-	-	-	-	-	(17,976,176)
Effect of movements in exchange rates	-	-	(1,323,426)	(3,965,142)	(276,597)	(913,227)	(5,261,677)	-	(11,740,069)
At 30 September 2020	-	-	11,918,505	55,522,497	23,935,915	18,084,629	98,471,563	-	207,933,109
<b>Net Carrying Amount</b>									
At 30 September 2020	12,880,000	6,400,000	69,189,089	46,946,576	13,852,564	31,904,085	214,529,534	13,345,115	409,046,963

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The freehold and leasehold land and buildings stated at valuation were revalued by the directors in September 2020 based on independent professional valuation on the market value basis using the cost and direct comparison of valuation methods, except for certain buildings located at oil palm plantation with carrying amounts (included current year additions) totalling RM10,012,699 (2020: RM9,145,777) were not revalued as at 30 September 2020. The directors are of the view that it is not practicable to fair value these buildings as these are mainly staff quarters and amenities which were built at the oil palm plantation for use by the plantation workers and there is a lack of active market for the buildings.

The Group 2021	Freehold land		Long-term leasehold land		Buildings		Motor vehicles, plant and machinery		Furniture, fittings and equipment		Plantation infrastructure		Bearer plants		Under construction		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Analysis of Cost and Valuation</b>																		
At valuation - 2020	12,880,000	6,400,000	62,061,703	-	-	-	-	-	-	-	-	-	-	-	-	-	81,341,703	
At cost	-	-	23,268,289	112,656,872	39,089,610	52,877,508	328,306,056	15,510,453	653,050,491									
	<b>12,880,000</b>	<b>6,400,000</b>	<b>85,329,992</b>	<b>112,656,872</b>	<b>39,089,610</b>	<b>52,877,508</b>	<b>328,306,056</b>	<b>15,510,453</b>	<b>653,050,491</b>									
<b>Net Carrying Amount</b>																		
At valuation - 2020	12,880,000	6,306,908	57,936,812	-	-	-	-	-	-	-	-	-	-	-	-	-	77,123,720	
At cost	-	-	10,012,699	47,028,485	11,688,920	31,170,440	208,519,042	15,510,453	323,930,039									
	<b>12,880,000</b>	<b>6,306,908</b>	<b>67,949,511</b>	<b>47,028,485</b>	<b>11,688,920</b>	<b>31,170,440</b>	<b>208,519,042</b>	<b>15,510,453</b>	<b>401,053,759</b>									
The Group 2020	Freehold land		Long-term leasehold land		Buildings		Motor vehicles, plant and machinery		Furniture, fittings and equipment		Plantation infrastructure		Bearer plants		Under construction		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Analysis of Cost and Valuation</b>																		
At valuation - 2020	12,880,000	6,400,000	60,043,312	-	-	-	-	-	-	-	-	-	-	-	-	-	79,323,312	
At cost	-	-	21,064,282	102,469,073	37,788,479	49,988,714	313,001,097	13,345,115	537,656,760									
	<b>12,880,000</b>	<b>6,400,000</b>	<b>81,107,594</b>	<b>102,469,073</b>	<b>37,788,479</b>	<b>49,988,714</b>	<b>313,001,097</b>	<b>13,345,115</b>	<b>616,980,072</b>									
<b>Net Carrying Amount</b>																		
At valuation - 2020	12,880,000	6,400,000	60,043,312	-	-	-	-	-	-	-	-	-	-	-	-	-	79,323,312	
At cost	-	-	9,145,777	46,946,576	13,852,564	31,904,085	214,529,534	13,345,115	329,723,651									
	<b>12,880,000</b>	<b>6,400,000</b>	<b>69,189,089</b>	<b>46,946,576</b>	<b>13,852,564</b>	<b>31,904,085</b>	<b>214,529,534</b>	<b>13,345,115</b>	<b>409,046,963</b>									

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM	Buildings RM	Furniture, fittings and equipment RM	Total RM
<b>The Company 2021</b>				
<b>Cost/Valuation</b>				
At 1 October 2020/30 September 2021	640,000	590,000	68,434	1,298,434
<b>Accumulated Depreciation</b>				
At 1 October 2020	-	-	68,288	68,288
Charge for the financial year	-	13,409	140	13,549
At 30 September 2021	-	13,409	68,428	81,837
<b>Net Carrying Amount</b>				
At 30 September 2021	640,000	576,591	6	1,216,597
<b>2020</b>				
<b>Cost/Valuation</b>				
At 1 October 2019/30 September 2020	640,000	590,000	68,434	1,298,434
<b>Accumulated Depreciation</b>				
At 1 October 2019	-	53,636	64,747	118,383
Charge for the financial year	-	13,409	3,541	16,950
Revaluation	-	(67,045)	-	(67,045)
At 30 September 2020	-	-	68,288	68,288
<b>Net Carrying Amount</b>				
At 30 September 2020	640,000	590,000	146	1,230,146

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM	Buildings RM	Furniture, fittings and equipment RM	Total RM
<b>The Company 2021</b>				
<b>Analysis of Cost and Valuation</b>				
At valuation - 2020	640,000	590,000	-	1,230,000
At cost	-	-	68,434	68,434
	640,000	590,000	68,434	1,298,434
<b>Net Carrying Amount</b>				
At valuation - 2020	640,000	576,591	-	1,216,591
At cost	-	-	6	6
	640,000	576,591	6	1,216,597
<b>2020</b>				
<b>Analysis of Cost and Valuation</b>				
At valuation - 2020	640,000	590,000	-	1,230,000
At cost	-	-	68,434	68,434
	640,000	590,000	68,434	1,298,434
<b>Net Carrying Amount</b>				
At valuation - 2020	640,000	590,000	-	1,230,000
At cost	-	-	146	146
	640,000	590,000	146	1,230,146

The net carrying amount of revalued assets had they been carried at cost would have been as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Freehold land	666,424	666,424	110,000	110,000
Long-term leasehold land	921,661	935,265	-	-
Buildings	40,619,790	41,138,341	347,300	356,500
	42,207,875	42,740,030	457,300	466,500

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Included in the above property, plant and equipment are:

(a) Motor vehicles, plant and machinery analysed as follows:

The Group	Motor vehicles RM	Plant and machinery RM	Total RM
<b>2021</b>			
Cost	17,279,819	95,377,053	112,656,872
Accumulated depreciation	(13,899,663)	(51,728,724)	(65,628,387)
Net carrying amount	3,380,156	43,648,329	47,028,485
<b>2020</b>			
Cost	16,809,721	85,659,352	102,469,073
Accumulated depreciation	(12,421,249)	(43,101,248)	(55,522,497)
Net carrying amount	4,388,472	42,558,104	46,946,576

(b) Property, plant and equipment pledged as security for credit facilities granted to certain subsidiaries as disclosed in Note 32 are as follows:

	The Group	
	2021 RM	2020 RM
<b>Cost/Valuation</b>		
Buildings	20,500,000	20,500,000
Bearer plants	328,306,056	313,001,097
	348,806,056	333,501,097
<b>Net Carrying Amount</b>		
Buildings	19,930,520	20,500,000
Bearer plants	208,519,042	214,529,534
	228,449,562	235,029,534

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Motor vehicles under hire purchase arrangements are as follows:

	The Group	
	2021 RM	2020 RM
Cost	2,230,964	3,753,703
Net Carrying Amount	845,579	1,260,248

(d) Bearer plants comprise oil palm trees.

(e) Property, plant and equipment under construction are mainly immature bearer plants, construction of buildings, plant and machinery and plantation infrastructure in oil palm plantation.

Included in addition to the property, plant and equipment under construction are:

	The Group	
	2021 RM	2020 RM
Interest capitalised	34,390	167,603
Personnel expenses: Wages, salaries and others	414,064	573,688

The interest on borrowings for the financial year is capitalised at rate of 3.30% (2020: 3.50% to 5.05%) per annum.

(f) The long-term leasehold land of the Group has remaining unexpired lease period of more than 50 years.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 11. RIGHT-OF-USE ASSET

	The Group	
	2021 RM	2020 RM
<b>Cost</b>		
At beginning and end of year	18,410,370	18,410,370
<b>Accumulated Depreciation</b>		
At beginning of year	322,048	-
Charge for the year	322,047	322,048
At end of year	644,095	322,048
<b>Net Carrying Amount</b>		
At end of year	17,766,275	18,088,322

The Group's lease comprise land leased from Perbadanan Aset Keretapi ("PAK") for a period of 60 years for future construction of a retail mall. The maturity analysis of lease liability is presented in Note 31.

The total cash outflow for the lease amounted to RM500,000 (2020: RM500,000).

Amount recognised in statement of profit or loss:

	The Group	
	2021 RM	2020 RM
Depreciation of right-of-use asset (Note 6)	322,047	322,048
Interest expense on lease liability (Note 6)	845,204	830,308
Expenses relating to leases: (Note 6)		
Short term leases	165,095	748,252
Low value assets	69,171	80,887

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 12. INTANGIBLE ASSETS

	The Group	
	2021 RM	2020 RM
Goodwill (Note 12.1)	5,179,156	4,933,234
Other intangible asset (Note 12.2)	54,893,674	45,735,470
<b>Net Carrying Amount</b>	<b>60,072,830</b>	<b>50,668,704</b>

### 12.1 Goodwill

	The Group	
	2021 RM	2020 RM
<b>Goodwill on acquisition - At cost</b>		
At beginning of year	5,037,462	5,318,516
Effect of movements in exchange rate	245,922	(281,054)
At end of year	5,283,384	5,037,462
<b>Accumulated impairment loss</b>		
At beginning and end of year	(104,228)	(104,228)
<b>Net Carrying Amount</b>	<b>5,179,156</b>	<b>4,933,234</b>

### Impairment test of goodwill

Goodwill on acquisition is allocated to the Group's cash-generating units ("CGUs"), business segments as follows:

	The Group	
	2021 RM	2020 RM
Plantation	5,146,787	4,900,865
Property development	32,369	32,369
	<b>5,179,156</b>	<b>4,933,234</b>

The goodwill allocated to property development segment is not significant in comparison with the Group's total carrying amount of goodwill.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 12. INTANGIBLE ASSETS (CONT'D)

### 12.1 Goodwill (Cont'd)

#### Impairment test of goodwill (Cont'd)

Key assumptions used in the value-in-use calculations based on a 9 years (2020: 10 years) cash flows projection in respect of impairment test for goodwill on the plantation segment are:

- (i) discount rate of 7.3% (2020: 6.4%) which is pre-tax and reflected specific risks of the plantation segment in Indonesia;
- (ii) oil palm trees with an average life of 25 (2020: 25) years with the first three years as immature and remaining years as mature which is the average life cycle of the trees;
- (iii) crude palm oil ("CPO") average selling price of RM2,675 (2020: RM2,000) per metric tonne based on the management's estimate;
- (iv) average CPO extraction rate of 21% (2020: 22%) based on the industry trend and past performance; and
- (v) average annual oil palm yield per hectare of 30 to 33 (2020: 30 to 33) metric tonnes based on management's estimate and historical yield.

In assessing the value-in-use, management does not foresee any possible changes in the above key assumptions that would cause the carrying amounts of the goodwill plus the CGU to materially exceed their recoverable amounts.

### 12.2 Other intangible asset

	The Group	
	2021 RM	2020 RM
<b>Capitalised development</b>		
At beginning of year	45,735,470	25,234,391
Additions	9,158,204	20,501,079
At end of year	54,893,674	45,735,470

Other intangible asset represents expenditure incurred to construct a commuter station for Perbadanan Aset Keretapi ("PAK") in consideration for the right to lease a plot of land from PAK for a period of 60 years as disclosed in Note 11. The total estimated construction costs of the commuter station is approximately RM59,629,206 (2020: RM59,042,876). The status of the construction is as disclosed in Note 36 (a).

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 13. PREPAID LEASE PAYMENTS

	The Group	
	2021 RM	2020 RM
At beginning of year	41,721,899	43,397,363
Amortisation for the financial year	(1,517,601)	(1,507,568)
Effect of movements in exchange rate	436,533	(167,896)
At end of year	40,640,831	41,721,899

The above is leasehold land with remaining unexpired lease period of less than 50 years.

The leasehold land of RM36,792,579 (2020: RM37,463,136) is pledged as security for credit facilities granted to the Group as disclosed in Note 32.

## 14. INVESTMENT PROPERTIES

	The Group	
	2021 RM	2020 RM
At beginning of year	349,256,000	312,440,000
Transfer from inventories	-	54,161,808
Fair value losses from transfer of inventories to investment properties	-	(5,180,808)
Changes in fair values	(5,015,000)	(12,165,000)
At end of year	344,241,000	349,256,000

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 14. INVESTMENT PROPERTIES (CONT'D)

Included in the above are:

	The Group	
	2021 RM	2020 RM
<b>Freehold land and buildings - at fair value</b>		
Freehold land	47,100,000	47,100,000
Buildings	65,200,000	65,200,000
	112,300,000	112,300,000
<b>Leasehold land and buildings - at fair value</b>		
Leasehold land with unexpired lease period of more than 50 years	68,900,000	68,900,000
Buildings	163,041,000	168,056,000
	231,941,000	236,956,000
	344,241,000	349,256,000

Fair value measurement disclosures for investment properties are disclosed in Note 45.

Included in the above are land and buildings amounting to RM188,685,000 (2020: RM193,685,000) pledged for credit facilities granted to subsidiaries as disclosed in Note 32.

## 15. INVESTMENT IN SUBSIDIARIES

	The Company	
	2021 RM	2020 RM
<b>Unquoted shares - at cost</b>		
Ordinary shares	615,290,266	613,569,268
Redeemable convertible preference shares ("RCPS")	279,500,000	279,500,000
	894,790,266	893,069,268
<b>Accumulated impairment loss</b>		
At beginning of year	(5,536,626)	(2,824,214)
Impairment loss for the financial year	-	(2,712,412)
At end of year	(5,536,626)	(5,536,626)
<b>Net Carrying Amount</b>	<b>889,253,640</b>	<b>887,532,642</b>

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

	Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group	
				2021	2020
	Achieve Acres Sdn. Bhd.	Malaysia	Property development	85%	85%
	Aliran Perkasa Sdn. Bhd.	Malaysia	Property development	100%	100%
	Amona MKH Ventures Sdn. Bhd. (formerly known as MKH IHS Precast Sdn. Bhd.)	Malaysia	Dormant	100%	100%
€	Budi Bidara Sdn. Bhd.	Malaysia	Property development	100%	100%
	Dapat Jaya Builder Sdn. Bhd.	Malaysia	Building and civil works contracting and project management services	100%	100%
	Danau Saujana Sdn. Bhd.	Malaysia	Dormant	51%	51%
	Everland Asia Development Sdn. Bhd.	Malaysia	Investment holding	100%	100%
	Gabung Wajib Sdn. Bhd.	Malaysia	Property development	100%	100%
	Gerak Teguh Sdn. Bhd.	Malaysia	Property development	100%	100%
	GK Resort Berhad	Malaysia	Investment holding	100%	100%
	Global Landscape Creation Sdn. Bhd.	Malaysia	Dormant	51%	51%
	Intelek Kekal (M) Sdn. Bhd.	Malaysia	Management services	100%	100%
	Intelek Murni (M) Berhad	Malaysia	Operating a recreational club	100%	100%
	Intra Tegas (M) Sdn. Bhd.	Malaysia	Property development	100%	100%
	Kajang Resources Corporation Sdn. Bhd.	Malaysia	Property development	100%	100%
	Kumpulan Indah Bersatu Sdn. Bhd.	Malaysia	Property development	100%	100%

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (Cont'd)

	Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group	
				2021	2020
	Metro Kajang Construction Sdn. Bhd.	Malaysia	Building and civil works contracting and project and building management services	100%	100%
	Metro Kajang (Oversea) Sdn. Bhd.	Malaysia	Investment holding and treasury management services	100%	100%
€	Metro K.L. City Sdn. Bhd.	Malaysia	Property development	100%	100%
	Metro Nusantara Sdn. Bhd.	Malaysia	Dormant	100%	100%
€	Metro Readymix Sdn. Bhd.	Malaysia	Trading of precast concrete, cement or artificial stone articles for use in construction	100%	100%
	Metro Tiara (M) Sdn. Bhd.	Malaysia	Property investment	100%	100%
	MKH Building Materials Sdn. Bhd.	Malaysia	Trading of building materials and household related products	100%	100%
	MKH Credit Corporation Sdn. Bhd.	Malaysia	Money lending, hire-purchase and leasing finance	100%	100%
€	MKH Development Sdn. Bhd.	Malaysia	Property development	100%	100%
	MKH Food Sdn. Bhd.	Malaysia	Dormant	100%	100%
!	MKH Land (Aust) Pty Ltd.	Australia	Dormant	100%	100%
	MKH Management Sdn. Bhd.	Malaysia	Management, secretarial services and insurance agency	100%	100%
@	MKH Oil Palm (East Kalimantan) Sdn. Bhd. (formerly known as MKH Global Plantation Sdn. Bhd. and Detik Merdu Sdn. Bhd.)	Malaysia	Investment holding and trading of building materials and household related products	100%	100%

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (Cont'd)

Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group	
			2021	2020
MKH Plantation Sdn. Bhd.	Malaysia	Investment holding	100%	100%
MKH Resources Sdn. Bhd.	Malaysia	Management services	100%	100%
Nexus Starship Sdn. Bhd.	Malaysia	Investment holding	100%	100%
Pelangi Binaraya Sdn. Bhd.	Malaysia	Property development	100%	100%
Pelangi Seri Alam Development Sdn. Bhd.	Malaysia	Building and civil works contracting	100%	100%
Pelangi Semenyih Sdn. Bhd.	Malaysia	Property development	100%	100%
Perkasa Bernas (M) Sdn. Bhd.	Malaysia	Property development and management services	100%	100%
€ Petik Mekar Sdn. Bhd.	Malaysia	Property development	100%	100%
Serba Sentosa Sdn. Bhd.	Malaysia	Property development	100%	100%
Serentak Maju Corporation Sdn. Bhd.	Malaysia	Property development	100%	100%
Srijang Indah Sdn. Bhd.	Malaysia	Property investment and management and investment holding	100%	100%
€ Srijang Kemajuan Sdn. Bhd.	Malaysia	Property development and property investment	99.99%	99.99%
€ Stand Allied Corporation Sdn. Bhd.	Malaysia	Property development	100%	100%
Sumber Lengkap Sdn. Bhd.	Malaysia	Property development	100%	100%
€ Suria Villa Sdn. Bhd.	Malaysia	Property development	100%	100%
Vista Haruman Development Sdn. Bhd.	Malaysia	Property development	55%	55%

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (Cont'd)

				Proportion of ownership interest and voting power held by the Group	
Name of subsidiary		Country of incorporation	Principal activities	2021	2020
Subsidiaries of MKH Oil Palm (East Kalimantan) Sdn. Bhd. (formerly known as MKH Global Plantation Sdn. Bhd. and Detik Merdu Sdn. Bhd.)					
&@	PT Maju Kalimantan Hadapan	Republic of Indonesia	Oil palm plantation	95%	95%
&	PT Nusantara Makmur Jaya	Republic of Indonesia	Dormant	100%	100%
Subsidiary of MKH Plantation Sdn. Bhd.					
&@	PT Sawit Prima Sakti	Republic of Indonesia	Oil palm plantation	75%	75%
Subsidiaries of Gabung Wajib Sdn. Bhd.					
	Amona Metro Development Sdn. Bhd.	Malaysia	Property development	60%	60%
	Alif Mesra Sdn. Bhd.	Malaysia	Property development	65%	65%
Subsidiary of GK Resort Berhad					
	PNSB-GK Resort Sdn. Bhd.	Malaysia	Property development	70%	70%
Subsidiary of Kumpulan Indah Bersatu Sdn. Bhd.					
	Palga Sdn. Bhd.	Malaysia	Investment holding	100%	100%
Subsidiary of Pelangi Seri Alam Development Sdn. Bhd.					
	Hillpark Resources Sdn. Bhd.	Malaysia	Property development	100%	100%

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (Cont'd)

	Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group	
				2021	2020
	<b>Subsidiary of Metro Kajang (Oversea) Sdn. Bhd.</b>				
#	Vast Furniture Manufacturing (Kunshan) Co. Ltd.	The People's Republic of China	Furniture manufacturing	100%	100%
	<b>Subsidiary of Palga Sdn. Bhd.</b>				
	Hiliran Juara Sdn. Bhd.	Malaysia	Property development	100%	100%
	<b>Subsidiary of Amona Metro Development Sdn. Bhd.</b>				
	Temara Pekeliling Sdn. Bhd.	Malaysia	Property development	50.4%	50.4%
	<b>Subsidiary of Kajang Resources Corporation Sdn. Bhd.</b>				
	MKH Property Ventures Sdn. Bhd.	Malaysia	Property development	51%	51%
	<b>Subsidiary of Nexus Starship Sdn. Bhd.</b>				
	Quantum Density Sdn. Bhd.	Malaysia	Property development	50.0004%	50.0004%
	<b>Subsidiaries of Srijang Indah Sdn. Bhd.</b>				
	Laju Jaya Sdn. Bhd.	Malaysia	Hotel business and property investment	100%	100%
	Maha Usaha Sdn. Bhd.	Malaysia	Property investment and management	100%	100%
	Metro Emart Sdn. Bhd.	Malaysia	E-commerce	100%	100%
	<b>Subsidiaries of Metro Emart Sdn. Bhd.</b>				
	Europixel Sdn. Bhd.	Malaysia	Dormant	100%	100%
	Hexapace Sdn. Bhd.	Malaysia	Dormant	100%	100%

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (Cont'd)

			Proportion of ownership interest and voting power held by the Group	
Name of subsidiary	Country of incorporation	Principal activities	2021	2020
Subsidiaries of Metro				
Emart Sdn. Bhd. (Cont'd)				
Mercu Jasakita Sdn. Bhd.	Malaysia	Dormant	100%	100%

€ During the financial year, the Company subscribed for additional 1,221,000 (2020: 14,125,000) new ordinary shares in Srijang Kemajuan Sdn. Bhd., 499,998 (2020: Nil) new ordinary shares in Metro Readymix Sdn. Bhd., Nil (2020: 24,000,000) new ordinary shares in Budi Bidara Sdn. Bhd., Nil (2020: 9,750,000) new ordinary shares in Metro K.L. City Sdn. Bhd., Nil (2020: 1,900,000) new ordinary shares in MKH Development Sdn. Bhd., Nil (2020: 20,000,000) new ordinary shares in Petik Mekar Sdn. Bhd., Nil (2020: 17,000,000) new ordinary shares in Stand Allied Corporation Sdn. Bhd. and Nil (2020: 8,455,000) new ordinary shares in Suria Villa Sdn. Bhd..

