MK LAND Holdings Berhad

(REG NO. 197801003984) (40970-H)

Annual Report 2020

PERSEVERANCE

RESILIENCE

Damansara
Perdana

ABOUT US

M K Land Holdings Berhad, made its debut on the Main Board of the Kuala Lumpur Stock Exchange (KLSE), now known as Bursa Malaysia on 27 August 1999. M K Land Holdings Berhad has 3 segments;

- Property
- Resort and Leisure
- Education

which include residential and commercial development, hotels and resorts, a water theme park, and an education arm.

INSIDE THIS REPORT

41^{st}

Annual General Meeting of

M K Land Holdings Berhad

Date
8 December 2020
(Tuesday)

Time
10.30 a.m.

Broadcast Venue
The Hive, Manuka 2 & 3 Meeting Room
Unit 29-01, Level 29, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

EXECUTIVE CHAIRMAN'S WELCOME NOTE

السلام عليكم ورحمة الله وبركاته

ESTEEMED SHAREHOLDERS, INVESTORS, COLLEAGUES AND FRIENDS,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report for M K Land Holdings Berhad ("M K Land" or "Group") for the financial year ended 30 June 2020 ("FY2020"). I am extremely grateful to Allah Almighty for giving us the resilience, perseverance and patience amidst the storm we are all facing globally at present.

I wish to convey our hope that you and your family are safe and keeping well during this Conditional Movement Control Order (CMCO) period.

A year ago, I assured you that M K Land would endeavor to grow and build communities. Unexpectedly, the Coronavirus or Covid-19 pandemic has created a dent in our aspiration as businesses were halted for a few months during the Movement Control Order period.

While the quarantine and containment measures taken by the Government has had painful consequences on the economy and for everyday life for each one of us - it is necessary and sensible. This virus is not only claiming human lives at a mind-boggling rate but it is also putting the entire global and economic climate to the most severe stress test, incomparable to bygone eras.

Many small - and large - businesses have had to shut down or halt operations while holding on to all lifelines they have in place. M K Land has not been spared, and we have had to tighten our belts and purse strings and make huge sacrifices. We had to focus on cost-optimisation strategies to ensure Liquidity of the Group as well as look into realignment of resources focusing on maximising Productivity.

We have also had to take a fresh look at our budget and cashflow for the coming years, and adjust our strategies to be more practical, taking into consideration working amidst a global pandemic business environment, to ensure the Sustainability of M K Land. This is a time when we have to creatively adjust our sails to move forward with the unexpected winds that may blow from any direction in the future. The strategies of Liquidity, Productivity and Sustainability currently being implemented is a result of many brainstorming sessions between the management team and the Board of Directors. This process is closely monitored by an improved system to ensure precision of execution.

Trust in The Almighty that there is always ease after every hardship. We need to stand together through thick and thin. InshaAllah, with the experience and skills of the entire workforce, we can overcome any hurdle that comes our way. As Simon Sineck once said, "Working hard for something we don't care about is stress but working hard for something we love is called passion". I am heartened with how M K Land has come together during this unprecedented challenging period as a unified team passionate about delivering quality products and services on a timely basis and within cost.

EXECUTIVE CHAIRMAN'S WELCOME NOTE

HJH FELINA BINTI TAN SRI DATUK (DR.) HAJI MUSTAPHA KAMAL

Executive Chairman

Lastly, I would like to take this opportunity to express my heartfelt gratitude to the members of the Board of Directors for stepping up during the Movement Control Order and provided much-needed financial and operational guidance during these difficult months to ensure that the Group stayed afloat despite the troubled waters. I would like to also thank the Group's shareholders, investors and business partners for their full trust and support during this difficult time.

Looking back, FY2020 was not an easy year - and the challenges are getting bigger, not smaller. Moving forward, I believe prudence, huge sacrifices and patience will help us steer out of this storm in one piece as we move forward with our daily operations to deliver our products and services to the best of our abilities.

This is the time, more than ever, that we must remind ourselves of our own motto: TOGETHER WE MAKE IT HAPPEN. Only then will we persevere and have resilience.

Hjh Felina Binti Tan Sri Datuk (Dr.) Haji Mustapha Kamal

Executive Chairman

CORPORATE INFORMATION

BOARD OF DIRECTORS

PN HJH FELINA BINTI TAN SRI DATUK (DR.) HJ. MUSTAPHA KAMAL
Executive Chairman

MR LAU SHU CHUAN
Executive Director

MS ANITA CHEW CHENG IM
Independent Non-Executive Director

PN HJH JULIANA HEATHER BINTI ISMAIL
Senior Independent Non-Executive Director

YBHG DATO' TAN CHOON HWA @ ESTHER TAN CHOON HWA
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

CHAIRMAN
Ms Anita Chew Cheng Im
Independent Non-Executive Director

MEMBERS
Pn Hjh Juliana Heather Binti Ismail
Senior Independent Non-Executive Director

YBhg Dato' Tan Choon Hwa @ Esther Tan Choon Hwa
Independent Non-Executive Director

NOMINATION COMMITTEE

CHAIRMAN
Pn Hjh Juliana Heather Binti Ismail
Senior Independent Non-Executive Director

MEMBERS
Ms Anita Chew Cheng Im
Independent Non-Executive Director

YBhg Dato' Tan Choon Hwa @ Esther Tan Choon Hwa
Independent Non-Executive Director

REMUNERATION COMMITTEE

CHAIRMAN
Pn Hjh Juliana Heather Binti Ismail
Senior Independent Non-Executive Director

MEMBERS
YBhg Dato' Tan Choon Hwa @ Esther Tan Choon Hwa
Independent Non-Executive Director

Ms Anita Chew Cheng Im
Independent Non-Executive Director

COMPANY SECRETARIES

Pn Aliza Binti Ahmad Termizi
(PC NO. 201908000714)
(LS 0009656)
Mr Yeap Kok Leong
(PC NO. 202008001750)
(MAICSA 0862549)

REGISTERED OFFICE

No. 19, Jalan PJU 8/5H,
Perdana Business Centre,
Bandar Damansara Perdana,
47820 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03-7726 8866
Fax : 03-7727 9007

SHARE 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 : 03-2783 9299
Fax : 03-2783 9222
Email : is.enquiry@my.tricorglobal.com

AUDITORS

BDO PLT
Chartered Accountants

PRINCIPAL BANKERS

Ambank Berhad
Public Bank Berhad
MBSB Bank Berhad
Bank Kerjasama Rakyat Malaysia Berhad

LISTING

Bursa Malaysia Securities Berhad Main Market
Stock Name : MKLAND
Stock Code : 8893