# Subsidiaries audited by firms of auditors other than Deloitte PLT.

& Subsidiaries audited by a member firm of Deloitte.

@ The investment in shares have been pledged as security for credit facilities granted to subsidiaries as disclosed in Note 32.

! The subsidiary is not audited by Deloitte PLT. As the company is dormant, no statutory audit is required under the Australian Corporations Act.

### Redeemable Convertible Preference Shares

The salient features of the Redeemable Convertible Preference Shares ("RCPS") of the subsidiaries are as follows:

#### (a) Dividends

The holder has the right to be paid, out of such profits of the subsidiary available for distribution determined by the directors at their discretion to be distributed in respect of each financial year or other accounting period of the subsidiary, a dividend at a rate as the Board of Directors shall determine from time to time.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 15. INVESTMENT IN SUBSIDIARIES (CONT'D)

### Redeemable Convertible Preference Shares (Cont'd)

#### (b) Voting rights

The RCPS carry rights to vote at any general meeting of the subsidiary if:

- (i) any resolution is proposed for the winding up of the subsidiary, in which case the holder of the RCPS may only then vote at such general meeting on the election of a chairman, any motion for adjournment and the resolution for winding up; or
- (ii) the meeting is convened for the purpose of considering the reduction of the capital of the subsidiary; or
- (iii) the meeting is relating to any dividend or part thereof unpaid on any RCPS; or
- (iv) the proposition which is submitted to the meeting proposes to abrogate or vary or otherwise directly affects the special rights and privileges attaching to the RCPS; in which event the holder of the RCPS shall have such number of votes for each RCPS registered in his name equivalent to the number of ordinary shares, which solely for the purpose of calculating the number of votes of the holder of the RCPS is entitled to, one RCPS held by the holder of RCPS shall be deemed to be equivalent to one of ordinary share of the subsidiary. The holder of the RCPS shall further be entitled to speak, demand a poll, to move resolutions and participate in the meeting of the shareholders of RCPS of the subsidiary.

#### (c) Redemption

- (i) Subject to the provision of Section 72 of the Companies Act, 2016, the subsidiary shall have the right to redeem all or any of the RCPS at RM100 only per RCPS at anytime after the date of issuance of RCPS; and
- (ii) no RCPS redeemed by the subsidiary shall be capable of reissue.

#### (d) Conversion

The subsidiary is entitled, at any time during the period commencing on the date of issuance of RCPS to convert all or any of the RCPS registered in the name of each holder of the RCPS. Each RCPS is convertible into 100 ordinary shares in the share capital of the subsidiary.

#### (e) Capital

The holder has the right on winding up or other return of capital (other than on the redemption of the RCPS) to receive, in priority to the holders of any other class of shares in the capital of the subsidiary.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 15. INVESTMENT IN SUBSIDIARIES (CONT'D)

### Non-controlling interests

The subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Amona Metro Development Sdn. Bhd. RM		PT Maju Kalimantan Hadapan RM		Alif Mesra Sdn. Bhd. RM		Pekeliling Sdn. Bhd. RM		Haruman Development Sdn. Bhd. RM		Vista Property Ventures Sdn. Bhd. RM		Individually immaterial subsidiaries RM		Total RM
<b>2021</b>															
NCI percentage of ownership interest and voting power	40%		5%		35%		16%		45%		49%		-		-
Carrying amount of NCI	36,959,626	10,567,572	29,449,495	10,599,727	8,146,099	40,979,703	2,000,137	138,702,359							
Profit/(Loss) allocated to NCI	2,604,968	3,840,407	15,203,643	(460,154)	(35,345)	(219,252)	1,338,639	22,272,906							
Total comprehensive income/(loss) allocated to NCI	2,604,968	4,315,970	15,203,643	(460,154)	(35,345)	(219,252)	1,132,050	22,541,880							
<b>2020</b>															
NCI percentage of ownership interest and voting power	40%		5%		35%		16%		45%		49%		-		-
Carrying amount of NCI	34,354,656	6,251,603	14,245,853	11,059,881	8,181,443	16,899,856	818,088	91,811,380							
Profit/(Loss) allocated to NCI	12,970,496	1,028,485	4,883,323	7,144,476	449,982	(828,105)	(1,119,382)	24,529,275							
Total comprehensive income/(loss) allocated to NCI	12,970,496	841,409	4,883,323	7,144,476	449,982	(828,105)	(849,305)	24,612,276							

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 15. INVESTMENT IN SUBSIDIARIES (CONT'D)

### Non-controlling interests (Cont'd)

The financial information of the subsidiaries that have material NCI before intra-group elimination are as follows:

	Amona Metro Development Sdn. Bhd. RM	PT Maju Kalimantan Hadapan RM	Alif Mesra Sdn. Bhd. RM	Temara Pekelling Sdn. Bhd. RM	Vista Haruman Development Sdn. Bhd. RM	MKH Property Ventures Sdn. Bhd. RM
<b>2021</b>						
<b>Assets and liabilities</b>						
Non-current assets	491,100	275,418,632	1,085,200	491,100	-	1,728,900
Current assets	119,847,923	135,580,797	170,843,091	117,584,432	26,388,758	139,894,586
Non-current liabilities	-	(104,557,059)	(8,988,877)	(3,530,728)	-	(13,611,631)
Current liabilities	(17,340,237)	(95,090,881)	(78,797,998)	(13,350,831)	(8,286,319)	(44,379,807)
Redeemable convertible preferences shares	-	-	-	(34,945,680)	-	-
Non-controlling interests	(10,599,727)	-	-	-	-	-
Net assets	92,399,059	211,351,489	84,141,416	66,248,293	18,102,439	83,632,048
<b>Results</b>						
Revenue	54,694,625	294,458,125	179,494,686	54,694,624	-	19,773,809
Profit/(Loss) for the financial year	6,512,419	76,808,157	43,438,979	(2,875,963)	(78,545)	(447,454)
Total comprehensive income/(loss)	6,512,419	86,319,423	43,438,979	(2,875,963)	(78,545)	(447,454)
<b>2020</b>						
<b>Assets and liabilities</b>						
Non-current assets	293,500	282,994,763	2,409,200	1,164,500	-	1,647,500
Current assets	157,127,681	99,068,491	178,884,013	166,391,874	25,722,481	59,907,012
Non-current liabilities	(16,258,195)	(134,952,108)	(64,658,008)	(19,973,195)	-	-
Current liabilities	(44,216,465)	(122,079,079)	(75,932,768)	(43,513,243)	(7,541,497)	(27,065,010)
Redeemable convertible preferences shares	-	-	-	(34,945,680)	-	-
Non-controlling interests	(11,059,881)	-	-	-	-	-
Net assets	85,886,640	125,032,067	40,702,437	69,124,256	18,180,984	34,489,502
<b>Results</b>						
Revenue	167,460,371	250,453,420	57,156,280	167,460,371	637,700	-
Profit/(Loss) for the financial year	32,426,239	20,569,691	13,952,351	44,652,978	999,960	(1,690,010)
Total comprehensive income/(loss)	32,426,239	16,828,170	13,952,351	44,652,978	999,960	(1,690,010)

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 15. INVESTMENT IN SUBSIDIARIES (CONT'D)

### Non-controlling interests (Cont'd)

	Amona Metro Development Sdn. Bhd. RM	PT Maju Kalimantan Hadapan RM	Alif Mesra Sdn. Bhd. RM	Temara Pekelling Sdn. Bhd. RM	Vista Haruman Development Sdn. Bhd. RM	MKH Property Ventures Sdn. Bhd. RM
<b>2021</b>						
Cash flows from/(used in):						
Operating activities	49,509,841	106,031,050	99,819,229	49,835,482	5,244,660	(34,611,379)
Investing activities	-	(6,324,208)	-	-	-	-
Financing activities	(27,500,000)	(77,103,425)	(53,929,822)	(27,500,000)	-	49,590,000
Net increase in cash and cash equivalents	22,009,841	22,603,417	45,889,407	22,335,482	5,244,660	14,978,621
Dividends paid to NCI	-	-	-	-	-	-
<b>2020</b>						
Cash flows from/(used in):						
Operating activities	82,806,687	40,904,760	(31,729,438)	81,451,931	840,652	(9,056,881)
Investing activities	-	(2,622,048)	-	913,439	-	-
Financing activities	(45,894,330)	(33,255,583)	30,408,252	(45,894,330)	(9,000,000)	-
Net increase/(decrease) in cash and cash equivalents	36,912,357	5,027,129	(1,321,186)	36,471,040	(8,159,348)	(9,056,881)
Dividends paid to NCI	-	-	-	-	4,050,000	-

There are no significant restrictions on the Company's ability to access or use the assets and to settle the liabilities of the Group except for the covenants of the bank term loans taken by PT Maju Kalimantan Hadapan, subsidiary of the Company, which restrict the ability of the subsidiary to provide advances to other companies within the Group and to declare dividends to its shareholders until full settlement of the loans unless prior written consent is obtained from the lenders. The assets to which such restrictions apply are the cash and cash equivalents of the subsidiary included in the consolidated financial statements amounting to RM10,259,714 (2020: RM12,664,674).

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 16. INVESTMENT IN ASSOCIATES

	The Group	
	2021 RM	2020 RM
<b>At cost:</b>		
Unquoted shares	8,384,996	8,285,000
Additions	4,900,049	99,996
	13,285,045	8,384,996
Share of post-acquisition reserves	(799,476)	1,591,520
	12,485,569	9,976,516

The details of the associates, incorporated in Malaysia, are as follows:

	Name of associate	Principal activities	Proportion of ownership interest and voting power held by the Group		Financial year end
			2021	2020	
Ω	Daksina Harta Sdn. Bhd. ("DHSB")	Property development	40%	40%	31 December
~	Panasonic Homes MKH Malaysia Sdn. Bhd. ("PHMMSB")	General construction	49%	49%	31 March
*	Rimbunan Melati Sdn. Bhd. ("RMSB")	Property development	45%	45%	31 December
Δ	Sunway MKH Marketing Sdn. Bhd. ("SMMSB")	Trading and supply of building materials	49%	-	31 December

Ω Interest held through Perkasa Bernas (M) Sdn. Bhd. ("PBSB").

~ Interest held through Kajang Resources Corporation Sdn. Bhd. ("KRC").

\* Interest held through Dapat Jaya Builder Sdn. Bhd..

Δ Interest held through MKH Building Materials Sdn. Bhd. ("MBMSB"). During the financial year, MBMSB acquired 49 new ordinary shares in the associate (Note 34).

The above associates are accounted for using the equity method in the consolidated financial statements.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 16. INVESTMENT IN ASSOCIATES (CONT'D)

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	The Group			
	RMSB RM	PHMMSB RM	DHSB RM	SMMSB RM
<b>2021</b>				
Non-current assets	51	468,059	-	-
Current assets	11,893,124	68,486,990	106,905,455	100
Current liabilities	(401,245)	(63,325,125)	(95,516,741)	-
<b>Net assets/(liabilities)</b>	<b>11,491,930</b>	<b>5,629,924</b>	<b>(11,388,714)</b>	<b>100</b>
<b>Results</b>				
Revenue	-	94,681,208	-	-
Profit/(Loss) for the financial year	30,080	(1,200,666)	(657,990)	-
Total comprehensive income/(loss)	30,080	(1,200,666)	(657,990)	-

	The Group		
	RMSB RM	PHMMSB RM	DHSB RM
<b>2020</b>			
Non-current assets	104	1,979,692	-
Current assets	11,834,299	42,629,194	96,875,097
Current liabilities	(372,553)	(47,778,296)	(84,828,393)
<b>Net assets/(liabilities)</b>	<b>11,461,850</b>	<b>(3,169,410)</b>	<b>12,046,704</b>
<b>Results</b>			
Revenue	-	44,621,443	-
Loss for the financial year	(1,187,128)	(12,121,197)	(482,771)
Total comprehensive loss	(1,187,128)	(12,121,197)	(482,771)

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 16. INVESTMENT IN ASSOCIATES (CONT'D)

The reconciliation of net assets to carrying amount of the associates is as follows:

	RMSB RM	PHMMSB RM	DHSB RM	SMMSB RM	Total RM
<b>2021</b>					
Group's share of net assets	5,171,369	2,758,665	4,555,486	49	12,485,569
Group's share of results in associates	13,536	(2,141,336)	(263,196)	-	(2,390,996)
<b>2020</b>					
Group's share of net assets	5,157,834	-	4,818,682	-	9,976,516
Group's share of results in associates	(534,208)	(4,386,377)	(193,108)	-	(5,113,693)

## 17. OTHER INVESTMENT

	The Group	
	2021 RM	2020 RM
<b>Financial asset at fair value through profit or loss</b>		
<b>Quoted shares in Malaysia</b>		
At beginning of year	132,496	-
Additions during the year	1,474,925	129,250
Disposal during the year	(1,212,362)	-
Changes in fair value	(39,239)	3,246
At end of year	355,820	132,496

Fair value hierarchy for other investment has been disclosed in Note 45.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 18. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2021 RM	2020 RM
<b>Freehold land</b>		
At beginning of year	468,678,024	470,541,539
Additions	19,858,726	4,034,784
Transfer to non-current assets held for sale (Note 26)	-	(1,064,085)
Reclassification from development costs	-	30,000
Transfer to property development costs (Note 21)	(2,042,273)	(4,864,214)
At end of year	486,494,477	468,678,024
<b>Leasehold land</b>		
At beginning of year	171,298,149	164,291,511
Additions	381,022	-
Transfer to non-current assets held for sale (Note 26)	(362,580)	-
Transfer (to)/from property development costs (Note 21)	(39,573,486)	7,006,638
At end of year	131,743,105	171,298,149
<b>Total land</b>	618,237,582	639,976,173
<b>Development costs</b>		
At beginning of year	270,024,628	245,401,902
Additions	18,265,237	33,402,020
Development expenditure expensed off	(3,418,590)	(233,677)
Reclassification to freehold land	-	(30,000)
Transfer to non-current assets held for sale (Note 26)	(35,494)	(1,926,320)
Transfer to property development costs (Note 21)	(13,751,538)	(6,589,297)
At end of year	271,084,243	270,024,628
<b>Total land and development costs</b>	889,321,825	910,000,801
<b>Less: Accumulated impairment loss</b>		
At beginning and end of year	(6,284,988)	(6,284,988)
	883,036,837	903,715,813

Included in land held for property development are:

- (i) freehold land amounting to RM79,962,939 (2020: RM83,071,651) have been pledged for term loan and revolving credit facilities granted to certain subsidiaries as disclosed in Note 32;

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 18. LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D)

Included in land held for property development are: (Cont'd)

- (ii) leasehold land amounting to RM19,040,009 (2020: RM19,040,009) which have been charged for revolving credit facilities granted to certain subsidiaries as disclosed in Note 32; and
- (iii) freehold and leasehold land amounting to RM289,699,792 (2020: RM305,498,452) represent entitlements of the landowners pursuant to joint land development agreements to undertake property development projects. The titles to the development land will be transferred from landowners to the property purchasers.

## 19. DEFERRED TAX ASSETS AND LIABILITIES

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Deferred tax assets</b>				
At beginning of year	41,236,529	47,382,713	-	-
Recognised in profit or loss (Note 8)	(5,685,613)	(6,146,184)	-	-
At end of year	35,550,916	41,236,529	-	-
<b>Deferred tax liabilities</b>				
At beginning of year	(58,133,071)	(64,327,355)	(114,428)	(93,500)
Recognised in profit or loss (Note 8)	3,201,697	6,925,703	-	(4,996)
Recognised in other comprehensive income (Note 8)	(820,936)	(841,917)	-	(15,932)
Effect of movements in exchange rate	(370,350)	110,498	-	-
At end of year	(56,122,660)	(58,133,071)	(114,428)	(114,428)

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 19. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

Deferred tax assets and liabilities are attributable to the following:

	The Group	
	2021 RM	2020 RM
<b>Deferred tax assets</b>		
Deductible temporary differences arising from:		
Property, plant and equipment	767,225	331,176
Inventories	69,500	-
Land held for property development	-	2,154,200
Property development costs	23,819,389	26,013,280
Receivables and deposits	94,552	97,793
Payables and accruals	6,106,000	7,627,220
Unused tax losses	4,683,820	4,522,530
Unabsorbed capital allowance	10,430	10,330
Other temporary deductible differences	-	480,000
	<b>35,550,916</b>	<b>41,236,529</b>

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Deferred tax liabilities</b>				
Taxable temporary differences arising from:				
Property, plant and equipment	(10,249,694)	(10,225,035)	(166)	(166)
Investment properties	(2,999,506)	(3,000,806)	-	-
Property development costs	4,317,708	3,446,708	-	-
Receivables and deposits	(594,300)	(541,300)	-	-
Provisions	3,346,368	3,499,353	-	-
Payables and accruals	(846,900)	(824,500)	-	-
Surplus arising from revaluation of land and buildings	(6,828,515)	(7,083,350)	(114,262)	(114,262)
Fair value adjustment in respect of investment properties	(10,658,193)	(11,310,093)	-	-
Fair value adjustment in respect of subsidiaries acquired	(33,015,628)	(33,307,248)	-	-
Unused tax losses	170,400	8,900	-	-
Unabsorbed capital allowances	943,500	911,800	-	-

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 19. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Deferred tax liabilities (Cont'd)</b>				
Unutilised reinvestment allowances	292,100	292,500	-	-
	(56,122,660)	(58,133,071)	(114,428)	(114,428)

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

## 20. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-current</b>					
<b>Trade</b>					
Loan receivables	(a)	18,614,812	28,913,608	-	-
<b>Non-trade</b>					
Prepayments	(c)	13,732,923	11,605,895	-	-
Other receivables	(d)	4,429,437	4,057,924	-	-
		36,777,172	44,577,427	-	-
<b>Current</b>					
<b>Trade</b>					
Trade receivables		111,756,871	109,046,543	-	-
Less: Allowance for impairment loss		(1,095,204)	(877,476)	-	-
	(e)	110,661,667	108,169,067	-	-
Finance lease receivables	(f)	-	-	-	-
Loan receivables	(a)	18,899,898	669,876	-	-
Less: Allowance for impairment loss		(116,277)	(137,286)	-	-
		18,783,621	532,590	-	-
		129,445,288	108,701,657	-	-

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 20. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-trade</b>					
Amount due from subsidiaries	(b)	-	-	352,022,478	356,693,723
Less: Allowance for impairment loss		-	-	(178,000)	(178,000)
		-	-	351,844,478	356,515,723
Other receivables	(g)	22,628,645	29,033,902	22,580	22,580
Less: Allowance for impairment loss		(4,581,002)	(4,985,148)	(22,580)	(22,580)
		18,047,643	24,048,754	-	-
Deposits for development land acquisition		100,000	100,000	-	-
Joint venture deposits for land development	(h)	5,850,000	20,750,000	-	-
Other deposits	(i)	26,334,623	24,082,444	30,000	30,000
Prepayments	(j)	16,291,901	32,841,350	-	-
		196,069,455	210,524,205	351,874,478	356,545,723
Total receivables, deposits and prepayments		232,846,627	255,101,632	351,874,478	356,545,723

(a) The maturity profile of loan receivables is as follows:

	The Group	
	2021 RM	2020 RM
<b>Fixed rate instruments</b>		
Receivable within 1 year	18,899,898	669,876
Receivable after 1 year but not later than 2 years	564,812	18,833,467
Receivable after 2 years but not later than 3 years	8,000,000	8,080,141
Receivable after 3 years but not later than 4 years	10,050,000	2,000,000
	37,514,710	29,583,484

The loan receivables bear effective interest at rates ranging from 5.0% to 8.5% (2020: 5.0% to 8.5%) per annum.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 20. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

- (a) The maturity profile of loan receivables is as follows: (Cont'd)

The movement of allowance account used to record the impairment of loan receivables is as follows:

	The Group	
	2021 RM	2020 RM
At beginning of year	137,286	116,286
Additions	73,000	21,000
Reversal	(77,608)	-
Written off	(16,401)	-
At end of year	116,277	137,286

- (b) Included in amount due from subsidiaries are unsecured amounts of:

- (i) RM308,238,323 (2020: RM321,349,371) which bears interest at 4.51% (2020: 4.51%) per annum and repayable on demand; and
- (ii) RM43,606,156 (2020: RM35,166,352) which is interest-free and repayable on demand.