5-YEAR FINANCIAL HIGHLIGHTS

RM'000	1.7.2015 to 30.6.2016	1.7.2016 to 30.6.2017	1.7.2017 to 30.6.2018	1.7.2018 to 30.6.2019	1.7.2019 to 30.6.2020
Revenue	295,063	192,360	176,271	172,120	201,898
Profit before tax	32,164	38,037	48,270	29,299	20,398
Profit after tax	16,328	18,133	27,317	6,341	10,364
Total assets	1,794,279	1,648,977	1,564,911	1,664,441	1,652,306
Net assets	1,156,818	1,174,951	1,191,984	1,198,370	1,196,670
Shareholders' fund	1,156,818	1,174,951	1,191,984	1,198,370	1,196,670
Total number of shares ('000)	1,204,590	1,204,590	1,204,590	1,204,590	1,204,590
Basic earnings per share (sen)	1.4	1.5	2.3	0.5	0.9
Net assets per share (RM)	0.96	0.98	0.99	0.99	0.99

CORPORATE STRUCTURE

A. 100% Subsidiaries:

1. BML MANAGEMENT SDN. BHD.
2. BUKIT MERAH RESORT SDN. BHD.
3. CENTRALPOLITAN DEVELOPMENT SDN. BHD.
4. DOMINANT STAR SDN. BHD.
5. DUTA REALITI SDN. BHD.
6. GOLDEN PRECINCT SDN. BHD.
7. M K LAND RESOURCES SDN. BHD.
8. M K LAND VENTURES SDN. BHD.
9. M.K. DEVELOPMENT SDN. BHD.
10. MEDAN PRESTASI SDN. BHD.
11. MELUR UNGGUL SDN. BHD.
12. MK TRAINING & CONSULTANCY SDN. BHD.
13. PARAMODEN SDN. BHD.
14. PARAMOUNT INNOVATION SDN. BHD.
15. PLATO CONSTRUCTION SDN. BHD.
16. PROFIL ETIKA (M) SDN. BHD.
17. PROMINENT VALLEY BERHAD
18. PUJAAN PASIFIK SDN. BHD.
19. RITMA MANTAP SDN. BHD.
20. SAUJANA TRIANGLE SDN. BHD.
21. SEGI OBJEKTIF (M) SDN. BHD.
22. SUMBANGAN BERKAT SDN. BHD.
23. TEMA TELADAN SDN. BHD.
24. VAST OPTION SDN. BHD.
25. VIBRANT LEISURE SDN. BHD.
26. ZAMAN TELADAN SDN. BHD.

B. Subsidiary:

1. NALURI MAJUJAYA SDN. BHD. (85%)

BOARD OF DIRECTORS' PROFILE

PN HJH FELINA BINTI TAN SRI DATUK (DR.) HJ. MUSTAPHA KAMAL

Executive Chairman

49 years old

Malaysian

Female

Pn Hjh Felina binti Tan Sri Datuk (Dr.) Hj Mustapha Kamal is the Executive Chairman of M K Land Holdings Berhad since 29 August 2017.

Pn Hjh Felina holds a Bachelor of Business Degree. She also sits on the Boards of several private limited companies within the EMKAY Group of companies, some of which are also involved in property development. However, these companies are not in direct competition with the business of the Company.

Pn Hjh Felina does not hold any directorship in other public companies and listed issuers.

Pn Hjh Felina is the daughter of YBhg Tan Sri Datuk (Dr.) Hj Mustapha Kamal Bin Hj Abu Bakar.

She has not been convicted of any offence within the past five years and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2020.

MR LAU SHU CHUAN

Executive Director

60 years old

Malaysian

Male

Mr Lau Shu Chuan, was appointed to the Board of M K Land Holdings Berhad on 1 February 2017 as Executive Director.

Mr Lau is a member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA).

Prior to joining M K Land in year 2000, Mr Lau had worked with two (2) of the Big Four accounting firms and a local public group of companies. He has been involved in the areas of finance, audit, corporate consultancy, re-structuring and recovery services. Mr Lau has also been exposed to the financial, construction, property development and manufacturing industries.

Mr Lau was M K Land's Chief Operating Officer before assuming the post of Group Chief Executive Officer from 1 June 2011 to 31 January 2017.

Mr Lau does not hold any directorship in other public companies and listed issuers.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company, any conflict of interests with the Company nor any interest in the securities of the Company and/or its subsidiaries.

He has not been convicted of any offence within the past 5 years and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2020.

BOARD OF DIRECTORS' PROFILE

PN. HJH JULIANA HEATHER BINTI ISMAIL

Senior Independent Non-Executive Director

Chairman of Nomination Committee

Chairman of Remuneration Committee

Audit & Risk Management Committee Member

62 years old

Malaysian

Female

Pn. Hjh Juliana Heather binti Ismail was appointed to the Board of M K Land Holdings Berhad on 21 December 2009 as Independent Non-Executive Director. She was re-designated as Senior Independent Non-Executive Director on 13 December 2017.

Pn. Hjh Juliana started her career as a Human Resource Generalist in 1984 with Shah Alam Properties Sdn Bhd, formerly a subsidiary of Kumpulan Perangsang Selangor Berhad.

She was assigned to the Holding Company, Kumpulan Darul Ehsan Berhad in year 2000 and served with the Company as the Assistant General Manager, Group Human Resource, untill March 2014. She was appointed as a panel member of the Industrial Court, representing employers, by the Minister of Human Resources Malaysia, on 1 January 2007.

Pn. Hjh Juliana does not have any other directorship in other public companies and listed issuers.

Pn. Hjh Juliana does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interests with the Company.

She has not been convicted of any offence within the past five years and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2020.

MS ANITA CHEW CHENG IM

Independent Non-Executive Director

Chairman of Audit & Risk Management Committee

Nomination Committee Member

Remuneration Committee Member

53 years old

Malaysian

Female

Ms Anita Chew Cheng Im was appointed to the Board of M K Land Holdings Berhad on 19 February 2009 as Independent Non-Executive Director.

Ms. Anita graduated from Monash University, Australia with a Bachelor of Economics degree, majoring in Accounting.

She started her career at KPMG, Melbourne in 1989. In 1992, she joined the corporate finance department of Bumiputra Merchant Bankers Berhad and subsequently worked at Alliance Investment Bank Berhad and HwangDBS Investment Bank Berhad. She was involved in most related areas of corporate finance during her 15 years tenure at the various investment banks, having advised clients on IPO, fund raising and corporate restructuring exercises. Her last position held at HwangDBS Investment Bank Berhad was Senior Vice President, Equity Capital Market.

Ms Anita also sits on the Boards of Notion Vtec Berhad, K-One Technology Berhad, and Fortness Minerals Ltd, a company listed on the Catalyst Board of the Singapore Exchange Trading Ltd (SGX Ltd).

Ms Anita does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interests with the Company.

She has not been convicted of any offence within the past five years and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2020.

BOARD OF DIRECTORS' PROFILE

YBHG DATO' TAN CHOON HWA @ ESTHER TAN CHOON HWA

Independent Non-Executive Director	**70 years old**
Audit & Risk Management Committee Member	**Malaysian**
Nomination Committee Member	**Female**
Remuneration Committee Member	

YBHG Dato' Tan Choon Hwa @ Esther Tan Choon Hwa was appointed to the Board of M K Land Holdings Berhad on 26 September 2017 as Independent Non-Executive Director.

Dato' Esther Tan is a Fellow Member of the Institute of Chartered Accountants in England and Wales (FCA), a Member of the Malaysian Institute of Accountants (CA) and a Fellow Member of the Chartered Tax Institute of Malaysia.

Dato' Esther Tan began her career as an auditor with Grant Thornton in UK and later with Kingston Smith in UK before coming back to Malaysia.

In 1984, she started her practice which eventually merged to be what is known as GEP Associates. The Firm is a member firm of an International Organisation called AGN International with its headquarters in the United Kingdom boasting of 465 offices worldwide. In 2008 and 2009, Dato' Esther Tan became its first lady Chairperson who led the international organization and is today still an active member of the Asia Pacific Board.

She is an auditor of various companies with activities ranging from manufacturing, associations, retailing, constructions, developers, trusts, and multinationals etc; and is well exposed to the requirements of regulatory bodies, as well as Public Listed Companies compliance matters. She has conducted several due diligence and fund raising exercises as Reporting Accountant for clients. She was previously the auditor of several Public Listed Companies.

In 2006, Dato' Esther Tan received the award from the National Association of Women Entrepreneur Malaysia (NAWEM) as "the woman entrepreneur of the year" under the Finance section. She was conferred the Darjah Indera Mahkota Pahang (D.I.M.P.) on 11 March 2016 which carries the title of Dato' by Kebawah Duli Yang Maha Mulia Sultan of Pahang.

She is also a Tax Director of GEP Tax Services Sdn Bhd and was previously a Finance Director of a manufacturing company before setting up the practice. Currently, she also manages the AGN Asia Pacific region as one of the four Directors.

Dato' Esther Tan also sits on the Board of Poh Kong Holdings Berhad and is the Chairperson of the Audit Committee and a member of the Risk Management Committee, Nomination Committee and Remuneration Committee of the Company.

Dato' Esther Tan does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company.

She has not been convicted of any offence within the past five years and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2020.

DEPUTY CHIEF OPERATING OFFICER

TN HJ KAMARULZAMAN BIN ABU BAKAR

Deputy Chief Operating Officer

Appointed on 1 March 2019

57 years old

Malaysian

Prior to joining M K Land, **Tn Hj Kamarulzaman** worked with MISC Berhad from 1984 to 1989. He was involved in managing the accommodation and catering for the personnel on the MISC ship which carried LNG gas from Bintulu, Sarawak to a few ports in Japan.

He has been with M K Land Holdings Berhad for the past 30 years and held the position of Group Senior General Manager before assuming his present position.

He has been involved in the Total Property Development Process from identifying land for development, preparing of Feasibility Study, liaison with authorities and agencies for approvals and managing the operations of projects.

He has experience in the development sector, from sales to managing cash flow, milestone, obtaining CCC, handing over keys and also the forming of Joint Management Body (JMB) and Management Corporation (MC).

Tn Hj Kamarulzaman Bin Abu Bakar does not hold any directorship in other public companies and listed issuers. He has no conviction for offences within the past five years. He also has not had any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2020.

Tn Hj Kamarulzaman does not have any family relationship with any of the Directors and/or substantial shareholders of the Company, any conflict of interest with the Company nor any interest in the securities of the Company and/or its subsidiaries.

MANAGEMENT TEAM

KAMARULZAMAN BIN ABU BAKAR
Deputy Chief Operating Officer

ZULKIPLI BIN SIDIN
Head of Division for Property

NORIDA BTE ABU KASSIM
Head of Projects for Ipoh

CHARLES DUNCAN
Head of Project for Damansara Damai

EZIRA FEIRANI BINTI NOR REZAN
Head of Project for Taman Bunga Raya

SYED MAHADI AL JUFREE BIN SYED MUSTAFA
Head of Project for Damansara Perdana

ZULKIFLI BIN MOHD ISA
Head of Shared Services

CHAI AH HIN
Financial Controller

CHIN SUAN YONG
Financial Controller

AMMAR BIN GHAZALI
Head of Group Human Resource

ALIZA BINTI AHMAD TERMIZI
Company Secretary

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The current economic environment has been very challenging and uncertain. The property market in Malaysia continues to face a multitude of headwinds such as the continued softening of the market, property overhang, housing loan eligibility issue and oil price crisis, which has been further exacerbated by the unprecedented Covid-19 pandemic. Bank Negara reported that Malaysia's economy registered a contraction of 17.1% in the second quarter of 2020, the lowest growth ever recorded since the financial crisis in 1998. The sharp decline is concurrent with the implementation of the Movement Control Order ("**MCO**") and Conditional MCO ("**CMCO**") imposed by the Government to curb the spread of Covid-19. Subsequently, the unemployment rate in June 2020 saw an increase to 5.1% as compared to 3.5% in March 2020.

During the first half of the financial year ended 30 June 2020 ("**FY2020**"), M K Land Holdings Berhad ("**M K Land**" or "**Group**") focused on its affordable housing project launches and implementing strategies on its land bank management. In view of the implementation of the MCO, several of the Group's initiatives and plans came to a halt.

On the leisure segment front, the Group suffered a major drawback when we were not able to realise various planned marketing initiatives, especially in support of the Visit Malaysia 2020 campaign, which was cancelled due to the pandemic.

The Group had to re-visit its business strategies and operations to adjust to the current economic trend and normalcy. Pursuant to that, the Group carried out several cost management initiatives throughout its operations to stabilise the financial performance and preserve cash flow.

Sales and marketing activities quickly took on a more digital approach using the various social media platforms compared with the conservative approach, i.e. roadshows and exhibitions.

Amidst the challenges, the Group recorded an improved revenue of 17% or RM30 million in FY2020 compared to FY2019. An increased revenue of RM202 million was recorded in FY2020 compared to RM172 million in FY2019. This increase in revenue is largely due to sales as well as construction progress from the various projects in the central region such as Residensi Suasana@Damai at Damansara Damai, Rumah SelangorKu project in Taman Bunga Raya, as well as the northern region projects at Meru Perdana and Klebang Putra.

MANAGEMENT DISCUSSION AND ANALYSIS

Residensi Suasana@Damai, Damansara Damai.

The leisure and education segments of the Group registered a total revenue of RM20 million. The leisure segment recorded a lower revenue by 19% in FY2020 compared to FY2019, was mainly due to the temporary suspension of all hotels, resorts and water theme parks across the country when the MCO was implemented. Furthermore, international tourists were not able to enter the country due to closed borders. The education segment, on the other hand, saw a slight increase in revenue by 12% as compared to FY2019 particularly due to the increase in the number of new student registrations in FY2020.

The Group also undertook a cost optimisation exercise in reducing administrative expenses, resulting in a 19% decrease for FY2020 compared to FY2019.

REVIEW OF OPERATIONS

PROPERTY DIVISION

In FY2020, the property development segment contributed approximately 90% or RM182 million of the overall Group revenue performance. The Group's property development in the central region remain the largest revenue contributor, accounting for about 83% of the segment.