- (c) Included in non-current prepayments of the Group is an amount of RM12,632,794 (2020: RM10,239,440) in respect of property infrastructure costs incurred on a plot of land leased from PAK for a period of 60 years for future construction of a retail mall.

- (d) Included in non-current other receivables of the Group are:

- (i) RM1,087,332 (2020: RM1,035,377) in respect of an amount due from Plasma Farmers Cooperative in Indonesia. In accordance with the Indonesian Government policy, a subsidiary assumes the responsibilities to develop plantation for small land holders (known as Plasma Farmers) in addition to its own plantation. The subsidiary is also required to train and supervise the Plasma Farmers and purchase the fresh fruit bunches from the farmers at prices determined by the Government. The amount is unsecured, interest-free, to be settled in cash not within one year; and
- (ii) RM3,174,216 (2020: RM3,022,547) being amount due from shareholder of a subsidiary of the Group, which bears interest at 8% per annum and repayable in financial year 2023.

- (e) Trade receivables

- (i) The Group's normal trade credit term ranges from 7 to 90 days (2020: 7 to 90 days).

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 20. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

(e) Trade receivables (Cont'd)

(ii) The ageing analysis of the Group's trade receivables is as follows:

	The Group	
	2021 RM	2020 RM
Neither past due nor impaired	97,880,891	87,504,815
1 to 30 days past due not impaired	3,274,128	14,478,857
31 to 60 days past due not impaired	1,100,528	3,924,055
61 to 90 days past due not impaired	3,491,092	344,843
90 to 120 days past due not impaired	3,782,848	181,116
More than 120 days past due not impaired	1,132,180	1,735,381
	12,780,776	20,664,252
Past due and impaired	1,095,204	877,476
	111,756,871	109,046,543

### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired comprise property purchasers mostly are with end financing facilities from reputable end-financiers whilst the others are creditworthy customers with good payment records.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

### Receivables that are past due but not impaired

Trade receivables of the Group amounting to RM12,780,776 (2020: RM20,664,252) which are past due but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 20. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

(e) Trade receivables (Cont'd)

(ii) The ageing analysis of the Group's trade receivables is as follows: (Cont'd)

### Receivables that are impaired

The movement of allowance accounts used to record the impairment is as follows:

	The Group	
	2021 RM	2020 RM
At beginning of year	877,476	1,053,868
Additions	307,487	10,707
No longer required	-	(96,622)
Written off	(89,759)	(90,477)
At end of year	1,095,204	877,476

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECLs"). The ECLs on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

(iii) Included in trade receivables of the Group are:

- (a) retention sums amounting to RM52,384,198 (2020: RM31,623,813) held by stakeholders;
- (b) amount of RM1,557,000 (2020: RMNil) due from a director of the Company in respect of purchase of leasehold land from the Group;
- (c) amount of RM6,017,624 (2020: RM1,765,850) due from indirect corporate shareholders of subsidiaries in respect of purchase of development properties from the Group;
- (d) amount of RM91,900 (2020: RM87,800) due from a key management personnel of the Group in respect of purchase of development properties from the Group which include retention sum of RM28,900 (2020: RM17,300) held by stakeholders;

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 20. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

(e) Trade receivables (Cont'd)

(iii) Included in trade receivables of the Group are: (Cont'd)

(e) amount of RMNil (2020: RM39,775) due from a person connected to certain directors of the Company in respect of purchase of development properties from the Group which include retention sum of RMNil (2020: RM39,775) held by stakeholders;

(f) amount of RM30,225 (2020: RMNil) due from a person connected to a key management personnel of the Group in respect of purchase of development properties of the Group which include retention sum of RM30,225 (2020: RMNil) held by stakeholders; and

(g) amount of RMNil (2020: RM26) due from an associate.

(f) Finance lease receivables

	The Group	
	2021 RM	2020 RM
<b>Receivable within 1 year</b>		
Gross investment in finance lease receivables	1,108,545	1,108,545
Less: Unearned finance income	(88,856)	(88,856)
Present value of minimum lease payment receivables	1,019,689	1,019,689
Less: Allowance for impairment loss		
At beginning of year	(1,019,689)	(1,019,839)
No longer required	-	150
At end of year	(1,019,689)	(1,019,689)
	-	-

The finance lease receivables bear effective interest at 8.15% (2020: 8.15%) per annum.

(g) Included in other receivables of the Group and of the Company are:

(i) an amount of RM5,995,644 (2020: RM5,691,036) being unbilled rental income receivables;

(ii) an amount of RM1,292,921 (2020: RM4,735,730) being indirect taxes paid in advance to tax authorities;

(iii) an amount of RM1,966,862 (2020: RM4,748,005) being amount due from Plasma Farmers Cooperative in Indonesia; and

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 20. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

(g) Included in other receivables of the Group and of the Company are: (Cont'd)

(iv) and amount of RMNil (2020: RM663,050) being amount due from related party and is unsecured, interest free and repayment on demand.

The movement of allowance account used to record the impairment of other receivables is as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At beginning of year	4,985,148	5,026,398	22,580	33,830
No longer required	(53,279)	(41,250)	-	(11,250)
Written off	(350,867)	-	-	-
At end of year	4,581,002	4,985,148	22,580	22,580

The impaired other receivables at the reporting date relate to debtors that have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

(h) The joint venture deposits of the Group are paid to landowners in respect of Joint Venture Agreements ("Agreements") whereby the Group is responsible to implement and undertake the overall development projects on the land owned by the third parties upon fulfilment of the terms and conditions as stipulated in the Agreements. During the financial year, the Group reclassified joint venture deposits amounted to RM15,150,000 (2020: RM5,104,000) to property development costs upon fulfilment of terms and conditions stipulated in the Agreements as disclosed in Note 21.

(i) Included in other deposits of the Group is RM16,731,896 (2020: RM16,363,930) paid to the relevant authorities for property development projects.

(j) Included in prepayments of the Group are:

(i) RM2,166,032 (2020: RM20,233,867) preliminary costs incurred in respect of future property development projects. During the financial year, the Group reclassified certain prepayments pertaining to joint venture projects amounted to RM17,728,191 (2020: RM1,148,302) to property development costs upon fulfilment of terms and conditions stipulated in the agreements; and

(ii) an amount of RM6,384,218 (2020: RM7,043,591) paid to Trustee accounts for joint development of infrastructure projects with other developers.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 21. PROPERTY DEVELOPMENT COSTS

	The Group	
	2021 RM	2020 RM
<b>At cost:</b>		
<b>Freehold land</b>		
At beginning of year	232,016,933	186,273,780
Additions	107,002	36,014,867
Reversal of provision for landowners' entitlement	(14,269,341)	-
Transfer from land held for property development (Note 18)	2,042,273	4,864,214
Transfer from joint venture deposits (Note 20 (h))	-	5,104,000
Transfer to inventories	(1,236,914)	(24,703)
Adjustment on completion of projects	(34,096,834)	(215,225)
At end of year	184,563,119	232,016,933
<b>Leasehold land</b>		
At beginning of year	142,540,023	176,749,248
Additions	115,281,087	5,290,405
Transfer from/(to) land held for property development (Note 18)	39,573,486	(7,006,638)
Transfer from joint venture deposits (Note 20 (h))	15,150,000	-
Transfer to inventories	(6,653,925)	(1,428,758)
Adjustment on completion of projects	(78,583,708)	(31,064,234)
At end of year	227,306,963	142,540,023
<b>Development costs</b>		
At beginning of year	646,244,565	593,125,771
Additions	323,045,995	267,206,165
Transfer from prepayments (Note 20 (j) (i))	17,728,191	1,148,302
Transfer from land held for property development (Note 18)	13,751,538	6,589,297
Transfer to inventories	(18,926,799)	(10,429,248)
Adjustment on completion of projects	(384,474,725)	(211,395,722)
At end of year	597,368,765	646,244,565
<b>Total land and development costs</b>	<b>1,009,238,847</b>	<b>1,020,801,521</b>
<b>Less: Costs recognised as an expense in profit or loss</b>		
At beginning of year	625,839,845	539,409,190
Additions (Note 5)	340,745,225	329,105,836
Adjustment on completion of projects	(497,155,267)	(242,675,181)
At end of year	(469,429,803)	(625,839,845)
	<b>539,809,044</b>	<b>394,961,676</b>

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 21. PROPERTY DEVELOPMENT COSTS (CONT'D)

Included in the above are:

- (i) titles of freehold land amounting to RM7,652,171 (2020: RM10,766,809) which have been pledged with a financial institution for term loan facility granted to certain subsidiaries as disclosed in Note 32; and
- (ii) freehold and leasehold land amounting to RM354,347,145 (2020: RM250,669,370) represent entitlements of the landowners pursuant to joint venture and joint land development agreements to undertake property development projects. The titles to the development land will be transferred from landowners to the property purchasers.

## 22. INVENTORIES

	The Group	
	2021 RM	2020 RM
<b>At cost:</b>		
Raw materials	261,879	243,448
Work-in-progress	326,557	214,021
Finished goods	1,126,523	980,257
Food and beverages	19,413	22,087
Plantation consumables	14,567,267	10,545,329
Fertilizers	12,693,641	12,948,843
Crude palm oil and palm kernel	17,713,779	4,745,929
Completed development properties	115,061,833	107,444,154
	<b>161,770,892</b>	<b>137,144,068</b>

During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group is RM255,267,394 (2020: RM240,713,032).

In the previous financial year, the Group transferred completed inventories amounted to RM54,161,808 to investment properties as disclosed in Note 14 due to the change in management intention.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 23. CONTRACT ASSETS AND LIABILITIES

	The Group	
	2021 RM	2020 RM
Contract assets	285,493,960	340,668,466
Contract liabilities	(15,373,699)	(12,659,720)
Net	270,120,261	328,008,746
At beginning of year	328,008,746	269,389,940
Consideration paid/payable to customers	128,622,847	27,437,314
Revenue recognised during the year (Note 4)	508,064,120	561,632,674
Progress billing during the year	(694,575,452)	(530,451,182)
At end of year	270,120,261	328,008,746

The transaction price allocated to the unsatisfied performance obligations as at 30 September 2021 is RM947,200,886 (2020: RM1,018,833,182). The remaining performance obligations are expected to be recognised within the remaining 4 years.

There was no impairment loss recognised on contract assets in the reporting period.

## 24. BIOLOGICAL ASSETS

	The Group	
	2021 RM	2020 RM
<b>Net Book Value</b>		
At beginning of year	4,233,267	5,181,734
Changes in fair value	1,637,252	(913,440)
Effect of movements in exchange rate	306,507	(35,027)
At end of year	6,177,026	4,233,267

The biological assets of the Group comprise fresh fruit bunches ("FFB") prior to harvest. Management has considered FFB less than 15 days before harvesting in the calculation of fair value. FFB more than 15 days before harvesting are excluded from the valuation as their fair values are considered negligible.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 24. BIOLOGICAL ASSETS (CONT'D)

The fair value measurement of the biological assets is valued using present value of net cashflows expected to be generated from the sale of FFB, adjusted for estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell and is categorised within Level 3 of the fair value hierarchy is disclosed in Note 45.

During the financial year, the Group harvested approximately 440,985 metric tonnes ("MT") of FFB (2020: 477,158 MT).

## 25. CASH, BANK BALANCES, TERM DEPOSITS AND FIXED INCOME FUNDS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deposits with licensed banks	12,345,487	6,872,443	-	-
Cash and bank balances	142,406,575	105,888,495	7,484,069	1,900,392
Cash held under housing development accounts	215,276,195	247,109,816	-	-
Short-term placements	20,005,995	-	20,005,995	-
Fixed income funds:				
Redeemable at call	2,495,946	6,910,278	-	-
Redeemable upon 1 day notice	35,016,477	7,872,623	6,273,711	-
	427,546,675	374,653,655	33,763,775	1,900,392

The deposits bear effective interest at rates ranging from 0.9% to 7.0% (2020: 1.60% to 3.10%) per annum with maturity period ranging from 1 day to 183 days (2020: 1 days to 35 days).

Short-term placements of the Group and of the Company represents investment in trust funds managed by licensed investment management companies, which is tax exempt, fixed-deposit-linked and allows prompt redemption at any time.

Fixed income funds represent investment in highly liquid money market funds, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash held under housing development accounts represent amounts placed in Housing Development Accounts ("HDA") in accordance with Section 7(A) of the Housing Development (Control and Licensing) Act, 1966 (Amended 2002). These HDA accounts, which consist of monies received from purchasers, are for the payment of property development costs incurred. The surplus monies in these accounts, if any, will be released to the Group in accordance with the provisions of the Housing Development (Control and Licensing) Act, 1966 (Amended 2002).

The non-short term and highly liquid fixed deposits of RM3,887,499 (2020: RMNil) included in deposit with licensed banks have maturity period of more than 3 months.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 25. CASH, BANK BALANCES, TERM DEPOSITS AND FIXED INCOME FUNDS (CONT'D)

Cash and cash equivalents held by the Group which are not freely available for general use are as follows:

- (i) bank balances of RM11,509,714 (2020: RM13,914,674) pledged as restricted fund held as security for the credit facilities as disclosed in Note 32; and
- (ii) deposit and bank balances of RM38,251 (2020: RM36,209) held under sinking fund account for the recreational club.

## 26. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	The Group	
	2021 RM	2020 RM
<b>At cost:</b>		
At beginning of year	4,533,955	1,543,550
Disposals	(4,194,999)	-
Transfer from land held for property development (Note 18)	398,074	2,990,405
At end of year	737,030	4,533,955

This was in respect of the following sales and purchase agreements entered into between subsidiaries and third parties or related parties for the disposal of freehold and leasehold land held under land held for property development:

### 2021:

On 1 March 2021 for the disposal of one (1) parcel of leasehold land located at Kajang to a director of the Company for a cash consideration of RM1,730,000.

### 2020:

- (i) On 21 August 2020 for the disposal of two (2) parcels of freehold land located at Semenyih for a cash consideration of RM4,000,000; and
- (ii) On 29 September 2020 for the disposal of two (2) parcels of freehold land located at Ulu Langat to a director of the Company and a key management of the Group for a cash consideration of RM3,617,000.

The disposal of two (2) parcels of freehold land located at Semenyih as mentioned in 2020 (i) above were completed during the year.

The disposal of one (1) parcel of freehold land located at Ulu Langat as mentioned in 2020 (ii) above was completed during the year.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 26. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

### 2019:

- (i) On 3 December 2018 for the disposal of a piece of leasehold land located at Hillpark Shah Alam for a cash consideration of RM298,427; and
- (ii) On 3 December 2018 for the disposal of a piece of leasehold land located at Hillpark Shah Alam for a cash consideration of RM1,441,996.

The disposals of leasehold land located at Hillpark Shah Alam as mentioned in 2019 (i) and (ii) above were completed during the year.

## 27. SHARE CAPITAL

	The Group and The Company			
	Number of shares		Amount	
	Share capital (issued and fully paid-up)	Treasury shares	Share capital (issued and fully paid-up) RM	Treasury shares RM
<b>2021</b>				
At beginning of year/end of year	586,548,168	(9,132,300)	654,458,655	(11,112,278)
<b>2020</b>				
At beginning of year	586,548,168	(7,513,600)	654,458,655	(9,637,077)
Share buy back	-	(1,618,700)	-	(1,475,201)
At end of year	586,548,168	(9,132,300)	654,458,655	(11,112,278)

### (a) Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

### (b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 27. SHARE CAPITAL (CONT'D)

### (b) Treasury shares (Cont'd)

The Company acquired Nil (2020: 1,618,700) shares in the Company through purchases on the Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares including transaction costs was RMNil (2020: RM1,475,201) and this was presented as a component within shareholders' equity.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

## 28. RESERVES

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-distributable</b>				
Translation reserve	(677,699)	(8,778,833)	-	-
Revaluation reserve	27,359,331	27,359,331	671,520	671,520
	26,681,632	18,580,498	671,520	671,520
<b>Distributable</b>				
Retained earnings	1,036,040,993	970,682,452	492,736,368	433,667,576
	1,062,722,625	989,262,950	493,407,888	434,339,096

### Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

### Revaluation reserve

The revaluation reserve relates to the revaluation of land and buildings.

### Retained earnings

Distributable reserves are those available for distribution as dividends. The entire retained earnings of the Company are available to be distributed as single tier dividends to the shareholders of the Company.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 29. PROVISIONS

	Post-employment benefit obligations RM	Retirement gratuity RM	Total RM
<b>The Group 2021</b>			
At beginning of year	16,654,765	20,587,069	37,241,834
Provision during the financial year	2,064,106	-	2,064,106
Incurred during the financial year	(1,514,693)	-	(1,514,693)
Remeasurement gains on defined benefit plans:			
Actuarial gains arising from experience adjustments	(3,177,926)	-	(3,177,926)
Effect of movements in exchange rate	1,184,513	-	1,184,513
At end of year	15,210,765	20,587,069	35,797,834
<b>2020</b>			
At beginning of year	14,561,360	20,183,386	34,744,746
Provision during the financial year	3,711,395	403,683	4,115,078
Incurred during the financial year	(746,241)	-	(746,241)
Remeasurement losses on defined benefit plans:			
Actuarial losses arising from experience adjustments	144,860	-	144,860
Effect of movements in exchange rate	(1,016,609)	-	(1,016,609)
At end of year	16,654,765	20,587,069	37,241,834

The above provisions are classified as follows:

	Post-employment benefit obligations RM	Retirement gratuity RM	Total RM
<b>The Group 2021</b>			
Non-current	15,210,765	-	15,210,765
Current	-	20,587,069	20,587,069
	15,210,765	20,587,069	35,797,834
<b>2020</b>			
Non-current	16,654,765	-	16,654,765
Current	-	20,587,069	20,587,069
	16,654,765	20,587,069	37,241,834

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 29. PROVISIONS (CONT'D)

### (a) Post-employment benefit obligations

Two subsidiaries of the Company in Indonesia operate unfunded defined benefit schemes, as required under the Labour Law of the Republic of Indonesia. The defined benefit schemes expose the Group to actuarial risks, such as longevity risk and interest rate risk.

The amount recognised in the consolidated statement of financial position is determined as follows:

	The Group	
	2021 RM	2020 RM
Present value of obligations	15,210,765	16,654,765

Movement in the present value of unfunded defined benefit scheme in the current financial year is as follows:

	The Group	
	2021 RM	2020 RM
At beginning of year	16,654,765	14,561,360
Amounts recognised in profit or loss (Note 6):		
Current service costs	3,572,036	3,840,786
Interest on obligation	1,159,198	1,183,489
Past service cost	(2,667,128)	(1,312,880)
	2,064,106	3,711,395
Amounts recognised in other comprehensive income:		
Remeasurement (gains)/losses	(3,177,926)	144,860
Benefit paid	(1,514,693)	(746,241)
Effect of movements in exchange rates	1,184,513	(1,016,609)
At end of year	15,210,765	16,654,765

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 29. PROVISIONS (CONT'D)

### (a) Post-employment benefit obligations (Cont'd)

The defined benefit obligation expenses were determined based on actuarial valuations prepared by an independent actuary using the projected unit credit method. Principal assumptions at reporting date are as follows:

	The Group	
	2021	2020
Discount rate	7.50%	8.00%
Future salary increase	8%	8%
Mortality rate	100%TMI3	100%TMI3
Resignation rate	22% until age of 18 then decrease linearly to 0% at age 57 / 6% until age of 38 then decrease linearly to 0% at age 57	4% - 9% until age of 30 - 32 then decrease linearly to 0% at age of 57
Disability	5% of mortality rate	5% of mortality rate
Normal retirement age	57	57

### Sensitivity analysis

The sensitivity analysis below has been determined based on reasonably possible changes in the discount rate and future salary increase occurring at the reporting date, while holding all other assumptions constant.

	The Group Increase/(Decrease) in profit	
	2021 RM	2020 RM
Discount rate increase by 1%	1,209,346	1,592,570
Discount rate decrease by 1%	(1,397,101)	(1,875,762)
Future salary increase by 1%	(1,407,012)	(1,881,374)
Future salary decrease by 1%	1,240,490	1,626,228

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 29. PROVISIONS (CONT'D)

### (a) Post-employment benefit obligations (Cont'd)

#### Sensitivity analysis (Cont'd)

The sensitivity analysis presented above has been determined using deterministic method and may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

At 30 September 2021, the weighted-average duration of the defined benefit obligation was 15.75 to 16.36 years (2020: 15.68 to 19.16 years).

The benefits, which reflect the expected future services, as appropriate are expected to be paid as follows:

	The Group	
	2021 RM	2020 RM
Within 1 year	1,534,518	1,112,637
Between 2 and 5 years	7,671,028	7,118,381
After 5 years	15,074,434	16,790,635
	<b>24,279,980</b>	<b>25,021,653</b>

### (b) Retirement gratuity

Provision for retirement gratuity are for certain eligible directors. The accounting policy in respect of the retirement gratuity scheme is disclosed in Note 3(f)(iii).

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 30. PAYABLES AND ACCRUALS

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-current</b>					
Landowners' entitlement	(a)	372,950,385	328,358,787	-	-
Retention sum payable to subcontractors after one year		22,762,927	20,248,775	-	-
		395,713,312	348,607,562	-	-
<b>Current</b>					
<b>Trade</b>					
Trade payables	(b)	276,136,500	285,540,587	-	-
Landowners' entitlement	(a)	118,665,156	88,132,141	-	-
Retention sum payable to subcontractors within one year		34,220,983	35,931,408	-	-
<b>Non-trade</b>					
Amount due to subsidiaries	(c)	-	-	72,200	13,250
Other payables	(d)	61,914,472	60,853,770	24,820	12,508
Deposits received	(e)	10,603,467	11,500,996	-	-
Advances from customers		-	221,526	-	-
Accruals	(f)	36,710,564	21,991,828	503,491	686,282
		538,251,142	504,172,256	600,511	712,040

(a) These are in respect of payable for landowners' entitlement under deferred payment term pursuant to the joint land development agreements and joint venture agreements entered into with the landowners. Pursuant to the said agreements, the entitlements are determined based on the agreed percentage on the total development units and/or total gross development value net of trade discount, where applicable, of the property development projects. These deferred payables are measured at amortised cost at imputed interest rates ranging from 4.51% to 10.00% (2020: 5.56% to 10.00%) per annum.

(b) The normal trade credit term granted to the Group ranges from 7 to 90 days (2020: 7 to 90 days) unless as specified in the agreements.

Included in trade payables is amount due to an associate of the Group of RM30,661,731 (2020: RM19,030,445) including retention sums of RM8,296,019 (2020: RM6,460,637).

(c) Amount due to subsidiaries of the Company is unsecured, interest-free and is repayable on demand.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 30. PAYABLES AND ACCRUALS (CONT'D)

- (d) Include in other payables of the Group are:
- (i) an amount of RM47,674,113 (2020: RM33,689,554) being overpayment from purchasers of development properties which will be set off against future progress billings for the development properties; and
  - (ii) an amount due to corporate shareholders of the Group of RM1,227,698 (2020: RM1,114,998) which is unsecured, interest-free and repayable on demand.
- (e) Included in deposits received of the Group are:
- (i) an amount of RM8,314,969 (2020: RM7,998,529) being rental, utilities and other deposits received from tenants; and
  - (ii) an amount of RMNil (2020: RM846,959) being downpayment from purchasers of development properties.
- (f) Included in accruals of the Group are accrued legal and professional fees and agents commission totalling RM20,919,104 (2020: RM10,163,278) in respect of on-going property development projects.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 31. LEASE LIABILITY

	The Group	
	2021 RM	2020 RM
Non-current	18,593,107	18,282,900
Current	492,775	457,778
At end of year	19,085,882	18,740,678
Minimum lease payment:		
Not later than 1 year	562,500	500,000
Later than 1 year but not later than 5 years	2,300,000	2,287,500
Later than 5 years	67,225,002	67,800,002
	70,087,502	70,587,502
Less: Unexpired finance charges	(51,001,620)	(51,846,824)
	19,085,882	18,740,678
Present value of lease liability:		
Not later than 1 year	492,775	457,778
Later than 1 year but not later than 5 years	1,806,707	1,877,239
Later than 5 years	16,786,400	16,405,661
	19,085,882	18,740,678

The Group's lease comprise land leased from PAK for a period of 60 years for future construction of a retail mall. The related right-of-use asset is disclosed in Note 11.

The incremental borrowing rate of the Group applied to the lease liability is 4.51% (2020: 4.51%).

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 32. LOANS AND BORROWINGS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-current</b>				
Term loans				
Secured:				
RM	35,916,585	44,557,219	-	-
United States Dollar	8,352,013	48,207,725	-	-
Unsecured:				
United States Dollar	13,917,287	6,243,183	-	-
Revolving credits				
Secured:				
RM	117,194,000	156,427,700	-	-
Hire purchase liabilities				
RM	499,408	789,965	-	-
	175,879,293	256,225,792	-	-
<b>Current</b>				
Term loans				
Secured:				
RM	28,622,670	16,505,220	-	-
United States Dollar	11,538,054	24,742,120	-	-
Unsecured:				
United States Dollar	3,521,241	-	-	-
Revolving credits				
Secured:				
RM	132,485,650	107,060,000	-	-
United States Dollar	31,439,654	52,026,525	-	-
Unsecured:				
RM	143,100,000	169,000,000	135,100,000	161,000,000
United States Dollar	2,931,600	6,653,600	2,931,600	6,653,600
Bank overdrafts				
Secured:				
RM	-	1,202,499	-	-
Hire purchase liabilities				
RM	290,557	358,019	-	-
	353,929,426	377,547,983	138,031,600	167,653,600
	529,808,719	633,773,775	138,031,600	167,653,600

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 32. LOANS AND BORROWINGS (CONT'D)

The maturity profile of loans and borrowings of the Group is as follows:

The Group	Carrying amount RM	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM
<b>2021</b>							
<b>Fixed rate instrument</b>							
Hire purchase liabilities							
RM	789,965	290,557	258,551	159,044	81,813	-	-
<b>Floating rate instruments</b>							
Term loans							
Secured:							
RM	64,539,255	28,622,670	28,043,418	4,780,122	305,220	305,220	2,482,605
United States Dollar	19,890,067	11,538,054	8,352,013	-	-	-	-
Unsecured:							
United States Dollar	17,438,528	3,521,241	7,042,483	6,874,804	-	-	-
Revolving credits							
Secured:							
RM	249,679,650	132,485,650	44,750,000	33,000,000	15,000,000	10,000,000	14,444,000
United States Dollar	31,439,654	31,439,654	-	-	-	-	-
Unsecured:							
RM	143,100,000	143,100,000	-	-	-	-	-
United States Dollar	2,931,600	2,931,600	-	-	-	-	-
	529,018,754	353,638,869	88,187,914	44,654,926	15,305,220	10,305,220	16,926,605
	529,808,719	353,929,426	88,446,465	44,813,970	15,387,033	10,305,220	16,926,605

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 32. LOANS AND BORROWINGS (CONT'D)

The maturity profile of loans and borrowings of the Group is as follows: (Cont'd)

The Group	Carrying amount RM	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM
<b>2020</b>							
<b>Fixed rate instrument</b>							
Hire purchase liabilities							
RM	1,147,984	358,019	290,557	258,551	159,044	81,813	-
<b>Floating rate instruments</b>							
Term loans							
Secured:							
RM	61,062,439	16,505,220	25,635,042	15,663,295	305,220	305,220	2,648,442
United States Dollar	72,949,845	24,742,120	39,883,481	8,324,244	-	-	-
Unsecured:							
United States Dollar	6,243,183	-	6,243,183	-	-	-	-
Revolving credits							
Secured:							
RM	263,487,700	107,060,000	47,000,000	54,550,000	20,433,700	10,000,000	24,444,000
United States Dollar	52,026,525	52,026,525	-	-	-	-	-
Unsecured:							
RM	169,000,000	169,000,000	-	-	-	-	-
United States Dollar	6,653,600	6,653,600	-	-	-	-	-
Bank overdrafts							
Secured:							
RM	1,202,499	1,202,499	-	-	-	-	-
	632,625,791	377,189,964	118,761,706	78,537,539	20,738,920	10,305,220	27,092,442
	633,773,775	377,547,983	119,052,263	78,796,090	20,897,964	10,387,033	27,092,442

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 32. LOANS AND BORROWINGS (CONT'D)

The maturity profile of loans and borrowings of the Group is as follows: (Cont'd)

The Company	Carrying amount RM	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM
<b>2021</b>							
<b>Floating rate instruments</b>							
Revolving credits							
Unsecured:							
RM	135,100,000	135,100,000	-	-	-	-	-
United States Dollar	2,931,600	2,931,600	-	-	-	-	-
	<b>138,031,600</b>	<b>138,031,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2020</b>							
<b>Floating rate instruments</b>							
Revolving credits							
Unsecured:							
RM	161,000,000	161,000,000	-	-	-	-	-
United States Dollar	6,653,600	6,653,600	-	-	-	-	-
	<b>167,653,600</b>	<b>167,653,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Hire purchase liabilities are payable as follows:

	2021			2020		
The Group	Future minimum hire purchase payments RM	Finance charges RM	Present value of minimum hire purchase payments RM	Future minimum hire purchase payments RM	Finance charges RM	Present value of minimum hire purchase payments RM
Less than one year	318,903	(28,346)	290,557	401,392	(43,373)	358,019
Between one and five years	523,113	(23,705)	499,408	842,015	(52,050)	789,965
	842,016	(52,051)	789,965	1,243,407	(95,423)	1,147,984

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 32. LOANS AND BORROWINGS (CONT'D)

The hire lease liabilities bear effective interest at rates ranging from 1.71% to 6.00% (2020: 1.71% to 6.00%) per annum.

The term loans and revolving credits bear effective interest at rates ranging from 1.95% to 4.98% (2020: 1.97% to 4.98%) per annum.

The bank overdrafts bear effective interest at rates ranging from 5.82% to 6.70% (2020: 5.82% to 6.70%) per annum.

**Secured revolving credit I** of RM49,444,000 (2020: RM49,444,000) is part of the total revolving credit of RM50,000,000 which is repayable by way of redemption upon the full settlement of secured revolving credit II. **Secured revolving credit II** of RM33,000,000 (2020: RM55,000,000) is part of the total revolving credit of RM110,000,000 which is repayable by 10 equal half yearly principal instalments of RM11,000,000 each over 8 years commencing on the first day of the 42nd month following the date of first drawdown or payment by way of redemption whichever is earlier. **Secured revolving credit III** of RM52,962,650 (2020: RM52,383,700) is part of the total revolving credit of RM90,000,000 which is repayable by 18 equal quarterly principal instalments of RM5,000,000 each over 4 1/2 year commencing on the first day of the 31st month following the date of first drawdown or payment by way of redemption whichever is earlier. The revolving credits are secured and supported as follows:

- (a) legal charge over the freehold land for property development of subsidiaries;
- (b) debenture by way of fixed and floating charge over the land held for property development of subsidiaries; and
- (c) corporate guarantee of the Company.

**Secured revolving credit IV** of RM20,000,000 (2020: RM15,900,000) is repayable on demand. The revolving credit is secured and supported as follows:

- (a) legal charge over the leasehold land held for property development of a subsidiary; and
- (b) corporate guarantee of the Company.

**Term loan I** of RMNil (2020: RM35,429,822) is part of the total term loan of RM55,000,000 and is repayable by 4 quarterly principal instalments of RM5,000,000 each and 5 quarterly principal instalments of RM7,000,000 commencing on the last day of the 30th month from the date of first drawdown or payment by way of redemption whichever is earlier. **Secured revolving credit V** of RM10,000,000 (2020: RM15,000,000) is repayable by 3 quarterly principal instalments of RM5,000,000 each over 3 years commencing on the last day of the 36th month following the date of first drawdown or payment by way of redemption whichever is earlier.

The term loan and revolving credit are secured and supported as follows:

- (a) specific charge and assignment over all designated accounts to be opened with the bank of a subsidiary;

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 32. LOANS AND BORROWINGS (CONT'D)

The term loan and revolving credit are secured and supported as follows: (Cont'd)

- (b) specific debenture by way of fixed and floating charge over all present of future assets in relation to the project of a subsidiary; and
- (c) corporate guarantee of the Company.

**Term loan II** of RM18,590,495 (2020: RM5,199,471) is part of the total term loan of RM30,000,000 and is repayable by 8 quarterly principal instalments of RM3,750,000 each commencing 24th month from the day of first drawdown or payment by way of redemption whichever is earlier. **Secured revolving credits VI** of RM5,500,000 (2020: RM2,300,000) is part of the total revolving credits of RM8,000,000 and is repayable by 3 yearly repayment commencing 24th month following the date of first drawdown or payment by way of redemption whichever is earlier. The revolving credit and term loan are secured and supported as follows:

- (a) legal charge over the designated account of a subsidiary;
- (b) assignment over all applicable insurance policies;
- (c) assignment of sales proceeds to be deposited into the designated account;
- (d) specific debenture by way of fixed and floating charge over all present of future assets of the project of a subsidiary; and
- (e) corporate guarantee of the Company.

**Term loan III** of RM26,017,450 (2020: RM13,174,890) is part of the total term loan of RM28,000,000 and is repayable by 5 quarterly principal instalments of RM4,700,000 each and final payment of RM4,500,000 or any balance outstanding with the first repayment to commence on 33rd month following the date of first drawdown or payment by way of redemption whichever is earlier. **Secured revolving credits VII** of RM15,000,000 (2020: RM14,300,000) is part of the total revolving credits of RM15,000,000 and is repayable by 4 quarterly principal instalments of RM3,750,000 each or any balance outstanding with the first repayment to commence 39th month following the date of first drawdown or payment by way of redemption whichever is earlier. The term loan and revolving credit are secured and supported as follows:

- (a) specific debenture over the project land of a subsidiary;
- (b) charge over the designated accounts; and
- (c) corporate guarantee of the Company.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 32. LOANS AND BORROWINGS (CONT'D)

**Term loan IV** of RM9,787,540 (2020: RM178,407) is part of the total term loan of RM25,500,000, which is repayable by 8 quarterly principal instalments of RM3,187,500 each or any balance outstanding with the first repayment to commence on 27th month following the date of first drawdown or payment by way of redemption whichever is earlier. The term loan is secured and supported as follows:

- (a) specific debenture on fixed and floating charge over all assets of the project of a subsidiary;
- (b) charge over designated account; and
- (c) corporate guarantee of the Company.

**Term loan V** of RM4,474,902 (2020: RMNil) is part of the total term loan of RM30,000,000, which is repayable by 8 quarterly principal instalments of RM3,750,000 each or any balance outstanding with the first repayment to commence on 33rd month following the date of first drawdown or payment by way of redemption whichever is earlier. **Secured revolving credit VIII** of RM3,000,000 (2020: RMNil) is part of the total revolving credits of RM10,000,000 and is repayable by 8 quarterly principal instalments of RM1,250,000 each or any balance outstanding with the first repayment to commence 33rd month following the date of first drawdown or payment by way of redemption whichever is earlier. The term loan and revolving credit are secured and supported as follows:

- (a) specific debenture on fixed and floating charge over all assets of the project of a subsidiary;
- (b) specific charge and assignment over designated accounts; and
- (c) corporate guarantee of the Company.

**Term loan VI** of RM19,890,067 (2020: RM68,038,541) is repayable in 20 quarterly principal instalments commencing 9th month following the date of first drawdown. **Secured revolving credit IX** of RM31,439,654 (2020: RM52,026,525) is repayable on demand. The term loan and revolving credits are secured and supported as follows:

- (a) legal charge over the oil palm plantation land of a subsidiary in Indonesia;
- (b) pledged of shares of a subsidiary; and
- (c) corporate guarantee of the Company.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 32. LOANS AND BORROWINGS (CONT'D)

**Term loan VII** of RMNil (2020: RM4,911,304) is repayable in 12 quarterly principal instalments commencing 48th month from the day of first drawdown. The term loans are secured and supported as follows:

- (a) facility agreement and security sharing agreement;
- (b) legal charge over the oil palm plantation land of a subsidiary in Indonesia;
- (c) deed of fiduciary by way of fixed and floating charge over the oil palm plantation in Indonesia;
- (d) charge over a designated bank account of a subsidiary in Indonesia;
- (e) pledge of 95% shares of a subsidiary and substantial shareholder of a subsidiary;
- (f) assignment over all applicable insurance policies;
- (g) negative pledge over a subsidiary's assets; and
- (h) corporate guarantee of the Company.

**Secured revolving credit X** of RM20,000,000 (2020: RM21,000,000) is repayable on demand. The revolving credit is secured and supported as follows:

- (a) legal charge over the leasehold land and building of a subsidiary;
- (b) legal assignment over debt service account;
- (c) legal assignment over all tenancy and rent agreements;
- (d) specific debenture on fixed and floating charge over the leasehold land and building of a subsidiary;
- (e) deed of subordinate in respect of shareholders advances and loans to the subsidiary;
- (f) legal assignment of all of the subsidiary's present and future rights, title and benefits in and under such insurance policies procure in respect of the charge; and
- (g) corporate guarantee of the Company.

**Term loan VIII** of RM4,008,705 (2020: RM4,174,542) is repayable in 300 monthly principal instalments of RM25,435 each, commencing November 2014 and is secured and supported as follows:

- (a) legal charge over the freehold buildings of a subsidiary;
- (b) first party open monies deed of assignment; and
- (c) corporate guarantee of the Company.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 32. LOANS AND BORROWINGS (CONT'D)

**Term loan IX** of RM1,660,163 (2020: RM2,905,307) is repayable by 60 monthly instalments of RM100,000 each, commencing on 1st month from date of disbursement and is secured and supported as follows:

- (a) legal charge over the leasehold building of a subsidiary;
- (b) assignment of all rights, title and interest in respect of rental proceeds from leasehold building; and
- (c) corporate guarantee of the Company.

**Secured revolving credit XI** of RM40,773,000 (2020: RM38,160,000) is repayable on demand. All revolving credits are secured and supported as follows:

- (a) legal charge over the leasehold land and building of a subsidiary;
- (b) specific debenture by way of fixed and floating charge over the leasehold land and building of a subsidiary;
- (c) legal assignment of rental proceeds from the investment property of a subsidiary; and
- (d) corporate guarantee of the Company.

**Secured bank overdraft I** of RMNil (2020: RM1,202,499) is repayable on demand and is secured and supported as follows:

- (a) legal charge over the leasehold land and building of a subsidiary; and
- (b) corporate guarantee of the Company.

**Unsecured term loan** of RM17,438,528 (2020: RM6,243,183) and **Unsecured revolving credit** of RM146,031,600 (2020: RM175,653,600) of the Group are repayable on demand and are supported by corporate guarantee of the Company.