The Group's property development segment comprises six key development projects across central and northern regions in Malaysia particularly in Selangor and Perak. The development projects are Damansara Perdana, Damansara Damai and Taman Bunga Raya in Selangor as well as Meru Perdana, Klebang Putra and Raia Perdana in Perak.

MANAGEMENT DISCUSSION AND ANALYSIS

In FY2020, the Group followed through on its successful launch of its first phase of Rumah SelangorKu in Taman Bunga Raya, Selangor with two subsequent phases. In Perak, the Group also launched an affordable homes project under Rumah Perakku, Raia Perdana, near Gopeng and Emerald 6 in Klebang Putra.

In FY2020, the Group successfully handed over its residential products, Cattleya in Meru Perdana and Emerald 5 in Klebang Putra. To date, the Group has delivered over 48,000 residential and commercial units.

Central Region

Damansara Perdana

Located within the Golden Triangle of Petaling Jaya, Damansara Perdana ("**DP**") is the Group's flagship development offering mixed high-end products comprising condominiums, semi-detached houses as well as commercial units.

Despite the encouraging booking volume for the products in DP, converting to sales remain challenging due to stringent bank requirements for financing. Buying sentiment and purchasing power have also been affected due to the uncertainties of the economic outlook.

The Group remains cautious in launching high-end products in the near future in view of these uncertainties. We are currently re-visiting the proposed revitalisation of the DP masterplan to ensure that future products are aligned with market demands.

With the expected completion of Damansara - Shah Alam Elevated Expressway ("DASH") by March 2021, we are hopeful that the improved road connectivity via DASH will prompt a stronger interest for home ownership in DP.

The Rafflesia development at Damansara Perdana surrounded by lush greenery.

MANAGEMENT DISCUSSION AND ANALYSIS

Damansara Damai

Damansara Damai is a mature township and a sought after location for many homeowners due to its strategic location and good road network, accessible to various main highways such as Lebuhraya Damansara-Puchong (LDP), Kuala Lumpur Middle Ring Road 2 (MRR2), New Klang Valley Expressway (NKVE), Duta-Ulu Kelang Expressway (DUKE) and the Kuala Lumpur-Kuala Selangor Expressway (LATAR).

The Group's latest development in Damansara Damai, Residensi Suasana@Damai is located near the upcoming Damansara Damai MRT station and consists of three condominium towers comprising 260 units each tower. It offers three bedroom units with built-up size ranging from 1,015 square feet to 1,451 square feet. Tower A of Residensi Suasana@Damai, launched in 2016, has been completed with vacant possession delivered in September 2020.

The Group believes that the take up for subsequent phases of Residensi Suasana@ Damai remain positive with the completion and handover of Tower A. The advanced construction progress for Tower B and impending completion of the construction of Damansara Damai MRT station could attract more interest and confidence from new homebuyers.

A collaboration with Majlis Bandaraya Petaling Jaya ("MBPJ") on the construction of an alternative egress from the township leading to the NKVE Sg Buloh toll has eased traffic in the area and has been opened for use by the public since July 2020.

We are currently collaborating with MBPJ on the proposed upgrading of the urban parks into Petaling Jaya People's Park. In addition to that, the Damansara Damai MRT station which is expected to be operational by 2021, will further improve the accesibility of Damansara Damai.

Residensi Suasana@Damai has also been awarded the Gold Provisional GreenRE certification on its green building features.

Residensi Suasana@Damai, Damansara Damai.

The Gold Provisional GreenRE Certification was awarded according to Green Building Standards.

MANAGEMENT DISCUSSION AND ANALYSIS

Iris, Taman Bunga Raya, Bukit Beruntung.

Sakura, the latest residential development at Taman Bunga Raya, Bukit Beruntung

Taman Bunga Raya

Taman Bunga Raya (“TBR”), located in Bukit Beruntung,Selangor, spans approximately 518 acres and is one of the Group's first affordable housing projects where more than 11,000 of affordable homes ranging from low to medium cost have been delivered. TBR is approximately a 30-minute drive from Jalan Duta Interchange and Damansara Interchange via the PLUS Highway and NKVE.

Iris is the Group's first Rumah SelangorKu ("RSKu") project in the central region comprising 109 units which was launched in January 2019 and is fully sold.

Iris, a three plus one bedroom double storey terrace house, with built up of 1,015 square feet, is priced at RM250,000 each. Apart from the affordable selling price, the attractive design with quality materials, a playground and ample parking space supported by the strategic location, are among the main factors contributing to the quick sales of Iris. The first phase of Iris is expected to be completed by early 2021. The subsequent phases of Iris were launched in March and August 2019 and have been fully sold.

The first phase of the Group’s latest mix development in Taman Bunga Raya, Sakura, was launched in September 2020. This phase of 68 units of double storey terrace house with selling price starting from RM380,000, has also received a positive response.

Acacia 2, the subsequent phase of the RSKu project comprising 126 units of double storey houses, is expected to be launched by May 2021 with a proposed selling price of RM250,000.

Northern Region

The demand for our properties in the region priced below RM500,000 remains stable. The property development in the region contributed about 17% of the Group property development sales in FY2020 with Meru Perdana and Klebang Putra continuing to be its main contributors.

MANAGEMENT DISCUSSION AND ANALYSIS

Meru Perdana

Meru Perdana, first launched in 2009, is located along the main Jelapang - Chemor road in Ipoh, Perak. The development comprises residential and shop offices units. The shops totalling 101 units have been sold out whilst the residential units in Meru Perdana has a take up rate of almost 99%.

The 63 units of double storey terrace houses, Cattleya, with an estimated GDV of RM24.6 million, continued to be the major contributor for Meru Perdana sales in FY2020. With built-up area ranging from 1,842 square feet to 1,911 square feet and selling from RM377,000, Cattleya's take-up rate is at 90% and has been completed in March 2020.

Klebang Putra

Klebang Putra, first launched in 2003, is a residential township on a 240-acre land in Ipoh. In FY2020, the Group focused on the sales and construction of the two phases of its double storey terrace houses, Emerald 5 and 6 totalling of 242 units. Emerald 5 is 85% sold and successfully completed in December 2019.

Emerald 6 comprising 139 double storey terrace houses has built up size starting from 1,570 square feet with minimum selling prices starting at RM287,000. Emerald 6 is expected to be completed by year 2021.

Cattleya, Meru Perdana, Ipoh.

Emerald 6, the latest residential development at Klebang Putra, Ipoh.

Raia Perdana

Raia Perdana, the Group's first Rumah Perakku project, is a joint development with Menteri Besar Incorporated (Perak) with a selling price starting from RM70,000.

Launched in January 2020, the first phase comprises of 137 units of double storey terrace homes, which received an overwhelming interest from purchasers. The overall development of Raia Perdana consists of 2,190 residential units priced between RM70,000 to RM360,000 per unit.

Raia Perdana near Gopeng, Perak.