**Unsecured revolving credits** of RM138,031,600 (2020: RM167,653,600) of the Company are repayable on demand.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 33. DIVIDEND

	Net dividend per share Sen	Total amount RM	Date of payment
<b>2021</b>			
Interim single tier dividend of 3.0 sen per ordinary share in respect of financial year ended 30 September 2020	3.0	17,322,476	8 January 2021
<b>2020</b>			
Interim single tier dividend of 4.0 sen per ordinary share in respect of financial year ended 30 September 2019	4.0	23,161,383	3 January 2020

A first interim single tier dividend of 3.5 sen per ordinary share in respect of financial year ended 30 September 2021 amounting to RM20,209,552 was declared on 29 November 2021 and to be paid on 7 January 2022. The financial statements for the current financial year do not reflect the dividend. Such dividend will be accounted in equity as an appropriation of retained earnings in the financial year ending 30 September 2022.

The directors do not recommend any final dividend payment in respect of the financial year ended 30 September 2021.

## 34. ACQUISITION OF AN ASSOCIATE

On 3 February 2021, MKH Building Materials Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired 49 new ordinary shares representing 49% of the equity interest in Sunway MKH Marketing Sdn. Bhd., for a cash consideration of RM49. The said acquisition did not give rise to a material impact on the financial statements of the Group.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 35. FINANCIAL GUARANTEE

	The Group	
	2021 RM	2020 RM
Corporate guarantees given by the Company to financial institutions and creditors for banking and credit facilities granted to the subsidiaries: Outstanding as at financial year end	504,347,539	561,486,678

The financial guarantees have not been recognised since the fair value on initial recognition was immaterial as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the securities pledged by the subsidiaries and it is not probable that the counterparties to financial guarantee contracts will claim under the contracts.

## 36. CONTINGENT LIABILITIES

- (a) On 11 January 2019, the recipient of KTM Komuter Station, Perbadanan Aset Keretapi ("PAK") has issued a certificate of non-completion ("CNC") to Srijang Kemajuan Sdn. Bhd. ("SKSB"), a 99.99% owned subsidiary of the Company, and stating that SKSB has failed to complete the construction of KTM Komuter Station ("Construction Works") by 10 December 2016 and therefore PAK is entitled to impose liquidated ascertained damages ("LAD") pursuant to the Development cum Lease Agreement ("DCLA") dated 12 October 2012 entered into between PAK and SKSB. The LAD will be calculated daily at a rate of RM4,438.36 from the revised completion date on 10 December 2016 (extension of time number 1) until the completion of the Construction Works.

On 28 February 2019, SKSB has written to dispute the validity of the CNC on the grounds that SKSB had on 10 January 2017 submitted extension of time ("EOT") number 2 of which PAK has yet to assess SKSB's application for EOT number 2 and on the same day, SKSB submitted EOT number 3 in view of the delay by relevant authorities in approving the change of building design and use of building materials.

On 19 August 2019, PAK granted SKSB's EOT number 2, for a period of up to 8 January 2017 ("EOT 2").

On 13 January 2020, SKSB has written to appeal for the EOT 2 to be extended to 30 December 2017 instead of 8 January 2017.

On 15 June 2020, SKSB submitted EOT number 4 ("EOT 4"), for period from 11 April 2020 to 1 July 2020 together with the above mentioned EOT 2 (period from 11 December 2016 to 30 December 2017) and EOT number 3 ("EOT 3") (period from 31 December 2017 to 10 April 2020).

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 36. CONTINGENT LIABILITIES (CONT'D)

On 23 November 2021, SKSB submitted EOT number 5, for period from 10 June 2020 to 17 October 2021 together with the above mentioned EOT 2, EOT 3 and EOT 4.

Based on legal opinion obtained, the directors of SKSB are of the opinion that SKSB's LAD could not be estimated until and unless PAK has completed the assessment of EOT 3 as the date by which SKSB is required to complete the Construction Works remains uncertain.

In view of the uncertainty, there is no revised completion date from which the LAD could be computed and PAK's right to impose LAD pursuant to DCLA cannot be triggered. Accordingly, SKSB has not made any provision in the financial statements and only disclosed as contingent liabilities.

- (b) On 4 January 2021, PT Maju Kalimantan Hadapan ("PTMKH"), a subsidiary of the Company, received a tax assessment letter from the Indonesia's Director General of Tax ("DGT") for the year of assessment 2019, to restrict the claim on management fee incurred by PTMKH amounted to IDR21,855 million, equivalent to RM6.37 million. Based on applicable corporate income tax of 25%, the restricted amount of the management fee will result in additional tax liability of IDR5,464 million, equivalent to RM1.59 million in the financial statements of the Group and PTMKH. The management fee was charged by MKH Resources Sdn. Bhd., a subsidiary of the Company, in respect of management services rendered to PTMKH.

On 1 April 2021, PTMKH filed an objection letter in reply to above tax assessment letter. On 24 December 2021, the objection letter has been rejected by tax appeal office in Balikpapan, Indonesia. PTMKH will further proceed the appeal to tax court in Jakarta, Indonesia.

Based on consultation with the local tax experts, the directors of PTMKH are of the opinion that PTMKH has a valid defense against DGT's assessment. Accordingly, PTMKH has not made any adjustments in respect of the tax assessment in the financial statements of the Group and PTMKH.

## 37. CAPITAL COMMITMENTS

As at the reporting date, the Group has the following capital commitments:

	The Group	
	2021 RM	2020 RM
Approved and contracted for	<b>8,326,707</b>	16,299,446
Approved and not contracted for	<b>21,882,735</b>	10,576,422
	<b>30,209,442</b>	26,875,868

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 38. RELATED PARTY DISCLOSURES

### (a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with its subsidiaries, associates and key management personnel.

### (b) Key management personnel compensation

The key management personnel compensation is as follows:

	The Group	
	2021 RM	2020 RM
<b>Directors of the Company</b>		
Other short-term emoluments	12,897,536	13,074,568
Post-employment benefits	2,455,128	2,892,775
	15,352,664	15,967,343
Estimated monetary value of benefits-in-kind	84,606	95,282
	15,437,270	16,062,625
<b>Other key management personnel</b>		
Remuneration	9,024,700	9,975,750
Other short-term employee benefits	30,533	25,268
	9,055,233	10,001,018
Total short-term employee benefits	953,107	1,218,768
	10,008,340	11,219,786
<b>Total key management personnel compensation</b>	<b>25,445,610</b>	<b>27,282,411</b>

Other key management personnel comprises persons other than the directors of Company, having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 38. RELATED PARTY DISCLOSURES (CONT'D)

### (c) Related party transactions and balances of the Company

	The Group	
	2021 RM	2020 RM
<b>Received or receivable from subsidiaries</b>		
Gross dividend	(72,500,000)	(51,012,000)
Interest income	(15,452,738)	(19,336,424)
<b>Paid or payable to subsidiaries</b>		
Management fee	24,000	24,000
Secretarial fee	9,600	9,600

Information on outstanding balances with related companies of the Company is disclosed in Notes 20 and 30.

### (d) Related party transactions and balances of the Group

	The Group	
	2021 RM	2020 RM
<b>Paid and payable to associate</b>		
Progress billings	78,746,015	30,866,460
<b>Received and receivables from associate</b>		
Sale of goods	-	121,950
<b>Received and receivable from company in which a director has substantial equity interests</b>		
Secretarial fees	1,980	1,440
<b>Received and receivable from other related parties</b>		
Progress billings to:		
(i) director of the Company	1,730,000	-
(ii) indirect corporate shareholders of subsidiaries company	6,190,663	1,157,925
(iii) certain key management personnel of the Group	3,690,120	666,240
(iv) a person connected to a key management personnel of the Group	181,350	302,150

Information on outstanding balances with related parties of the Group is disclosed in Notes 20 and 30.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 39. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their products and services. The Group's chief operation decision maker reviews the information of each business segment on at least monthly basis for the purposes of resource allocation and assessment of segment performance. Therefore, the Group's reportable segments under MFRS 8 are as follows:

- |   |   |
|---|---|
| (i) Property development and construction | - property development, building and civil works contracting.                       |
| (ii) Plantation                           | - oil palm cultivation.   |
| (iii) Hotel and property investment       | - hotel business and property investment and management.                            |
| (iv) Trading                              | - trading in building materials and household related products and general trading. |
| (v) Manufacturing                         | - furniture manufacturing.  |
| (vi) Investment holding                   | - investment holding and management services.                                       |

Non-reportable segments comprise recreational club operation, money lending and provision of insurance broking services.

### Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment results represents profit before tax of the segment. Inter-segment transactions are entered into in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

### Segment assets

Segment assets are measured based on all assets (including goodwill) of the segment, excluding investment in associates, deferred tax assets and current tax asset.

### Segment liabilities

Segment liabilities are measured based on all liabilities, excluding loans and borrowings, lease liability, current tax liabilities and deferred tax liabilities.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 39. SEGMENT INFORMATION (CONT'D)

### Segment revenue and results

2021	Property development and construction RM	Plantation RM	Hotel and property investment RM	Trading RM	Manufacturing RM	Investment holding RM	Non-reportable segments RM	Elimination RM	Total RM
<b>Revenue</b>									
Total external revenue	508,985,032	294,458,125	23,948,677	74,602,294	8,846,194	-	2,731,785	-	913,572,107
Inter-segment revenue	33,096,645	12,705,773	2,484,464	36,382	-	125,493,981	-	(173,817,245)	-
Total segment revenue	542,081,677	307,163,898	26,433,141	74,638,676	8,846,194	125,493,981	2,731,785	(173,817,245)	913,572,107
<b>Results</b>									
Operating results	74,571,234	109,093,013	2,086,484	2,077,455	3,315,747	29,316,085	1,472,031	(31,266,935)	190,665,114
Interest expense	(42,568,269)	(7,852,837)	(1,166,205)	(8,248)	-	(26,204,224)	(3,881,403)	50,172,208	(31,508,978)
Interest income	6,609,731	662,443	35,158	27,181	247,515	15,597,447	14,632	(18,905,273)	4,288,834
Share of results of associates	(2,390,996)	-	-	-	-	-	-	-	(2,390,996)
Segment results	36,221,700	101,902,619	955,437	2,096,388	3,563,262	18,709,308	(2,394,740)	-	161,053,974
Tax expense	(25,489,618)	(23,469,029)	(1,175,037)	(510,755)	(838,162)	(6,276,064)	(587,329)	-	(58,345,994)
<b>Profit/(Loss) for the financial year</b>	10,732,082	78,433,590	(219,600)	1,585,633	2,725,100	12,433,244	(2,982,069)	-	102,707,980
<b>Other segment information</b>									
Deposits written off	1,000	-	-	-	-	-	-	-	1,000
Depreciation and amortisation	1,168,027	33,778,040	2,821,704	41,920	668,951	80,951	130,602	-	38,690,195
Development expenditure expensed off	3,418,590	-	-	-	-	-	-	-	3,418,590
Changes in fair value of biological assets	-	(1,637,252)	-	-	-	-	-	-	(1,637,252)
Changes in fair value of investment properties	-	-	5,015,000	-	-	-	-	-	5,015,000
Changes in fair value of other investment	-	-	39,239	-	-	-	-	-	39,239
Gain on disposal of other investment	-	-	(188,329)	-	-	-	-	-	(188,329)

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 39. SEGMENT INFORMATION (CONT'D)

### Segment revenue and results (Cont'd)

2021	Property development and construction RM	Plantation RM	Hotel and property investment RM	Trading RM	Manufacturing RM	Investment holding RM	Non-reportable segments RM	Elimination RM	Total RM
<b>Other segment information (Cont'd)</b>									
Loss on disposal of property, plant and equipment	1,632	-	-	-	-	-	-	-	1,632
Inventories written off	-	721	-	-	-	-	-	-	721
Impairment loss on trade and other receivables	-	-	243,066	59,421	-	-	78,000	-	380,487
Property, plant and equipment written off	423	234,376	118,460	-	173	1,246	-	-	354,678
Provision for retirement benefit obligation	-	2,064,106	-	-	-	-	-	-	2,064,106
(Gain)/Loss on foreign exchange:									
Realised	-	(3,079,357)	(7,855)	-	193,060	2,456	-	-	(2,891,696)
Unrealised	-	(7,998,541)	-	-	-	(173)	-	-	(7,998,714)
Impairment loss no longer required on trade and other receivables	(53,279)	-	-	-	-	-	(77,608)	-	(130,887)

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 39. SEGMENT INFORMATION (CONT'D)

### Segment revenue and results (Cont'd)

2020	Property development and construction RM	Plantation RM	Hotel and property investment RM	Trading RM	Manufacturing RM	Investment holding RM	Non-reportable segments RM	Elimination RM	Total RM
<b>Revenue</b>									
Total external revenue	561,832,674	250,453,420	25,035,580	64,399,865	7,897,226	-	2,306,978	-	911,925,743
Inter-segment revenue	45,000,000	11,224,893	2,957,143	1,411,669	-	113,547,803	-	(174,141,508)	-
Total segment revenue	606,832,674	261,678,313	27,992,723	65,811,534	7,897,226	113,547,803	2,306,978	(174,141,508)	911,925,743
<b>Results</b>									
Operating results	127,934,379	38,273,003	(6,429,184)	1,363,120	3,151,703	37,393,061	482,443	(37,687,337)	164,481,188
Interest expense	(59,270,899)	(12,605,090)	(1,564,882)	(7,088)	-	(33,409,181)	(4,880,321)	61,348,428	(50,389,033)
Interest income	10,289,310	524,343	-	126,851	281,467	19,806,820	20,219	(23,551,786)	7,497,224
Share of results of associates	(5,113,693)	-	-	-	-	-	-	-	(5,113,693)
Segment results	73,839,097	26,192,256	(7,994,066)	1,482,883	3,433,170	23,790,700	(4,377,659)	109,305	116,475,686
Tax expense	(32,907,980)	(8,166,111)	(314,180)	(248,398)	(826,924)	(7,349,581)	(395,740)	-	(50,208,914)
<b>Profit/(Loss) for the financial year</b>	40,931,117	18,026,145	(8,308,246)	1,234,485	2,606,246	16,441,119	(4,773,399)	109,305	66,266,772
<b>Other segment information</b>									
Bad debts written off	-	-	9,092	-	-	-	3,761	-	12,853
Depreciation and amortisation	1,279,986	32,832,460	2,986,433	43,597	728,785	233,544	136,638	-	38,241,443
Development expenditure expensed off	233,677	-	-	-	-	-	-	-	233,677
Changes in fair value of biological assets	-	913,440	-	-	-	-	-	-	913,440
Changes in fair value of investment properties	-	-	12,165,000	-	-	-	-	-	12,165,000
Changes in fair value of other investment	-	-	(3,246)	-	-	-	-	-	(3,246)
Fair value losses from transfer of inventories to investment properties	5,180,808	-	-	-	-	-	-	-	5,180,808
(Gain)/Loss on disposal of property, plant and equipment	(130,998)	-	538	-	-	-	149	-	(130,311)

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 39. SEGMENT INFORMATION (CONT'D)

### Segment revenue and results (Cont'd)

2020	Property development and construction RM	Plantation RM	Hotel and property investment RM	Trading RM	Manufacturing RM	Investment holding RM	Non-reportable segments RM	Elimination RM	Total RM
<b>Other segment information (Cont'd)</b>									
Inventories written down	174,531	-	-	-	-	-	-	-	174,531
Inventories written off	-	4,493	-	-	-	-	-	-	4,493
Impairment loss on trade and other receivables	-	-	10,322	-	-	-	21,385	-	31,707
Property, plant and equipment written off	811	248,907	1	-	86,685	576	4,897	-	341,877
Provision for retirement benefit obligation	-	3,711,395	-	-	-	-	-	-	3,711,395
Provision for retirement gratuity	-	-	-	-	-	403,683	-	-	403,683
Revaluation loss on property, plant and equipment	-	-	-	-	-	-	65,310	-	65,310
Reversal of allowance for slow moving inventories	-	-	-	-	-	-	-	-	(152)
Loss/(Gain) on foreign exchange:									
Realised	-	3,366,212	-	308	96,552	(16,495)	-	-	3,446,577
Unrealised	-	14,109,991	-	-	-	(170,363)	-	-	13,939,628
Impairment loss no longer required on trade and other receivables	(31,040)	-	(4,900)	(90,682)	-	(11,250)	(150)	-	(138,022)

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 39. SEGMENT INFORMATION (CONT'D)

### Segment revenue and results (Cont'd)

2021	Property development and construction	Plantation	Hotel and property investment	Trading	Manufacturing	Investment holding	Non-reportable segments	Elimination	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Assets</b>									
Segment assets	2,334,092,782	503,973,659	393,442,960	32,358,960	39,168,590	43,409,342	55,102,313	-	3,401,548,606
Investment in associates	12,485,520	-	-	49	-	-	-	-	12,485,569
Deferred tax assets	30,517,439	-	-	93,877	-	4,917,000	22,600	-	35,550,916
Current tax assets	9,131,818	-	232,865	525,153	-	-	5,696	-	9,895,532
Total assets	2,386,227,559	503,973,659	393,675,825	32,978,039	39,168,590	48,326,342	55,130,609	-	3,459,480,623
<b>Liabilities</b>									
Segment liabilities	895,627,213	46,186,726	9,292,587	7,603,453	3,653,893	21,649,370	1,122,745	-	985,135,987
Loans and borrowings	248,510,560	68,768,249	25,718,424	6,886	-	186,804,600	-	-	529,808,719
Lease liability	19,085,882	-	-	-	-	-	-	-	19,085,882
Current tax liabilities	4,388,014	17,650,456	634,270	-	511,196	1,138,978	233,100	-	24,556,014
Deferred tax liabilities	22,224,700	15,461,995	15,775,100	-	2,442,037	114,428	104,400	-	56,122,660
Total liabilities	1,189,836,369	148,067,426	51,420,381	7,610,339	6,607,126	209,707,376	1,460,245	-	1,614,709,262
<b>Other segment information</b>									
Additions to non-current assets other than financial instruments and deferred tax assets	47,713,926	10,082,903	596,717	5,570	51,985	-	-	-	58,451,101

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 39. SEGMENT INFORMATION (CONT'D)

### Segment revenue and results (Cont'd)

2020	Property development and construction RM	Plantation RM	Hotel and property investment RM	Trading RM	Manufacturing RM	Investment holding RM	Non- reportable segments RM	Elimination RM	Total RM
<b>Assets</b>									
Segment assets	2,289,841,626	467,056,849	400,022,677	36,648,322	33,884,055	7,679,702	48,793,685	-	3,283,926,916
Investment in associates	9,976,516	-	-	-	-	-	-	-	9,976,516
Deferred tax assets	36,225,920	-	-	95,609	-	4,915,000	-	-	41,236,529
Current tax assets	4,310,076	6,672,083	231,120	427,824	-	-	9,098	-	11,650,201
Total assets	2,340,354,138	473,728,932	400,253,797	371,171,755	33,884,055	12,594,702	48,802,783	-	3,346,790,162
<b>Liabilities</b>									
Segment liabilities	807,781,313	46,323,527	9,336,072	13,323,370	2,887,370	21,869,149	1,160,571	-	902,681,372
Loans and borrowings	260,569,978	131,219,553	28,143,581	27,063	-	213,813,600	-	-	633,773,775
Lease liability	18,740,678	-	-	-	-	-	-	-	18,740,678
Current tax liabilities	5,618,344	-	676,790	-	585,395	1,991,030	169,000	-	9,040,559
Deferred tax liabilities	23,107,500	15,752,433	16,635,500	-	2,301,070	114,428	222,140	-	58,133,071
Total liabilities	1,115,817,813	193,295,513	54,791,943	13,350,433	5,773,835	237,788,207	1,551,711	-	1,622,369,455
<b>Other segment information</b>									
Additions to non-current assets other than financial instruments and deferred tax assets	58,662,683	9,049,633	294,019	-	5,178	-	101,525	-	68,113,038

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 39. SEGMENT INFORMATION (CONT'D)

### Geographical information

Revenue and non-current assets information is presented based on the segment's country of domicile. Revenue from external customers based on the location of its customers has not been disclosed as revenue earned outside the segment's country of domicile is insignificant. Non-current assets do not include receivables, deposits and prepayments, other investment, investment in associates, deferred tax assets and tax recoverable.

	Revenue		Non-current assets	
	2021 RM	2020 RM	2021 RM	2020 RM
Malaysia	610,267,788	653,575,097	1,352,118,939	1,372,369,152
Republic of Indonesia	294,458,125	250,453,420	373,980,496	380,015,698
The Peoples' Republic of China	8,846,194	7,897,226	20,712,097	20,112,851
	913,572,107	911,925,743	1,746,811,532	1,772,497,701

### Major customer information

There is no single customer with revenue equal or more than 10% of the Group revenue.

## 40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS

- (a) On 3 February 2021, MKH Building Materials Sdn. Bhd. ("MBMSB"), a wholly-owned subsidiary of the Company, acquired 49 new ordinary shares representing 49% of the equity interest in Sunway MKH Marketing Sdn. Bhd. ("MMSB"), for a cash consideration of RM49. As a result, MMSB became an associate of MBMSB and of The Group;
- (b) On 3 November 2021, the Company subscribed for 300,000 new ordinary shares representing 60% of the equity interest in Juda Universe Sdn. Bhd. ("JUDA"), for a cash consideration of RM300,000. As a result, JUDA became a subsidiary of the Company. JUDA is currently involved in developing online and offline retail software solutions with 360° augmented reality function with user interaction and integrated with other applications; and
- (c) On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. The COVID-19 outbreak has resulted in travel restrictions, quarantines, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties across the globe.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS (CONT'D)

The Group operates in a few geographical locations, mainly in Malaysia and Indonesia. The impact of COVID-19 pandemic on the Group's business activities varies in these geographies. The disruption of its operations during the financial year due to Movement Control Order ("MCO") and the relevant financial impact has been taken into account in the financial results of the Group:

- (i) In response to this pandemic, the Malaysian Government has implemented MCO from 18 March to 3 May 2020 as a measure to curb the spread of COVID-19 which requires the closure of all government and private premises except for those involved in the provision of essential services or products. Subsequently, various types of MCO such as Conditional MCO, Recovery MCO and Enhanced MCO have been introduced within Malaysia and numerous Standard Operating Procedures ("SOP") have been introduced by the Malaysian Government. On 15 June 2021, the Malaysian Government introduced a four-phase National Recovery Plan with three specific threshold indicators that will decide if and when COVID-19 pandemic restrictions are lifted in stages.

As a result of the MCO, the Group has temporary shut down its premises and the disruption of its operations during the financial year due to MCO. The Group has proper SOP put in place such as social distancing, temperature checks, installation of air purifier in office, installation of plasma ionizer system in split unit air-conditioner and antigen self-test by all employees in bi-weekly basis.

The outbreak of COVID-19 has caused significant disruptions to the retail and hotel industry, and as a result, the Group reported lower revenues from property investment segments. In addition, the adverse economy impact resulted from the COVID-19 also led to fair value losses of the investment properties of the Group.

For hotel segment, the occupancy and revenue levels are being hit hard as widespread travel restrictions and government-imposed lockdowns to contain the spread of the virus have triggered a collapse in both leisure and corporate travel demand.

The progress of the on-going property development projects were halted during MCO imposed by the Malaysian Government and thus the revenue recognition of these projects were impeded. Upon lifting of the MCO restrictions, the Group is now permitted to continue with its normal operations without any form of restrictions or interruptions in the daily activities save for the implementation and observation of the required SOPs and conditions which remain in place.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS (CONT'D)

- (ii) In Indonesia, on 31 March 2020, the Indonesian Government declared the COVID-19 pandemic as a national public health emergency, where the government imposed large-scale social restrictions ("PSBB" - Pembatasan Sosial Berskala Besar) to curb the spread of the COVID-19 outbreak in Indonesia. Subsequently, Indonesia implements Restriction on Public Activities in the Micro Scale ("PPKM Mikro" - Pemberlakuan Pembatasan Kegiatan Masyarakat berskala mikro) for selective regions. On 6 December 2021, the Indonesia Government has introduced PPKM Level 3, Level 2 and Level 1 in accordance with the criteria for the level of the COVID-19 pandemic situation.

The disruption in the Group's operations in Indonesia was minimal as the Group's mills and estates operation internally were not affected by the PPKM. The mills and estates were allowed to continue its normal business operation during the PPKM.

At the reporting date, the Group is in a net asset position of RM1,706,069,002 with an amount of RM427,546,675 cash, bank balances, terms deposits and fixed income funds.

The Group performed an assessments on the overall impact of the situation on the Group's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements for the financial year ended 30 September 2021, after considering key source of estimation uncertainties as disclosed in Note 2(c).

As the COVID-19 situation is evolving, the Group will monitor the situation closely and take the necessary actions to minimise the impact of the COVID-19 on the Group's operations and financial performances. The Group is of the view that the impact of COVID-19 is short term and expects that the business operations will return to normal when the COVID-19 vaccination program is being rolled out progressively nationwide and lockdowns are fully relaxed.

## 41. OPERATING LEASE ARRANGEMENTS - THE GROUP AS LESSOR

The Group has entered into property leases on its investment properties, which comprise freehold and leasehold land and buildings, with non-cancellable lease terms ranging from 12 to 30 years. The lease contracts contain fixed upward revision of the rental charges over the lease period.

Future minimum rental receivables under non-cancellable operating leases at the reporting date but not recognised as receivables, are as follows:

	The Group	
	2021 RM	2020 RM
Not later than 1 year	4,492,119	4,535,319
Later than 1 year but not later than 5 years	16,833,196	18,314,260
Later than 5 years	28,312,265	31,327,730
	<b>49,637,580</b>	<b>54,177,309</b>

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 42. FINANCIAL INSTRUMENTS

### Categories of financial instruments

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Financial assets</b>				
At FVTPL:				
Other investment	355,820	132,496	-	-
At amortised cost:				
Receivables and deposits	196,871,803	189,804,387	351,874,478	356,545,723
Cash, bank balances, term deposits and fixed income funds	427,546,675	374,653,655	33,763,775	1,900,392
<b>Financial liabilities</b>				
At amortised cost:				
Payables and accruals	933,964,454	852,558,292	600,511	712,040
Lease liability	19,085,882	18,740,678	-	-
Loans and borrowings	529,808,719	633,773,775	138,031,600	167,653,600

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main risks and corresponding management policies arising from the Group's normal course of business are as follows:

### (i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposure to credit risk primarily arises from the receivables. For other financial assets, the Group minimises credit risk by dealing with high credit rating counterparties. The maximum risk associated with recognised financial assets is the carrying amounts as presented in the statements of financial position and corporate guarantee provided by the Company to banks on subsidiaries' credit facilities.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (i) Credit risk (Cont'd)

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade related receivables at the reporting date are as follows:

	The Group			
	2021 RM	% of total	2020 RM	% of total
<b>By country:</b>				
Malaysia	142,192,125	96.04%	131,317,133	95.42%
Republic of Indonesia	4,060,973	2.74%	3,164,501	2.30%
The Peoples' Republic of China	1,807,002	1.22%	3,133,631	2.28%
	<b>148,060,100</b>	<b>100.00%</b>	<b>137,615,265</b>	<b>100.00%</b>

At the reporting date, the Group has no significant concentration of credit risk on trade receivables, except for an individual customer with balance amounting to RM36,655,301 (2020: RM28,611,767), representing 25% (2020: 21%) of the total trade receivable balances.

#### Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries and creditors for credit terms granted to subsidiaries.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and their financial performance.

The maximum exposure to credit risk amounts to RM504,347,539 (2020: RM561,486,678) representing the outstanding credit facilities of the subsidiaries guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the subsidiaries would default on their repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was immaterial as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the securities pledged by the subsidiaries and it was not probable that the counterparties to financial guarantee contracts will claim under the contracts.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions so as to achieve overall cost effectiveness.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment of obligations:

	Carrying amount RM	Total contractual amount RM	On demand or within 1 year RM	1-2 years RM	2 to 5 years RM	Over 5 years RM
<b>The Group</b>						
<b>2021</b>						
<b>Financial liabilities:</b>						
Payables and accruals	933,964,454	972,803,164	538,251,142	76,284,135	209,160,377	149,107,510
Lease liability	19,085,882	70,087,502	562,500	575,000	1,725,000	67,225,002
Loans and borrowings	529,808,719	571,784,719	377,197,874	99,073,122	77,857,899	17,655,824
	1,482,859,055	1,614,675,385	916,011,516	175,932,257	288,743,276	233,988,336
<b>The Company</b>						
<b>2021</b>						
<b>Financial liabilities:</b>						
Payables and accruals	600,511	600,511	600,511	-	-	-
Loans and borrowings	138,031,600	143,239,225	143,239,225	-	-	-
	138,632,111	143,839,736	143,839,736	-	-	-

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

	Carrying amount RM	Total contractual amount RM	On demand or within 1 year RM	1-2 years RM	2 to 5 years RM	Over 5 years RM
<b>The Group</b>						
<b>2020</b>						
<b>Financial liabilities:</b>						
Payables and accruals	852,779,818	878,331,071	504,172,256	104,561,794	189,505,147	80,091,874
Lease liability	18,740,678	70,587,502	500,000	562,500	1,725,000	67,800,002
Loans and borrowings	633,773,775	667,018,660	396,469,790	148,239,284	93,656,349	28,653,237
	1,505,294,271	1,615,937,233	901,142,046	253,363,578	284,886,496	176,545,113
<b>The Company</b>						
<b>2020</b>						
<b>Financial liabilities:</b>						
Payables and accruals	712,040	712,040	712,040	-	-	-
Loans and borrowings	167,653,600	174,519,136	174,519,136	-	-	-
	168,365,640	175,231,176	175,231,176	-	-	-

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (iii) Foreign currency risk

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 is exposed to foreign currency risk when the currency denomination differs from its functional currency.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Ringgit Malaysia ("RM"), Indonesian Rupiah ("IDR") and Chinese Renminbi ("RMB"). The foreign currency in which these transactions are denominated is mainly United States Dollar ("USD"). Foreign currency exposure in transactions and currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group also holds cash and bank balances denominated in USD for working capital purposes.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investment in The Peoples' Republic of China and Republic of Indonesia are not hedged as currency positions in RMB and IDR are considered to be long-term in nature.

Financial assets and liabilities denominated in USD are as follows:

	The Group	
	2021 RM	2020 RM
<b>USD</b>		
Bank balances	20,552,144	15,589,454
Trade receivables	1,807,002	3,133,631
Loans and borrowings	(71,699,849)	(137,873,153)

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (iii) Foreign currency risk (Cont'd)

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit for the financial year to a reasonably possible change in the USD exchange rate against their respective functional currencies, with all other variables held constant.

The Group	Profit for the financial year	
	2021 RM	2020 RM
USD/RM		
Strengthened 5%	(108,800)	(250,400)
Weakened 5%	108,800	250,400
USD/RMB		
Strengthened 3%	64,800	72,500
Weakened 3%	(64,800)	(72,500)
USD/IDR		
Strengthened 5%	(1,924,900)	(4,515,500)
Weakened 5%	1,924,900	4,515,500
The Group	Translation reserve	
	2021 RM	2020 RM
IDR/RM		
Strengthened 5%	9,882,200	5,358,000
Weakened 5%	(9,882,200)	(5,358,000)
RMB/RM		
Strengthened 3%	983,400	849,500
Weakened 3%	(983,400)	(849,500)

### (iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (iv) Interest rate risk (Cont'd)

The Group's exposure to interest rate risk relates to interest bearing financial assets and financial liabilities. Interest bearing financial assets include finance lease receivables, loan receivables and deposits with licensed banks. Deposits are placed for better yield returns than cash at banks and to satisfy conditions for bank guarantee.

The Group's interest bearing financial liabilities comprise hire purchases, bank overdrafts, revolving credits and term loans.

The fixed deposits placed with licensed banks and loan receivables at fixed rate exposes the Group to fair value interest rate risk. The bank overdrafts, revolving credits and term loans totalling RM529,018,754 (2020: RM632,625,791) at floating rate expose the Group to cash flow interest rate risk whilst hire purchases of RM789,965 (2020: RM1,147,984) at fixed rate expose the Group to fair value interest rate risk.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group also actively reviews its debts portfolio to ensure favourable rates are obtained, taking into account the investment holding period and nature of assets.

As at the reporting date, a change of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the total equity and profit after tax by approximately RM2,010,300 (2020: RM2,404,000), arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

## 44. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follows:

### (i) Cash and cash equivalents, trade and other receivables and payables

The carrying amounts approximate their fair values due to the relatively short-term maturities of these financial assets and liabilities.

### (ii) Long-term trade receivables and payables, loan receivables and finance lease receivables

The fair values of long-term trade receivables and payables, loan receivables and finance lease receivables are estimated using expected future cash flows of contractual instalment payments discounted at current prevailing rates offered for similar types of credit or lending arrangements.

### (iii) Other investment

The fair value of other investment in quoted shares is estimated based on the market value as at the end of the reporting period.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 44. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

### (iv) Borrowings

The carrying amounts of bank overdrafts, short-term revolving credits, bridging loan and short-term loans approximate fair values due to the relatively short-term maturity of these financial liabilities.

The carrying amounts of long-term floating rate revolving credits and loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of hire purchase liabilities is estimated using discounted cash flow analysis, based on current lending rates for similar types of lending arrangements.

The carrying amounts and fair value of financial instruments, other than the carrying amounts which are reasonable approximation of fair values, are as follows:

	The Group	
	Carrying amount RM	Fair value RM
<b>2021</b>		
<b>Financial assets</b>		
Long-term other receivables	4,429,437	4,140,843
Loan receivables	37,398,433	35,056,239
<b>Financial liabilities</b>		
Hire purchase liabilities	789,965	803,124
<b>2020</b>		
<b>Financial assets</b>		
Long-term other receivables	4,057,924	3,983,433
Loan receivables	29,446,198	27,343,516
<b>Financial liabilities</b>		
Hire purchase liabilities	1,147,984	1,175,807

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 45. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities at the reporting date:

The Group 2021	Fair value measurement using			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b><i>Investment properties (Note 14)</i></b>				
Commercial properties	-	-	270,181,000	270,181,000
Office and shoplot	-	-	29,060,000	29,060,000
Education centre	-	-	45,000,000	45,000,000
	-	-	344,241,000	344,241,000
<b><i>Other investment (Note 17)</i></b>	355,820	-	-	355,820
<b><i>Biological assets (Note 24)</i></b>	-	-	6,177,026	6,177,026
<b><i>Liability for which fair value is disclosed (Note 44)</i></b>				
Hire purchase payables	-	803,124	-	803,124
<b><i>Asset for which fair value is disclosed (Note 44)</i></b>				
Long-term other receivables	-	4,140,843	-	4,140,843
Loan receivables	-	35,056,239	-	35,056,239
	-	39,197,082	-	39,197,082

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 45. FAIR VALUE HIERARCHY (CONT'D)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities at the reporting date: (Cont'd)

	Fair value measurement using			
The Group 2020	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<i>Land and building under property, plant and equipment (Note 10)</i>				
Factory buildings	-	-	16,800,288	16,800,288
Office and shoplot	-	-	62,523,024	62,523,024
	-	-	79,323,312	79,323,312
<i>Investment properties (Note 14)</i>				
Commercial properties	-	-	275,181,000	275,181,000
Office and shoplot	-	-	29,075,000	29,075,000
Education centre	-	-	45,000,000	45,000,000
	-	-	349,256,000	349,256,000
<i>Other investment (Note 17)</i>	132,496	-	-	132,496
<i>Biological assets (Note 24)</i>	-	-	4,233,267	4,233,267
<i>Liability for which fair value is disclosed (Note 44)</i>				
Hire purchase payables	-	1,175,807	-	1,175,807
<i>Asset for which fair value is disclosed (Note 44)</i>				
Long-term other receivables	-	3,983,433	-	3,983,433
Loan receivables	-	27,343,516	-	27,343,516
	-	31,326,949	-	31,326,949

The land and building under property, plant and equipment were revalued by directors in September 2020 based on independent professional valuation. The fair values of these assets were within level 3 of the fair value hierarchy using significant unobservable inputs.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 45. FAIR VALUE HIERARCHY (CONT'D)

Fair value reconciliation of land and buildings under property, plant and equipment measured at level 3 were as follows:

The Group	Factory buildings RM	Office and shoplot RM	Total RM
<b>Land and buildings under property, plant and equipment</b>			
<b>2020</b>			
At beginning of year	9,860,015	61,404,898	71,264,913
Reclassification	5,292,913	918,577	6,211,490
Depreciation charge for the financial year	(525,022)	(2,111,388)	(2,636,410)
Write-offs	(9,701)	-	(9,701)
Revaluation	1,608,000	3,300,085	4,908,085
Effect of movements in exchange rates	574,083	(989,148)	(415,065)
At end of year	16,800,288	62,523,024	79,323,312

Description of valuation techniques used and key unobservable inputs to valuation on land and buildings under property, plant and equipment in 2020 measured at level 3 were as follows:

Property category	Valuation technique	Significant unobservable inputs	Range
<i>Property, plant and equipment</i>			
Freehold land	Cost method	Market value per square feet	RM58
Buildings	Comparison method	Market value per square feet	RM113 - RM326
Buildings	Cost method	Construction price per square feet	RM27 - RM250

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 45. FAIR VALUE HIERARCHY (CONT'D)

Fair value reconciliation of investment properties measured at level 3 are as follows:

The Group	Commercial properties RM	Office and shoplot RM	Education centre RM	Total RM
<b>2021</b>				
<b>Investment properties</b>				
At beginning of year	275,181,000	29,075,000	45,000,000	349,256,000
Changes in fair values	(5,000,000)	(15,000)	-	(5,015,000)
At end of year	270,181,000	29,060,000	45,000,000	344,241,000
<b>2020</b>				
<b>Investment properties</b>				
At beginning of year	237,500,000	29,940,000	45,000,000	312,440,000
Transfer from inventories	54,161,808	-	-	54,161,808
Fair value losses from transfer of inventories to investment properties	(5,180,808)	-	-	(5,180,808)
Changes in fair values	(11,300,000)	(865,000)	-	(12,165,000)
At end of year	275,181,000	29,075,000	45,000,000	349,256,000

Description of valuation techniques used and key unobservable inputs to valuation on investment properties measured at level 3 are as follows:

2021 Property category	Valuation technique	Significant unobservable inputs	Range
<i>Investment properties</i>			
Commercial properties	Comparison method	Market value per square feet	RM240
Commercial properties	Comparison method	Market value per square feet	RM120 - RM1,650
Commercial properties	Cost method	Construction price per square feet	RM55 - RM120
Commercial properties	Investment method	Estimated average rental rate per square feet per month	RM2.94 - RM3.19
		Estimated outgoings per square feet per month	RM1.14 - RM1.47
		Term yield	5.75%
		Sinking fund	3%
		Void rate	5% - 10%
		Lease term	68 - 81 years

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 45. FAIR VALUE HIERARCHY (CONT'D)

Description of valuation techniques used and key unobservable inputs to valuation on investment properties measured at level 3 are as follows: (Cont'd)

Property category	Valuation technique	Significant unobservable inputs	Range
<i>Investment properties</i>			
Car park	Comparison method	Estimated price per parking bay	RM17,000
Office and shoplot	Investment method	Estimated price per parking bay	RM17,000
		Estimated outgoings per square feet per month	RM0.25
		Term yield	6%
Education centre	Investment method	Estimated average rental rate per square feet per month	RM0.85 - RM1.25
		Estimated outgoings per square feet per month	RM0.05 - RM0.053
		Term yield	5%
		Reversionary yield	6.25%
		Void rate	10%

2020 Property category	Valuation technique	Significant unobservable inputs	Range
<i>Investment properties</i>			
Commercial properties	Comparison method	Market value per square feet	RM240
Commercial properties	Comparison method	Market value per square feet	RM70 - RM1,650
Commercial properties	Cost method	Construction price per square feet	RM55 - RM120
Commercial properties	Investment method	Estimated average rental rate per square feet per month	RM2.94 - RM3.19
		Estimated outgoings per square feet per month	RM1.14 - RM1.47
		Term yield	5.75%
		Sinking fund	3%
		Void rate	7%
		Lease term	69 - 82 years

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 45. FAIR VALUE HIERARCHY (CONT'D)

Description of valuation techniques used and key unobservable inputs to valuation on investment properties measured at level 3 are as follows: (Cont'd)

2020 Property category	Valuation technique	Significant unobservable inputs	Range
<i>Investment properties</i>			
Car park	Comparison method	Estimated price per parking bay	RM17,000 - RM30,000
Office and shophot	Investment method	Estimated price per parking bay	RM17,000
		Estimated outgoings per square feet per month	RM0.25
		Term yield	6%
Education centre	Investment method	Estimated average rental rate per square feet per month	RM0.85 - RM1.25
		Estimated outgoings per square feet per month	RM0.05 - RM0.053
		Term yield	5%
		Reversionary yield	6.25%
		Void rate	10%

The estimated fair value would increase/(decrease) if:

- Estimated rental/average rental rate per square feet per month were higher/(lower)
- Estimated price per parking bay per month were higher/(lower)
- Estimated outgoings per square feet per month lower/(higher)
- Rent growth rate per annum were higher/(lower)
- Void rate lower/(higher)
- Term yield rate lower/(higher)
- Reversionary yield rate lower/(higher)
- Sinking fund rate lower/(higher)
- Construction price per square feet higher/(lower)

### Direct comparison method

Under the direct comparison method, a property's fair value is estimated based on comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences. Fair value of properties derived using direct comparison method have been generally included in Level 3 fair value hierarchy due to the adjustments mentioned above. The most significant input into this valuation approach is price per square feet of comparable properties.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 45. FAIR VALUE HIERARCHY (CONT'D)

### Investment method

In the investment method of valuation, the projected net income and other benefits that the subject property can generate over the life of the property is capitalised at market derived term yields to arrive at the present market value of the property. Net income is the residue of gross annual rental less annual expenses (outgoings) required to sustain the rental with allowance for void.