MANAGEMENT DISCUSSION AND ANALYSIS

Resorts

The leisure segment comprises Bukit Merah Laketown Resort ("**BMLR**") in Perak and two hotels in Langkawi, Ombak Villa and Kuala Melaka Inn. During the FY2020, the overall leisure business segment saw a drop in revenue performance as compared to FY2019 by 19% or RM4.3 million. This was mainly due to the disruption of the tourism industry caused by the global pandemic.

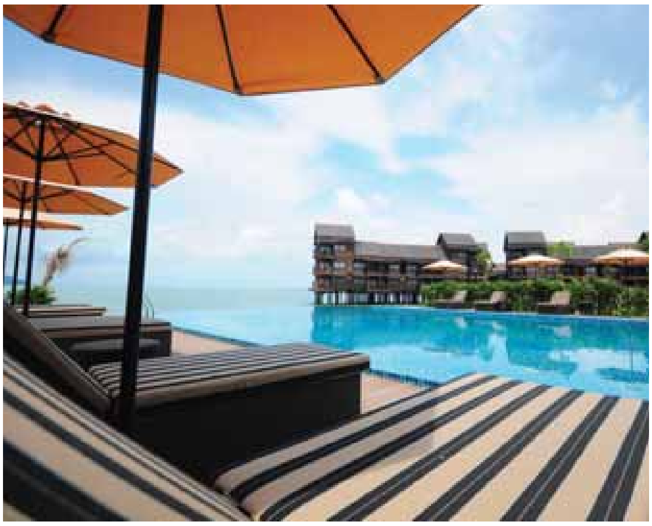
The number of visitors has been gradually reducing since January 2020 with high cancellations of room reservations especially for Langkawi. The segment faced further challenges when the MCO was implemented that called for a closure of the Group's leisure business activities for several months.

During FY2020, BMLR revenue increased by 11% or RM1.0 million as compared to FY2019 mainly due to aggressive marketing initatives and promotions carried out in FY2020, which was, among others, the Kayak Exploration, Wet Fun Ride as well as the Water Park Fun Run held in February 2020 graced by Her Royal Highness, Raja Pemaisuri Perak Tuanku Zara Salim. There were about 1,000 participants in the fun run. In addition to that, the Group's strategy in re-pricing the packages for BMLR saw an increase in number of visitors. BMLR contributed about RM9.8 million, representing 52% of the overall revenue of the Group's leisure segment.

Our resorts in Langkawi saw a decrease by 34% or RM4.5 million of the revenue performance in FY2020 as compared to FY2019 mainly due to a major drop in visitors from overseas particularly from Middle East, China and Singapore following the closure of borders. In addition, the MICE (meetings, incentives, conventions and exhibition) events were halted due to the restriction of large group gatherings. Prior to the MCO, the Group secured a commendable sales order from MICE events such as dinner events for APEC 2020 delegates, as well as meetings and conferences for reputable companies and government agencies.

The uncertainty of the hospitality industry due to the pandemic requires the Group to be more agile in the new normalcy. The Group is set to focus on several strategies, including, leveraging on domestic demand to drive the visitations and revenue base. The Group also plans to increase its digital footprint by staying connected with guests through social media platforms to enhance the Group's brand awareness. We are also introducing flexible cancellation policy to build confidence and flexibility as well as introducing attractive packages to entice the guests' interests. The Group shall ensure that core compliances i.e. wearing of masks, physical distancing, frequent cleaning protocols and temperature checking are adhered to at all times to avoid the spread of Covid-19 infections.

MANAGEMENT DISCUSSION AND ANALYSIS



The infinity swimming pool at Ombak Villa, Langkawi.

Water Themepark in Bukit Merah Laketown Resort.

Ombak Villa Langkawi

The award-winning hotel, Ombak Villa Langkawi, is located within a short distance from the Langkawi International Airport and Mahsuri International Exhibition Centre. It features 76 units of Suites, two units of the opulent Seroja Honeymoon Suites and the luxurious three-bedroom Villa Seri Kasturi complemented by Langkawi Lagoon which comprises 20 units of deluxe rooms at the Beachfront Hotel and 21 units of studio suites at the Sea Village built on stilts on the Andaman sea.

Kuala Melaka Inn

The Group's leisure segment's portfolio also includes a budget hotel in Langkawi. Our focus for Kuala Melaka Inn is to provide spacious, comfortable and convenient hotel rooms at a reasonable price for both leisure and business travellers. This hotel consists of 69 rooms ranging from single to family units, located within convenient access to major attractions in Langkawi.

Bukit Merah Laketown Resort

Opened in 1997, Bukit Merah Laketown Resort ("**BMLR**"), is one of Malaysia's premier eco-tourism destinations in the Northern region. The resort offers a wide range of attractions, the main one being the Water Themepark, the only *ex-situ* conservation centre for Orang Utans in Peninsular Malaysia and the unique Eco Park with its educational walk-in enclosures, where one can experience nature up close.

BMLR offers a variety of accomodation all at one location, which caters to all walks of life. From hotel rooms to luxury *kampung* style chalets, as well as the latest camping ground site, BMLR offers something for everyone.

MANAGEMENT DISCUSSION AND ANALYSIS

Lake View College, Bukit Merah, Perak.

Education

The Group's education segment, Lake View College ("**LVC**"), offers various courses with accreditation from the Malaysian Qualification Agency ("**MQA**"):-

- Diploma in Nursing;
- Diploma in Occupational Safety and Health; and
- Diploma in Hotel Management

To date, LVC has a student population of 133 students with the majority pursuing Diploma in Nursing and Diploma in Occupational Safety & Health courses.

The Covid-19 pandemic has also placed a significant impact on the Group's education segment as the face-to-face learning approach needs to be shifted to adopt an e-learning method. The College is currently engaging with the students through on-line courses.

Going forward, we foresee a potential workforce demand from graduates of the Nursing as well as the Occupational Safety and Health courses. In view of this, we believe that LVC will be able to prepare the graduates to meet this demand.

In order to sustain the college's financial performance, we shall pursue to offer more short courses including those offered under the Human Resource Development Fund. At the marketing front, we will embark on more efforts through digital platforms to attract participants for the short courses.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE REVIEW

Despite the difficult economic climate and challenging business environment in FY2020, M K Land delivered a commendable performance, whereby the Group's revenue increased by 17%. The Group posted a profit before tax of RM20 million, which is 30% lower than RM29 million recorded in FY2019. The lower profit before tax in FY2020 is mainly due to the reduction of Other Income item compared with the previous year. The Group's profit for FY2020, which stood at RM10 million, was higher by 63% compared with RM6 million in the previous year. The higher profit for FY2020 is mainly because in the previous year, there was additional tax provision of RM9 million by a subsidiary for prior years' tax.

Our financial position remains healthy with the Group's total cash and bank balances standing at RM51 million. This is an increase of 8% compared with RM47 million in FY2019. Our gearing ratio as at FY2020 remains low at 4.2%.