### Cost method of valuation

In the cost method of valuation, the market value of the subject property is the sum of the market value of the land and building. The value of the building is assumed to have a direct relationship with its cost of construction. The cost of construction is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value.

### Valuation processes applied by the Group

The fair value of land and buildings under property, plant and equipment in 2020 was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The Group revalues its land and buildings every five years or at shorter intervals whenever the fair value of the said assets is expected to differ substantially from the carrying amounts.

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent professional valuer provides the fair value of the Group's investment property annually.

The valuer's report of certain investment properties amounting to RM63,085,000 for the year ended 30 September 2021 (2020: RM65,085,000) contained a 'material uncertainty' clause due to the disruption to the market at the date of valuation caused by COVID-19. The inclusion of this clause highlights and ensure transparency of the fact about unknown future impact that COVID-19 might have on the real estate market, where there is reduced certainty and a higher degree of caution is attached to the valuation than would normally be the case.

These investment properties are as follows:

- Metro Point Complex
- 1 unit of 6-storey shop in MKH Avenue
- 6 units of strata shops and office lots with 128 bays of car park in Saville@Melawati

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 45. FAIR VALUE HIERARCHY (CONT'D)

Fair value reconciliation of biological assets measured at level 3 are as follows:

	The Group	
	2021 RM	2020 RM
<b>Biological assets</b>		
At beginning of year	4,233,267	5,181,734
Changes in fair value	1,637,252	(913,440)
Effect of movements in exchange rate	306,507	(35,027)
At end of year	6,177,026	4,233,267

### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

### Transfer between Level 1 and 2 fair value

There is no transfer between Level 1 and 2 fair values during the financial year.

## 46. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to sustain future development of the businesses so that it can continue to maximise returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or to adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or repay existing borrowings. No changes were made in the objectives, policies and processes during the financial years ended 30 September 2021 and 30 September 2020.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

## 46. CAPITAL MANAGEMENT (CONT'D)

The debt-to-equity ratio is calculated as total debts divided by total capital of the Group. Total debts comprise interest bearing loans and borrowings and lease liability whilst total capital is the total equity attributable to owners of the parent. The Group's policy is to keep the debt-to-equity ratio of not exceeding 80%. The debt-to-equity ratio as at 30 September 2021 and 30 September 2020, which are within the Group's objectives of capital management are as follows:

	The Group	
	2021 RM	2020 RM
Total debts	548,894,601	652,514,453
Total equity attributable to owners of the parent	1,706,069,002	1,632,609,327
Debt-to-equity ratio (%)	32%	40%

The Group is not subject to any externally imposed capital requirements other than PT Maju Kalimantan Hadapan and PT Sawit Prima Sakti which are required to maintain a debt-to-equity ratio of 75:25 and 65:35 respectively as well as loan-to-value ratio of not more than 75% and 65% respectively in respect of the term loan facilities. Based on the proforma financial information provided to the financial institutions, the Group has complied with this capital requirement.

## 47. RECLASSIFICATION

In order to be comparable with the current year presentation, the Group has made certain reclassifications of accounts in the consolidated statement of financial position. The reclassifications are as follows:

	As previously reported RM	Reclassification RM	As reclassified RM
<b>Statement of Financial Position (extract)</b>			
<b>Non-Current Assets</b>			
Receivables, deposits and prepayments	41,554,880	3,022,547	44,577,427
Deferred tax assets	44,080,529	(2,844,000)	41,236,529
<b>Current Assets</b>			
Receivables, deposits and prepayments	213,546,752	(3,022,547)	210,524,205
Contract assets	345,870,566	(5,202,100)	340,668,466
<b>Non-Current Liabilities</b>			
Deferred tax liabilities	60,977,071	(2,844,000)	58,133,071
<b>Current Liabilities</b>			
Contract liabilities	-	12,659,720	12,659,720
Payables and accruals	522,034,076	(17,861,820)	504,172,256

# List of Properties

AS AT 30 SEPTEMBER 2021

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2021 RM'000	*Date of Revaluation/ Date of Acquisition
<b>Aliran Perkasa Sdn. Bhd.</b>					
Lot 42195, Mukim Kajang, Daerah Ulu Langat, Selangor	Agricultural title Existing use: Vacant land	3.088	Freehold	1,353	01.04.2004
Lot 42182, Seksyen 10, Bandar Kajang, Daerah Ulu Langat, Selangor	Land approved for development Existing use: Rubber trees	1.495	Freehold	664	07.02.2005
PT 37466, Mukim Semenyih, Daerah Ulu Langat, Selangor	Land approved for development Existing use: Vacant land	0.278	Freehold	1,096	22.03.2010
PT 37334, Mukim Semenyih, Daerah Ulu Langat, Selangor	Land approved for development Existing use: Vacant land	3.790	Freehold	5,358	22.03.2010
PT 37330, Mukim Semenyih, Daerah Ulu Langat, Selangor	Land approved for development Existing use: Vacant land	6.870	Freehold	16,400	22.03.2010
PT 37331, Mukim Semenyih, Daerah Ulu Langat, Selangor	Land approved for development Existing use: Vacant land	5.612	Freehold	8,151	01.07.2010
Lot 2006, Mukim Semenyih, Daerah Ulu Langat, Selangor	Agricultural title Existing use: Vacant land	10.394	Freehold	7,215	25.10.2011
<b>Budi Bidara Sdn. Bhd.</b>					
PT 68858 to PT 68941 (total 84 lots) and PT 68973 (1 lot), Mukim Kajang, Daerah Ulu Langat, Selangor	Individual titles approved for commercial use (84 lots) and residential (1 lot)	5.240	Leasehold of 99 years expiring in 2107	59,028	06.02.2013
PT 688942 to PT 688972 (total 31 lots), Mukim Kajang, Daerah Ulu Langat, Selangor	Individual titles approved for residential use Existing use: Vacant land	1.232	Leasehold of 99 years expiring in 2107		06.02.2013

# List of Properties

AS AT 30 SEPTEMBER 2021

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2021 RM'000	*Date of Revaluation/ Date of Acquisition
<b>Budi Bidara Sdn. Bhd. (Cont'd)</b>					
Lot 10522, Seksyen 7, Bandar Kajang, Daerah Ulu Langat, Selangor	413 carpark bays, 5 commercial units on ground floor, 1 commercial unit on first floor, a carpark management office on basement level and a roof top terrace area within MKH Avenue	0.668	Leasehold of 99 years expiring in 2107	22,951	30.09.2021 (Investment Properties stated at fair value)
<b>Gerak Teguh Sdn. Bhd.</b>					
All of the parcels of land held by this subsidiary are located at Mukim Semenyih, Daerah Ulu Langat, Selangor and form part of the mixed development project of Taman Pelangi Semenyih					
PT 26791	Vacant residential land	16.140	Freehold	1,704	08.10.2001
PT 26792	Vacant commercial land	0.500	Freehold	139	08.10.2001
PT 26793	Existing use: 1-storey clubhouse, car park and swimming pool (built-up area of 17,797 sq. ft., Building age: 13 years) and part of the land is vacant	2.530	Freehold	513	08.10.2001
PT 26794	Existing use: Lease out for commercial building	2.200	Freehold	11,000	30.09.2021 (Investment Properties stated at fair value)
PT 26795	Existing use: Lease out for commercial building	6.900	Freehold	15,000	30.09.2021 (Investment Properties stated at fair value)
<b>**Hillpark Resources Sdn. Bhd.</b>					
Lot PT 834, Mukim Ijok and PT 1092, Mukim Jeram, District of Kuala Selangor, Selangor	Agricultural title Existing use: Vacant land	44.970	Leasehold expiring in year 2091	59,477	25.06.2013

# List of Properties

AS AT 30 SEPTEMBER 2021

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2021 RM'000	*Date of Revaluation/ Date of Acquisition
<b>Hiliran Juara Sdn. Bhd.</b>					
PT 417 to 427 (11 lots), Pekan Baru Sungai Besi, Daerah Petaling, Selangor	Land approved for residential and commercial development Existing use: Partly vacant and partly occupied by building	11.980	Leasehold expiring in year 2100	21,570	14.01.2005
<b>Intelek Murni (M) Berhad</b>					
PT 25624, Taman Bukit Mewah, Kajang, Selangor	3-storey clubhouse, car park and swimming pool, all known as Mewah Club (built-up area of 39,478 sq. ft.) (Building age: 27 years)	4.840	Freehold	14,622	* 30.09.2020
<b>Kajang Resources Corporation Sdn. Bhd.</b>					
All of the parcels of land held by this subsidiary are located at Batu 18, Jalan Semenyih, Mukim Semenyih, Daerah Ulu Langat, Selangor					
PT Nos. 50 and 51	Residential land Existing use: Oil palm plantation	9.659	Leasehold expiring in year 2089	2,800	1991
PT Nos. 131 and 132	Vacant residential land	1.572	Freehold	323	19.08.1997
Lot 27977	Agricultural title Existing use: Vacant land	9.219	Freehold	5,057	26.05.1994
PT 42107	Land approved for development Existing use: Vacant land	2.000	Freehold	1,945	08.12.2010 - 07.04.2011
Lot 2227	Agricultural title Existing use: Vacant land	7.006	Freehold	4,717	14.01.2011
Lot 2236	Agricultural title Existing use: Vacant land	11.044	Freehold	16,058	28.10.2010
Lot 2229	Agricultural title Existing use: Vacant land	7.388	Freehold	7,768	27.04.2011

# List of Properties

AS AT 30 SEPTEMBER 2021

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2021 RM'000	*Date of Revaluation/ Date of Acquisition
<b>Laju Jaya Sdn. Bhd.</b>					
PT Nos. 19379 to 19391 (13 lots) Jalan Semenyih, Kajang, Selangor	Wisma MKH. A 6-storey hotel cum office building with built-up area of 171,935 sq. ft. Existing use: 89% tenanted (Building age: 27 years)	0.585	Leasehold expiring in 2089	26,237	* 30.09.2020
<b>Maha Usaha Sdn. Bhd.</b>					
PT No. 19482, Bandar Kajang, Daerah Ulu Langat, Selangor	Commercial complex with built-up area of approximately 600,000 sq. ft. Existing use: 96% tenanted (Building age: 25 years)	2.226	Leasehold expiring in 2089	125,600	30.09.2021 (Investment Properties stated at fair value)
Lot 10502, Seksyen 7, Bandar Kajang, Daerah Ulu Langat, Selangor	1 unit of 6-storey Shop/ Office in MKH Avenue (Building age: 4 years)	0.112	Leasehold expiring in 2107	11,000	30.09.2021 (Investment Properties stated at fair value)
<b>Metro Tiara (M) Sdn. Bhd.</b>					
Unit 1-1, Tingkat 1, Dataran Pelangi Utama, Pelangi Utama, Jalan Masjid, PJU6A, Petaling Jaya, Selangor	1 unit of stratified office lot within a block of 6-storey shop offices with 58 bays of car park (Building age: 13.5 years)	2,971 sq. ft. (net lettable area)	Leasehold expiring in year 2101	2,575	30.09.2021 (Investment Properties stated at fair value)
PT No. 76622, Bandar Kajang, Daerah Ulu Langat, Selangor	Private school complex with built-up area of approximately 224,736 sq. ft. (Building age: 8 years)	5.000	Freehold	45,000	30.09.2021 (Investment Properties stated at fair value)

# List of Properties

AS AT 30 SEPTEMBER 2021

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2021 RM'000	*Date of Revaluation/ Date of Acquisition
Petik Mekar Sdn. Bhd.					
Lot 43950 (Previously Lot 1014), Mukim Semenyih, Daerah Ulu Langat, Selangor	Agricultural title Existing use: Vacant land	64.607	Freehold	73,525	10.07.2013
Lot 21740, Mukim Semenyih, Daerah Ulu Langat, Selangor	Agricultural title Existing use: Vacant land	10.544	Freehold	13,498	05.07.2013
PT Maju Kalimantan Hadapan					
East Kalimantan, Indonesia	Oil palm plantation, office building, CPO mill and estate quarter (built-up area of approximately 3,976,469 sq. ft.)	39,395	Leasehold of 35 years expiring in year 2042 with an option to renew for a further period of 25 years and ^	203,307	* 30.09.2020
	Jetty and ancillary facilities building (built-up area of approximately 10,979 sq. ft.)	12.000			
^ generally can be further renewed for another period of 35 years upon fulfilment of conditions					
PT Sawit Prima Sakti					
East Kalimantan, Indonesia	Oil palm plantation and estate quarter (built-up area of approximately 93,733 sq. ft.)	6,043	Leasehold of 35 years expiring in year 2045 with an option to renew for a further period of 25 years and ^	81,754	02.06.2016
^ generally can be further renewed for another period of 35 years upon fulfilment of conditions					

# List of Properties

AS AT 30 SEPTEMBER 2021

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2021 RM'000	*Date of Revaluation/ Date of Acquisition
<b>PT Nusantara Makmur Jaya</b>					
East Kalimantan, Indonesia	Land approved for construction of jetty and ancillary facilities building and office	42.698	Leasehold of 20 years expiring in year 2037	1,204	19.05.2017
<b>Serba Sentosa Sdn. Bhd.</b>					
Lot 456, Seksyen 7, Bandar Kajang, Daerah Ulu Langat, Selangor	Existing use: Lease out for commercial building	1.047	Leasehold expiring in year 2096	11,000	30.09.2021 (Investment Properties stated at fair value)
PT 35799, Bandar Kajang, Daerah Ulu Langat, Selangor	Land approved for commercial development Existing use: Office	1.210	Leasehold expiring in year 2096	3,026	25.07.1995
Lot 42275, Seksyen 9, Bandar Kajang, Daerah Ulu Langat, Selangor	Land approved for commercial development Existing use: Vacant land	1.857	Leasehold expiring in year 2096	4,688	25.07.1995
PT 56159, Bandar Kajang, Daerah Ulu Langat, Selangor	Land approved for commercial development Existing use: Vacant land	3.720	Leasehold expiring in year 2103	9,703	25.07.1995
PT 69670, Bandar Kajang, Daerah Ulu Langat, Selangor	Vacant commercial land	1.194	Leasehold expiring in year 2107	3,675	25.07.1995
Lot 41078 and 41086, Seksyen 10, Bandar Kajang, Daerah Ulu Langat, Selangor	Vacant residential land	1.011	Freehold	953	05.08.2004
Lot 10528 (Previously PT 76276), Seksyen 7, Bandar Kajang, Daerah Ulu Langat, Selangor	522 carpark bays, a function room with an outdoor deck and a roof terrace within MKH Boulevard	3.388	Leasehold expiring in year 2111	13,815	30.09.2021 (Investment Properties stated at fair value)

# List of Properties

AS AT 30 SEPTEMBER 2021

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2021 RM'000	*Date of Revaluation/ Date of Acquisition
<b>Srijang Indah Sdn. Bhd.</b>					
Lot 501, Seksyen 7, Bandar Kajang, Daerah Ulu Langat, Selangor	4-storey commercial complex with built-up area of approximately 358,707 sq. ft. Existing use: 83% tenanted (Building age: 14.5 years)	1.720	Leasehold expiring in year 2102	45,000	30.09.2021 (Investment Properties stated at fair value)
Lot 43402, Bandar Baru Bangi, Daerah Ulu Langat, Selangor	1.5-storey supermarket building with built-up area of approximately 67,089 sq. ft. (Building age: 18 years)	1.774	Freehold	13,600	30.09.2021 (Investment Properties stated at fair value)
Unit G-1, G-2 & G-3, Idaman KL 128 (Saville Residence), 128, Jalan Klang Lama, Kuala Lumpur	3 units of strata shop lot within a block of 30-storey serviced apartment with 79 bays of car park (Building age: 11 years)	11,077 sq. ft. (total net lettable area)	Freehold	8,400	30.09.2021 (Investment Properties stated at fair value)
Unit G-3A, 1-3A, G-5, 1-5, G-6 & 1-6, Pangsapuri Khidmat Melawati (Saville@ Melawati), No. 2, Jalan Kolam Air, Desa Melawati, Kuala Lumpur	6 units of strata shop and office lot within two blocks of 24-storey serviced apartment with 128 bays of car park (Building age: 7 years)	11,162 sq. ft. (total net lettable area)	Freehold	7,085	30.09.2021 (Investment Properties stated at fair value)

# List of Properties

AS AT 30 SEPTEMBER 2021

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2021 RM'000	*Date of Revaluation/ Date of Acquisition
<b>Srijang Kemajuan Sdn. Bhd.</b>					
Part of Lot 660, 661, 662 and 663, Seksyen 10, Bandar Kajang, Part of Lot 246, 300, 1029, 1070 and 1127, Mukim Kajang, all in Daerah Hulu Langat, Selangor	Land approved for mixed development Existing use: Vacant land	224.10	Freehold	175,919	05.05.2008
Geran 94270, Lot 38631 and Geran 94269, Lot 38636, Bandar Kajang, Daerah Hulu Langat, Selangor	Agricultural title Existing use: Partly occupied	4.052	Freehold		04.01.2011
Lot 52827, Seksyen 14, Bandar Kajang, Daerah Ulu Langat, Selangor	493 carpark bays and kiosk area within Saville Kajang	5.439	Freehold	12,215	30.09.2021 (Investment Properties stated at fair value)
<b>Stand Allied Corporation Sdn. Bhd.</b>					
PT 5188, Seksyen 40, Bandar Petaling Jaya, Daerah Petaling, Selangor	Vacant commercial land	1.530	Freehold	10,462	18.07.2014
<b>Sumber Lengkap Sdn. Bhd.</b>					
Lot 15694, Mukim Semenyih, Daerah Ulu Langat, Selangor	Vacant residential land	3.105	Freehold	1,605	30.04.1999
Lot 15683, Mukim Semenyih, Daerah Ulu Langat, Selangor	Vacant residential land	3.184	Freehold		30.04.1999
Part of Lot 15703, Mukim Semenyih, Daerah Ulu Langat, Selangor	Partly vacant residential land	1.770	Freehold	467	30.04.1999
<b>**Suria Villa Sdn. Bhd.</b>					
Lot 12684, Mukim Semenyih, Daerah Ulu Langat, Selangor	Land approved for mixed development Existing use: Vacant land	9.581	Freehold	349,920	07.08.2015
Lot 935, 1933, 1934, PT 29942, 29943, Lot 1077 & 1640, Mukim Semenyih, Daerah Ulu Langat, Selangor	Existing use: Vacant land	74.474	Freehold		07.08.2015
PT 9781 & PT 9782, Mukim Semenyih, Daerah Ulu Langat, Selangor	Existing use: Vacant land	14.560	Leasehold of 99 years expiring in 2096		07.08.2015
Lot 1935, 1936, & PT 29946, Mukim Semenyih, Daerah Ulu Langat, Selangor	Existing use: Vacant land	39.119	Freehold		19.08.2016

# List of Properties

AS AT 30 SEPTEMBER 2021

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2021 RM'000	*Date of Revaluation/ Date of Acquisition
<b>Vast Furniture Manufacturing (Kunshan) Co. Ltd.</b>					
Lot 1120101015 & Lot 1120101009, 588 Airport Road, Shipu Town, Kunshan City, Jiangsu Province, Republic of China	Office, factory buildings and partial vacant land (Building age: 21 years), new factory building (Building age: 16 years)	10.000	Leasehold of 50 years expiring in 2049	20,520	* 30.09.2020
<b>MKH Berhad</b>					
Lot No. 2 and Lot No. 8, Jalan Bukit Mewah 66, Kajang, Selangor	Two units of 2-storey shop house with built-up area of approximately 8,802 sq. ft. (Building age: 23 years)	4,401 sq. ft. total land area	Freehold	1,217	* 30.09.2020

\* All revalued assets were as of 30 September 2020

\*\* Joint venture land

# Analysis of Shareholdings

AS AT 31 DECEMBER 2021

Issued and fully paid-up capital	:	RM654,458,655
No. of shares issued and paid-up	:	586,548,168 (inclusive of 9,132,300 shares bought-back by the Company and retained as treasury shares as at 31 December 2021)
Class of equity securities	:	Ordinary shares
Voting rights by show of hand	:	One vote for every member
Voting rights by poll	:	One vote for every share held
No. of shareholders	:	6,287

## ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	Total Holdings	%
1 - 99	600	9.544	20,939	0.004
100 - 1,000	593	9.432	326,881	0.056
1,001 - 10,000	2,885	45.888	13,704,515	2.373
10,001 - 100,000	1,846	29.362	59,536,326	10.311
100,001 - 28,870,792	359	5.710	325,143,823	56.310
28,870,793 and above	4	0.064	178,683,384	30.946
<b>Total</b>	<b>6,287</b>	<b>100.000</b>	<b>577,415,868</b>	<b>100.000</b>

## SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholder	No. of Ordinary Shares Held			
		Direct Interest	%	Indirect Interest	%
1	Chen Choy & Sons Realty Sdn Bhd* ("CCSR")	56,859,954	9.847	179,465,500	31.081
2	Public Bank Group Officers' Retirement Benefits Fund	53,352,059	9.240	-	-
3	Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong#	277,080	0.048	253,129,658	43.838
4	Tan Sri Datuk Chen Lok Loi^	10,602,844	1.836	245,220,987	42.469
5	Datuk Chen Fook Wah+	2,013,354	0.349	236,337,454	40.930

### Notes :

\* Deemed interest through shares held in nominee companies.

# Deemed interest through shares held in CCSR, Lotus Way Sdn Bhd and a nominee company.

^ Deemed interest through shares held in CCSR and a nominee company.

+ Deemed interest through shares held in CCSR and Activest Sdn Bhd.

# Analysis of Shareholdings

AS AT 31 DECEMBER 2021

## LIST OF TOP 30 SHAREHOLDERS

(Without Aggregating Securities From Different Securities Accounts Belonging To the Same Registered Holder)

No.	Name	Shareholdings	% (-)
1	Kenanga Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chen Choy & Sons Realty Sdn Bhd	68,750,000	11.906
2	Chen Choy & Sons Realty Sdn Bhd	37,580,658	6.508
3	Amsec Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account - AmBank (M) Berhad For Chen Choy & Sons Realty Sdn Bhd	37,400,000	6.477
4	Kenanga Nominees (Tempatan) Sdn Bhd Qualifier: Public Bank Group Officers' Retirement Benefits Fund	34,553,134	5.984
5	Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chen Choy & Sons Realty Sdn Bhd	22,980,000	3.980
6	UOBM Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chen Choy & Sons Realty Sdn Bhd	21,700,000	3.758
7	Chen Choy & Sons Realty Sdn Berhad	18,879,704	3.270
8	Public Invest Nominees (Tempatan) Sdn Bhd Qualifier: Public Bank Group Officers' Retirement Benefits Fund	18,798,925	3.256
9	HLB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chen Choy & Sons Realty Sdn Bhd	15,280,500	2.646
10	RHB Capital Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chen Choy & Sons Realty Sdn Berhad	13,355,000	2.313
11	RHB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Cau Vong Holdings Sdn Bhd	11,171,747	1.935
12	Tan Sri Datuk Chen Lok Loi	10,602,844	1.836
13	Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngai Chong	7,635,000	1.322
14	Lotus Way Sdn Bhd	6,169,204	1.068

# Analysis of Shareholdings

AS AT 31 DECEMBER 2021

## LIST OF TOP 30 SHAREHOLDERS

(Without Aggregating Securities From Different Securities Accounts Belonging To the Same Registered Holder)

No.	Name	Shareholdings	% (~)
15	Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Liberty Alliance (M) Sdn Bhd	6,095,533	1.056
16	Yong Moh Lim	5,222,141	0.904
17	Public Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Kong Goon Khing	4,744,400	0.822
18	Tan Sou Yee	4,321,494	0.748
19	Neoh Choo Ee & Company, Sdn Bhd	4,000,000	0.693
20	Goh Thong Beng	3,315,100	0.574
21	Low Siew Lian	3,273,787	0.567
22	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board (PHEIM)	3,264,130	0.565
23	Key Development Sdn Berhad	3,101,748	0.537
24	Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	3,000,000	0.520
25	Lee See Jin	2,991,010	0.518
26	Cartaban Nominees (Tempatan) Sdn Bhd Qualifier: ICapital.Biz Berhad	2,951,430	0.511
27	Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Liberty Alliance (M) Sdn Bhd	2,800,000	0.485
28	HLB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Selestar Realty Sdn Bhd	2,774,772	0.481
29	Citigroup Nominees (Asing) Sdn Bhd Qualifier: CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	2,624,575	0.455
30	Cau Vong Holdings Sdn Bhd	2,302,000	0.399
<b>TOTAL</b>		<b>381,638,836</b>	<b>66.094</b>

Note:

(~) Based on 577,415,868 ordinary shares (excluding 9,132,300 treasury shares).

# Directors' Shareholdings

AS AT 31 DECEMBER 2021

## MKH BERHAD

Name of Director	No. of Ordinary Shares Held			
	Direct Interest	%	Indirect Interest	%
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong*	277,080	0.048	253,129,658	43.838
Tan Sri Datuk Chen Lok Loi^	10,602,844	1.836	245,220,987	42.469
Datuk Chen Fook Wah#	2,013,354	0.349	236,337,454	40.930

Notes :-

\* Deemed interest through shares held in Chen Choy & Sons Realty Sdn Bhd ("CCSR"), Lotus Way Sdn Bhd and a nominee company.

^ Deemed interest through shares held in CCSR and a nominee company.

# Deemed interest through shares held in CCSR and Activest Sdn Bhd.

## RELATED COMPANY

- Srijang Kemajuan Sdn Bhd

Name of Director	No. of Ordinary Shares Held			
	Direct Interest	%	Indirect Interest	%
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	1	Negligible	-	-

# Notice of Forty-Second Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Forty-Second Annual General Meeting (“42nd AGM”) of MKH Berhad will be held fully virtual through live streaming from the broadcast venue at Emerald Ballroom, 1st Floor, RHR Hotel @ Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan, Malaysia (“Broadcast Venue”) on Wednesday, 9 March 2022 at 10:00 a.m. to transact the following businesses:

## AS ORDINARY BUSINESS:

- |   |  |
|---|--|
| 1. To receive the Audited Financial Statements for the financial year ended 30 September 2021 together with the Directors’ and Auditors’ reports thereon.   | (Please refer to Explanatory Note A)               |
| 2. To approve the payment of Directors’ fees amounting to RM206,250 for the financial year ended 30 September 2021 to the Non-Executive Directors.  | (Ordinary Resolution 1)                            |
| 3. To approve the payment of Directors’ benefits (excluding Directors’ fees) to the Non-Executive Directors from 9 March 2022 until the next Annual General Meeting of the Company.   | (Ordinary Resolution 2)                            |
| 4. To re-elect the following Directors who retire by rotation pursuant to Clause 112(1) of the Company’s Constitution and being eligible, have offered themselves for re-election:-<br><br>(a) Tan Sri Dato’ Chen Kooi Chiew @ Cheng Ng Chong<br>(b) Tan Sri Datuk Chen Lok Loi | (Ordinary Resolution 3)<br>(Ordinary Resolution 4) |
| 5. To re-elect Dato’ Lim Hong Shuan, a Director who retires pursuant to Clause 119 of the Company’s Constitution and being eligible, has offered himself for re-election.   | (Ordinary Resolution 5)                            |
| 6. To re-appoint Deloitte PLT as the Company’s Auditors for the financial year ending 30 September 2022 and to authorise the Directors to fix their remuneration.   | (Ordinary Resolution 6)                            |

## AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following ordinary resolutions:

7. Ordinary Resolution  
*Authority To Issue Shares Pursuant To Sections 75 and 76 Of The Companies Act 2016*

“**THAT** subject always to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company’s Constitution and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) or party(ies) whomsoever as the Directors may in their absolute discretion, deem fit and expedient in the best interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being **AND THAT** the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

(Ordinary Resolution 7)

# Notice of Forty-Second Annual General Meeting

## AS SPECIAL BUSINESS (CONT'D):

### 8. Ordinary Resolution

#### *Proposed Renewal Of Authority For The Company To Purchase Its Own Shares*

**“THAT** subject to the Companies Act 2016 (the “Act”), rules, regulations and orders made pursuant to the Act, provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant authorities, the Directors of the Company be and are hereby authorised to exercise the power of the Company to purchase such amount of ordinary shares in the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company (“Proposed Renewal of Share Buy-Back”) subject further to the following:

- (i) the aggregate number of shares purchased does not exceed 10% of the existing number of shares of the Company (“Purchased Shares”) at the point of purchase;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the Purchased Shares shall not exceed the total retained profits of the Company at the time of the purchase(s); and
- (iii) the authority conferred by this resolution will commence immediately upon passing of this resolution and will continue to be in force until:
  - (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company unless the authority is renewed subject to conditions; or
  - (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
  - (c) it is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;whichever occurs first,
- (iv) upon the completion of the purchase(s) of the Purchased Shares, the Directors of the Company be and are hereby authorised to deal with the Purchased Shares in the following manner:-
  - (a) to cancel the Purchased Shares so purchased; or
  - (b) to retain the Purchased Shares so purchased as treasury shares for distribution as dividends to the shareholders and/or resold on the market of Bursa Securities; or
  - (c) to retain part of the Purchased Shares so purchased as treasury shares and cancel the remainder; or
  - (d) to deal in such 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 authorities may allow from time to time.

**AND THAT** the Directors of the Company be and are hereby authorised to take all such steps as are necessary to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and with fullest power to do all such acts and things thereafter as the Directors may deem fit and expedient in the best interest of the Company.”

(Ordinary Resolution 8)

# Notice of Forty-Second Annual General Meeting

## AS SPECIAL BUSINESS (CONT'D):

### ANY OTHER BUSINESS:

9. To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

By Order of the Board,

**TAN WAN SAN** (MIA 10195)  
(SSM Practicing Certificate No. 201908001048)  
Group Company Secretary  
Kajang, Selangor Darul Ehsan  
Date : 25 January 2022

### Notes:

#### 1. **Broadcast Venue**

*The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman/Chairperson of the meeting to be present at the main venue of the meeting. Members and proxies WILL NOT BE ALLOWED to attend this AGM in person at the broadcast venue on the day of the 42nd AGM. Members and proxies are advised to participate and vote remotely at the 42nd AGM through live streaming and online remote voting using the Remote Participation and Voting ("RPV") facilities provided by the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") through its TIIH Online website at <https://tiih.online>. Members are advised to read the Administrative Guide carefully and follow the procedures in the Administrative Guide for the 42nd AGM in order to participate remotely.*

#### 2. **Appointment of Proxy**

- a) *A member entitled to participate and vote remotely at the meeting is entitled to participate and vote remotely in person or by proxy or by attorney or by duly authorised representative. A proxy or attorney or duly authorised representative may but need not be a member of the Company.*
- b) *The power of attorney or an office copy or a notarially certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, it must be executed under its common seal or in the manner authorised by its constitution.*
- c) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), the exempt authorised nominee may appoint any number of proxy (no limit) in respect of each omnibus account it holds.*
- d) *If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*

# Notice of Forty-Second Annual General Meeting

- e) Only members whose names appear in the Record of Depositors as at 28 February 2022 shall be entitled to participate and vote remotely at the 42nd AGM or appoint a proxy to participate and vote remotely on his/her behalf.
- f) The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or an office copy or a notarially certified copy of that power or authority, must be deposited with Tricor not less than 24 hours before the time appointed for the taking of the poll or no later than Tuesday, 8 March 2022 at 10:00 a.m.. The Form of Proxy can be submitted through either one of the following avenues:

- (i) Lodgement of Form of Proxy in hard copy
- To be deposited at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at Tricor's Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

- (ii) Electronic lodgement of Form of Proxy
- The Form of Proxy can be lodged electronically via Tricor's TIIH Online website at <https://tiih.online>. Please follow the procedures for electronic lodgement of Form of Proxy in the Administrative Guide for the 42nd AGM.

## 3. To receive the Audited Financial Statements - Explanatory Note A

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act, does not require a formal approval of the shareholders for the audited financial statements. As such, this item is not put forward for voting.

## 4. Ordinary Resolution 1 - Payments of Directors' Fees to Non-Executive Directors for financial year ended 30 September 2021

The Proposed payment of Directors' fees amounting to RM206,250 for the financial year ended 30 September 2021 to be shared by the following Non-Executive Directors of the Company:-

Datuk Mohammad bin Maidon	:	RM 60,000
Haji Mohammed Chudi bin Haji Ghazali (Retired on 3 March 2021)	:	RM 26,250*
Haji Hasan Aziz bin Mohd Johan (Demised on 10 May 2021)	:	RM 37,500*
En. Jeffrey bin Bosra	:	RM 60,000
Dato' Lim Hong Shuan (Appointed on 21 May 2021)	:	RM 22,500*
Total		: RM206,250

*\*apportioned*

The above proposed payment of Director's fees to each individual Non-Executive Directors of the Company from the financial year ended 30 September 2021 which was increased from RM50,000 to RM60,000 per annum upon assessment and recommendation by the Executive Directors for shareholders' approval at the 42nd AGM.

# Notice of Forty-Second Annual General Meeting

## 5. **Ordinary Resolution 2 - Payments of Directors' Benefits (excluding Directors' fees) to Non-Executive Directors**

*Pursuant to Section 230 of the Act, any fees and benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.*

*The Company is seeking shareholders' approval on the benefits/emoluments payable to the Non-Executive Directors which comprises of the following:-*

- (a) meeting allowance of RM2,000 per meeting to be given to the Chairman of the Board Committees;*
- (b) meeting allowance of RM1,000 per meeting to be given to the Board and Board Committees;*
- (c) lodging allowance of RM250 and food allowance of RM220 per day as well as traveling allowance of up to RM650 to be given to outstation Non-Executive Director(s);*

*in relation to attending the meeting of the Board and Board Committees for the period commencing 9 March 2022 until the next AGM of the Company.*

## 6. **Explanatory Statement Pertaining to Special Business**

### **Ordinary Resolution 7**

*The Proposed Ordinary Resolution 7 is for the purpose of granting a renewed mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Sections 75 and 76 of the Act, to issue and allot new shares in the Company from time to time at such price provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.*

*The General Mandate will provide flexibility to the Company for any possible fundraising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisition(s).*

*As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Forty-First (41st) AGM which will lapse at the conclusion of the 42nd AGM to be held on 9 March 2022.*

### **Ordinary Resolution 8**

*The Proposed Ordinary Resolution 8, if passed, will give authority to the Directors of the Company to exercise the power of the Company to purchase up to 10% of the existing number of shares of the Company for the time being. This authority, unless revoked or varied 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 is required by law to be held, whichever is the earlier.*

*As at 14 January 2022, a total of 9,132,300 existing shares of the Company were purchased and held as Treasury Shares.*

*The detailed information on the Proposed Renewal of Share Buy-Back is set out in the Statement to Shareholders dated 25 January 2022 which is dispatched together with the Annual Report 2021.*

# Notice of Forty-Second Annual General Meeting

## Personal Data Privacy:

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate and vote remotely at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the participation lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representatives for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

# Statement Accompanying Notice of Forty-Second Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The profiles of the Directors who are standing for re-election (as per Resolutions 3, 4 and 5 as stated above) at the 42nd Annual General Meeting of MKH Berhad are set out in the profile of Directors' section from pages 41 to 43 of the Company's Annual Report.

The information relating to the shareholding of the above Directors in the Company and its related corporation are set out on page 249 of the Company's Annual Report.

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**MKH BERHAD**

Registration No. 197901006663 (50948-T)  
(Incorporated in Malaysia)

## Form of Proxy

I/We \_\_\_\_\_  
NRIC/Passport/Company No.: \_\_\_\_\_ Mobile Phone No.: \_\_\_\_\_  
CDS Account No.: \_\_\_\_\_ Number of Shares Held: \_\_\_\_\_  
Address: \_\_\_\_\_  
being a member of MKH Berhad hereby appoint:

- 1) Name of Proxy: \_\_\_\_\_ NRIC/Passport/Company No.: \_\_\_\_\_  
Address: \_\_\_\_\_  
Number of Shares Represented: \_\_\_\_\_  
^ or failing him/her
- 2) Name of Proxy: \_\_\_\_\_ NRIC/Passport/Company No.: \_\_\_\_\_  
Address: \_\_\_\_\_  
Number of Shares Represented: \_\_\_\_\_

\* or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Forty-Second Annual General Meeting of the Company to be held fully virtual through live streaming from the broadcast venue at Emerald Ballroom, 1st Floor, RHR Hotel @ Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan ("Broadcast Venue") on Wednesday, 9 March 2022 at 10:00 a.m. via remote participation and voting facilities which are available on the Company's Share Registrar, Tricor TIIH Online website at <https://tiih.online> and at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of Meeting with "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Resolutions	For	Against
Ordinary Resolution 1 Payment of Directors' fees for financial year ended 30 September 2021		
Ordinary Resolution 2 Payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors of the Company		
Ordinary Resolution 3 Re-election of retiring Director, Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong		
Ordinary Resolution 4 Re-election of retiring Director, Tan Sri Datuk Chen Lok Loi		
Ordinary Resolution 5 Re-election of retiring Director, Dato' Lim Hong Shuan		
Ordinary Resolution 6 Re-appointment of Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 7 Authority for Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Ordinary Resolution 8 Proposed Renewal of Authority for Share Buy-Back		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Signature/Common Seal of Member

\* Delete the words "or failing him/her, the Chairman of the meeting" if you do not wish to appoint the Chairman of the meeting to be your proxy  
^ Delete if inapplicable

Notes:-

- The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman/ Chairperson of the meeting to be present at the main venue of the meeting. Members and proxies WILL NOT BE ALLOWED to attend this AGM in person at the broadcast venue on the day of the 42nd AGM. Members and proxies are advised to participate and vote remotely at this 42nd AGM through live streaming and online remote voting using the Remote Participation and Voting ("RPV") facilities provided by the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") through its TIIH Online website at <https://tiih.online>. Members are advised to read the Administrative Guide carefully and follow the procedures in the Administrative Guide for this 42nd AGM in order to participate remotely.
- A member entitled to participate and vote remotely at the meeting is entitled to participate and vote remotely in person or by proxy or by attorney or by duly authorised representative. A proxy or attorney or duly authorised representative may but need not be a member of the Company.
- The power of attorney or an office copy or a notarially certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, it must be executed under its common seal or in the manner authorised by its constitution.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), the exempt authorised nominee may appoint any number of proxy (no limit) in respect of each omnibus account it holds.
5. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
6. Only members whose names appear in the Record of Depositors as at 28 February 2022 shall be entitled to participate and vote remotely at this 42nd AGM or appoint a proxy to participate and vote remotely on his/her behalf.
7. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or an office copy or a notarially certified copy of that power or authority, must be deposited with Tricor not less than 24 hours before the time appointed for the taking of the poll or no later than Tuesday, 8 March 2022 at 10:00 a.m.. The Form of Proxy can be submitted through either one of the following avenues:
- (i) Lodgement of Form of Proxy in hard copy      To be deposited at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at Tricor's Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
- (ii) Electronic lodgement of Form of Proxy      The Form of Proxy can be lodged electronically via Tricor's TIIH Online website at <https://tiih.online>. Please follow the procedures for electronic lodgement of Form of Proxy in the Administrative Guide for this 42nd AGM.

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AFFIX  
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THE COMPANY SECRETARY  
**MKH BERHAD**  
Registration No. 197901006663 (50948-T)  
c/o TRICOR INVESTOR & ISSUING HOUSE  
SERVICES SDN BHD  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite, Avenue 3,  
Bangsar South, No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur, Malaysia

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[www.mkhberhad.com](http://www.mkhberhad.com)

**MKH Berhad (197901006663 (50948-T))**

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