ANTICIPATED RISKS OR KNOWN RISKS

We acknowledge that our business activities are exposed to risks that could have material adverse impact on the Group’s financial and operational performance. The anticipated risks would include the overall economic condition, government fiscal and monetary policies, peer competition as well as factors affecting development costs. The Group has a formal risk management process that is set out in the Statement on Risk Management and Internal Control in this Annual Report.

PROSPECTS & OUTLOOK

Moving forward, we remain vigilant and prudent in order to stay agile as well as being responsive to the ever-changing market condition. For the financial year ending 30 June 2020, our primary focus is to follow through on the existing new projects leveraging on our expertise in affordable homes. We believe the demand for such products will continue even during this challenging period. We will also continue our efforts to monetise the existing inventories to improve the Group’s cash flow position.

A new line of products are also in the planning stage and will be launched once the market improves. We will continue to launch the mid-range landed development and at the same time remain cautious and selective in launching high end development.

With the re-introduction of the Home Ownership Campaign (“**HOC**”) until 31 May 2021, coupled with lower interest rates as well as the Prihatin and PENJANA stimulus packages introduced by the Government, we are hopeful that the property market will pick up as early as the second quarter of year 2021 to enable the launch of new residential products to the market.

In view of future uncertainties arising from the pandemic coupled with the gloomy economic outlook and cautious spending trends, the Group's future business activities may be adversely affected. We will re-evaluate the Group’s long term strategies to ensure the Group is able to continue on a steady growth path.

We have implemented and will continue to implement cost-saving measures and efficiency programmes across the business segments including the realignment of human capital in order to enhance our prospects to deliver our long term strategies.

SUSTAINABILITY STATEMENT

COVID-19 PANDEMIC

As 2020 dawned, a pandemic caused by a novel coronavirus swept the global world. In the face of urgent challenges, the Executive Director, after deliberating with the Board, issued a notice to all subsidiaries through the Heads of Departments on urgent measures that had to be taken to put into a plan disease control mechanisms. Across the Group, various employees donated in cash and kind to the needy and the Executive Chairman also initiated a video message to all staff to stay safe during this period where everyone was apart from each other. The lockdown of the city did not stop our camaraderie - everyone communicated with each other and their respective teams via social media and various online meeting platforms.

In adhering to the Movement Control Order instructions and Standard Operating Procedures issued by the government on 18 March 2020 to prevent community spread, M K Land cancelled all gatherings, events, project launches and handovers, festive celebrations and other community and marketing events. We at M K Land are committed to strive to combat this disease across the board within the parameters of what we can control.

ABOUT THIS STATEMENT

M K Land presents our Sustainability Statement for the Financial Year ended 30 June 2020. This Sustainability Statement has been approved by the Board of Directors.

This Sustainability Statement encompasses all aspects of M K Land's ethical business practices, responsibly addressing the relevant four areas:

ECONOMIC

ENVIRONMENTAL

EDUCATION & SOCIAL

ETHICAL WORKPLACE

REPORTING SCOPE AND METHODOLOGY

This Sustainability Statement scope refers to M K Land Holdings Berhad and its subsidiaries ("M K Land" or the "Group"), comprising all business units (property development, leisure, education and investment holding).

This reporting cycle is done on an annual basis and is in accordance with the principal guidelines of Bursa Malaysia's Sustainability Reporting Guide. Inspired by the initiatives of the United Nation's Sustainable Development Goals (SDGs) as well as the targets for the 11th Malaysia Plan (11MP 2016-2020), M K Land is committed to use these guidelines as a reference point toward improving our sustainability efforts in the future.

This Sustainability Statement covers activities carried out during the reporting period, 1 July 2019 to 30 June 2020. There were no significant changes to the operations even though business halted substantially during the pandemic period and is still in recovery stage.

SUSTAINABILITY STATEMENT

SUSTAINABILITY IN M K LAND

M K Land is committed to develop and integrate our strengths and resources to serve in the areas of Economic, Environmental, Education and Social, as well as Ethical Workplace practices in all of our deliverables, business and operations.

M K Land is constantly moving forward to achieve its corporate vision of being a reliable organisation that delivers quality products and services on a timely basis and within cost. The vision is further enhanced by the corporate mission which states that the strive towards this vision shall be done through teamwork for the betterment of the organisation, society and nation - and shall always be guided by correct principles and values.

The objective continues to be multi-faceted - to create sustainable pratices within the Group as well as to create a culture that puts sustainability at the forefront in all decision-making and delivery.

GOVERNANCE STRUCTURE

The Board of Directors sets the 'tone from above' and this is translated into workable practices imbedded in all strategies and goals.

The Senior Management Team along with all Heads of Projects are then responsible for the oversight of sustainability practices, policies and procedures across all sectors of M K Land's property development, leisure and education segments.

As this sustainability practice and culture is just at its infancy stage, an informal working group has been set up to oversee the various initiatives while sourcing for other practices that can be integrated into our business operations and in all relationships with the various stakeholders.

The working group will be responsible to present its findings to the Board of Directors, as and when, the need arises or at a minimum annual timeframe.

SUSTAINABLE STRATEGY AREAS (4E):

Economic Sustainability

Economic sustainability is essential in gaining the confidence of investors, stakeholders, business partners and the community at large. The Group endeavours to incorporate all economic sustainability practices into all functions and processes, which includes strategic planning, sustainable planning, human resource planning and development planning.

Environmental Sustainability

The Group remains committed to identify, manage and minimise the environmental impact of all development planning and operations. The Group is also committed in promoting environment stewardship in property development, leisure and education segments by embedding the culture of environmental sustainability throughout the value chain.

Education and Social Sustainability

The Group is committed to provide avenues and create opportunities for the communities surrounding the developments to enhance their human capital growth. Our educational arm provides a cost-effective platform for the community to gain expertise in various disciplines to facilitate their migration into the larger workforce circle, which may also include the Group itself.

There is also a focus on the development of programmes and processes that promote social interaction and cultural enrichment. This is further solidified by our Corporate Social Responsibility practices that emphasise on building projects of value for our customers, whilst protecting and feeding the vulnerable, respecting social diversity and building a sense of brotherhood with the frontliners in the community.

Ethical Workplace Sustainability

The Group is committed to maintain a healthy and safe working environment for its workforce as human capital is integral to the Group to realise its core mission and vision. We recognise that a workplace that embraces diversity and provides fair and equal opportunity is essential for employee growth and career development as we develop and enhance our leaders of tomorrow.

STAKEHOLDER ENGAGEMENT

Despite challenging market conditions and present-day political and pandemic climate, the Group has followed through on its efforts to conserve business sustainability and stakeholder engagement in this financial year. Regardless of economic performance, M K Land has always been insistent on operating in a safe and environment-friendly manner. Management believes that sustainable success will only be attainable by the collaborative efforts between the Group, its stakeholders and the community.

In alignment with our long-term plans, the Group has been active in exploring opportunities to foster innovations and build capabilities for business growth in a sustainable manner. Stakeholders' engagement and involvement are vital on our quest for sustainability. Our shareholders, investors, customers, employees, contractors, consultants, suppliers and communities where we operate in, are all factors contributing to sustainable business growth.

The stakeholder engagement table below illustrates the areas and methods of engagement for each stakeholder group - both internal and external - and given an evaluation rating of their priority to the Group (very important, important and less important).

Stakeholders	Priority	Methods of Engagement	Areas of Engagement
 Shareholders and Investors	Very important	• Annual General Meeting • Annual Report • Quarterly Announcements • 5-Year Financial Highlights • Bursa Announcements • Corporate Website (Investor Relations Page) • Media Releases • Meetings with Financial Institutions	• Financial and Business/ Operational Performance • Corporate Governance • Risk Management • Business Direction
 Customers	Very important	• Advertisements, Billboards and Marketing Campaigns • Project Launches and Road Shows • Social Media Networks • Sales Brochures • Enquiry E-Forms on Websites • Defect Feedback Form • Sales Previews, Launches and Events	• Product Design and Features • Pricing • Quality with QLASSIC standards • Customer Satisfaction • Brand Reputation • Awards, Accreditations and Certifications on Property and Leisure Development • Updates on Latest Products and Promotions • Academic Performance (Lake View College)

SUSTAINABILITY STATEMENT

Stakeholders	Priority	Methods of Engagement	Areas of Engagement
Government, Regulators and Authorities	Very important	• Dialogues, Meetings and Discussions • Emails and Letters • Attending Briefings, Workshops and Trainings • Periodic Visits and Site Inspections	• Compliance with Laws and Regulations on Approvals and Permits • Compliance with the Latest Bursa Listing Requirements and Various Governing Acts of Law
Contractors and Suppliers	Very important	• Contract Negotiations • New Vendor Registration and Pre-Qualification • Tender Process • Supplier Performance Evaluation	• Pricing and Payment Terms for Materials and Services • Product Quality and Service Levels • Time-Efficient Delivery • Legal Compliance
Communities	Important	• Community Engagements, Outreach Programmes and Events • Corporate Social Responsibility Activities • Strategic Partnerships (Partnering Programmes)	• Charity, Donation and Financial Aid • Community Care and Support via Volunteerism or Kind • Environment and Nature • Education Opportunities • Employment Opportunities
Employees	Very important	• Performance Appraisals • Training and Development • Safety Trainings • Townhall Meetings • Events (Annual Dinner, Family Day, Sports Club Activities, Festive Gatherings)	• Remuneration and Benefits • Career Development and Training Opportunities • Workplace Health and Safety • Employee Welfare • Work Life Balance
Media	Important	• Press Conferences and Interviews (Mainstream Media and Web-Based Platforms) • Annual General Meetings • Networking Events	• Reputation and Publicity • Creating Awareness • Communication of Corporate News • Crisis Communication
Industry Associations	Less important	• Information Exchange • Seminars and Events • Networking Sessions • Award Recognition	• Environmental, Building, Financial and Social Issues in the Industry • Latest Products, Services and Listings on Vendors • Green Building Certification Information • In Depth Understanding of New Acts and Regulations Relevant to Operations

MATERIAL SUSTAINABILITY MATTERS

Identifying the Group's 4E material sustainability matters is key to achieving the corporate vision and mission. Prioritising each material matter based on its level of importance to the operations as well as to the stakeholders enables the identification of key focus areas to move forward steadily.

ECONOMIC SUSTAINABILITY	ENVIRONMENTAL SUSTAINABILITY	EDUCATION & SOCIAL SUSTAINABILITY	ETHICAL WORKPLACE SUSTAINABILITY
Ethics and Conduct ▽ Corporate Governance and Compliance ▽ Integrity and Anti-Corruption ▽ Economic Performance and Product Quality ▽ Risk Management	Management of Water, Energy, Waste and Resources ▽ Preservation of the Environment (Clean, Green and Lush Rule) ▽ Supply Chain Management	Corporate Social Responsibility (CSR) ▽ Human Capital	Engaged and Informed Human Capital ▽ Training and Development ▽ Workplace Health and Safety

ECONOMIC SUSTAINABILITY

Corporate Governance and Compliance

M K Land assures all stakeholders and investors that we are in compliance with Malaysia's regulations by adhering to all laws and regulations. Our business operations are governed by, among others, the following regulations:

- Employment Act
- Strata Titles (Amendment) Act
- Strata Management Act
- Companies Act
- Housing Developers (Control and Licensing) (Amendment) Act
- Occupational Safety and Health Act
- Education Act and National Educational Policy
- Malaysian Qualifications Agency Act
- Malaysian Anti-Corruption Commission (MACC) Act
- Personal Data Protection Act

M K Land is also empathetic to the need for more affordable housing especially for the B-40 group in our community. B-40 is categorised as those whose median monthly income per household is less than RM4850*. To address this demand, M K Land is participating in the Selangor state government's Rumah Selangorku scheme as well as Perak state government's Rumah Perakku scheme, whereby a percentage of our residential development units both in Bukit Beruntung, Selangor and Gopeng, Perak will be built in accordance to the scheme, providing this income group the affordability power to purchase their own home.

* *Source: Household Income & Basic Amenities Survey Report 2019, Department of Statistics Malaysia Official Portal*

Integrity and Anti-Corruption

Our professional conduct helps us maintain our customers' and stakeholders' trust, which is essential to our success. Integrity guides our decisions in everything we do. M K Land employees and representatives are faced with situations where they need to make decisions every day, so it is critical that they clearly understand what is and is not acceptable. M K Land does not engage in any form of bribery or corruption, we treat everyone with fairness, dignity and respect, and we adhere strictly to the legal requirements of Malaysia. We do not seek any business advantage that would compromise our integrity or threaten our assets, brand, people or intellectual property.

We also take it as our responsibility to protect the individual privacy and personal data of our customers and employees. All our subsidiaries and divisions are compliant with the Personal Data Protections Act 2010.

SUSTAINABILITY STATEMENT

The MACC Act 2009 was amended in 2018 to introduce a new corporate liability provision, i.e. Section 17A that stipulates a corporate liability principle where a commercial organisation can be considered guilty if any of its employees and/ or associates commit corruption for the benefit of the organisation. M K Land has taken the appropriate steps to ensure that business is conducted with integrity and without corruption. This new policy ensures that the Group:

- Defines the high standards of professional integrity we expect from anyone acting on behalf of or representing the Group ;
- Clearly details what we expect from our representatives in relation to the law which applies to all employees and affiliated companies, contractors, subcontractors, joint venture partners and agents ;
- Ensures we treat everyone with fairness, dignity and respect ; and
- Is supported by the Whistle Blower policy for raising concerns about issues related .

Accuracy and transparency of reporting is also imperative for the Group and our stakeholders. M K Land reports its financial performance on a consolidated basis and engages our stakeholders regularly through quarterly result announcements.

Economic Performance and Product Quality

M K Land's Standard Operating Prodecures (SOPs) and Policies have been amended to include the new amendment to Section 17A of the Anti-Bribery and Anti-Corruption law under the MACC Act 2009. This directly places greater emphasis on the reduction of unfair activities within the Group, especially in the tender processes and awarding of contracts.

To maintain quality, M K Land practices the Quality Assessment System (QLASSIC) monitored by the Construction Industry Development Board. This ensures quality of construction work of projects based on an accepted industry standard. It also measures and evaluates the workmanship quality of a building construction works based on the Construction Industry Standard (CIS 7:2014). M K Land's Quality Independent Audit Team (QIAT) monitors the quality of construction by scheduled inspections to the worksites to assist and guide the construction team in achieving QLASSIC standards with a minimum requirement of a 70% score.

M K Land's economic performance is covered extensively in the Management Discussion and Analysis section of this Annual Report.

Risk Management

M K Land's Risk Management Policy outlines the policy, scope and processes that describe how risks are managed, as well as the clear roles and responsibilities of the designated officer or department involved in the risk management processes and each risk owner.

A Corporate Risk Assessment (CRA) was performed by the management and consultants, and a follow-up was conducted on mitigating actions. Input for the CRA also came from members of the senior management, heads of departments, internal risk department as well as the internal audit department. All these elements were consolidated by the CRA. This was followed by a final session in which the Group as a collective reached consensus about the top risks M K Land faces and how to mitigate these, as well as how to respond to other important risks.

Assess and Evaluate Risks ➤ Communicate Risks ➤ Manage Risks ➤ Monitor and Follow Up Risks

ENVIRONMENTAL SUSTAINABILITY

Management of Water, Energy, Waste and Resources

M K Land continues to be observant of the environmental impact that arises from our development and services. Therefore, we are committed to reduce our footprint by monitoring our water, energy, waste and resources where possible. Our monitoring system is still at infancy stage.

The Waterpark has set a limit on its capacity at a time in order to have a firmer control on safety, security and hygiene issues. Bukit Merah Laketown Resort has also been equipped with individual meters at multiple points so that energy consumption can be better managed and shut down when not in use - especially cost-efficient during the pandemic period.

The front office is also managing room occupancy by block to further improve on energy usage. All guests are also advised to switch off electricity in the rooms when not in use. The resorts also practice preventive maintenance which adhere to the regulations set by authorities where all equipment, tools and assets shall follow a strict and scheduled maintenance system.

The resorts are also serious about managing wastage, ensuring cleanliness and hygiene according to standards set forth by the State Government. As mentioned in the Management Discussion and Analysis section, there are in place four core protocols in accordance with the Health Ministry's SOP which are communicated to everyone upon entering the resorts - wearing of masks, temperature taking, sanitising and physical distancing.

For food and beverage, there are improved packing procedures in place for meal preparation and serving. All meals are individually packed with an expiration date for the peace of mind of the guests.

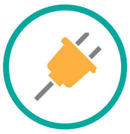
SUSTAINABILITY STATEMENT

On the property front, most the terrace houses in Taman Bunga Raya, Klebang Putra and Meru Perdana, have sanitary fittings i.e water closet (WC) with a dual-flush toilet that uses two buttons to flush different volumes of water. A lesser volume of water is designed to flush liquid waste. This contributes to part of the environmental sustainability component.

GREEN DEVELOPMENT

Residensi Suasana @ Damai: GreenRE Provisional Gold Certification

Building to a superior level of performance, is a challenge in Malaysia. In addition to hot, humid conditions, Malaysia's residential construction culture is unfamiliar and untrained in modern building practices; by extension, the local manufacturing and supply chain is not equipped to deliver products that support high-performance building. However, the new GreenRE Gold Residensi Suasana@Damai by M K Land provides the Malaysian and international building industry a glimpse of what can be accomplished with collaboration, thoughtful design and an integrated systems approach to housing performance.

<table>
<tr><th>Element</th><th>Description</th></tr>
<tr><td>
Energy Efficiency</td><td>Reduction in energy bills compared to homes of similar size, thanks to an airtight thermal shell and energy efficient equipment:
• Each Residensi Suasana@Damai apartment is equipped with high performance split Air-Conditioning (AC) system.
• Energy-efficient lighting.
• Natural ventilation design has been optimised with numerical wind tunnel modelling to maximise air quality opportunities.
• Insulated walls and high-performance windows supported by proper building orientation and roof overhangs that helps control solar heat.
• Adequate daylighting at all common spaces such as corridors improve occupant experience, liveability and quality of life.</td></tr>
<tr><td>
Water Efficiency</td><td>A combination of water efficient sanitary fixtures and rain water harvesting:
• Plumbing fixtures, faucets and appliances on Residensi Suasana@Damai are "low-flow" or water-conserving fixtures.</td></tr>
</table>

SUSTAINABILITY STATEMENT

Preservation of the Environment (Clean, Green and Lush Rule)

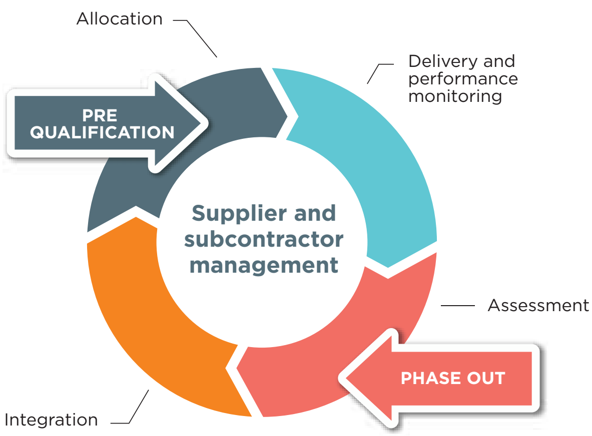
Health has been a part of everyone's priorities, especially in recent times. It is notable to state that M K Land is committed to providing homes that take into consideration the health of each community they build in. We endeavour to build products that meet the physical, psychological and social needs of its purchasers. We place emphasis on the living environment and accessible facilities right from the design phase to build healthy and safe homes. Almost all our developments are built with a walking path, playground and a community space where residents can get together in the evenings with their children. Bathrooms and kitchens are designed to always have good ventilation and where possible, daylight.

A portion of our undeveloped land banks have been used for solar farming, to provide sustainable electricity to the community at large. Some other plots of land have also been used for small-time agriculture and for growing vegetables and fruits for our resorts.

Maintenance and landscape efforts in the resorts are now being handled in-house instead of outsourcing and more flowering plants are being planted with the intention of attracting birds and insects for pollination. Separate bins for trash and recyclables can also be seen throughout the resort at present.

Supply Chain Management

To achieve sustainability within any organisation, it is essential that sustainability issues are addressed throughout the organisation's whole supply chain, a process referred to as sustainable supply chain management. In maintaining sustainability in our Supply Chain Management, all contractors are chosen by the Contracts/ Procurement Department via a minimum three-bidder method and the two elements that go through a review process are their technical experience and commercial reputation. They must also be registered with the Construction Industry Development Board (CIDB). After a contract is awarded, close monitoring is done to ensure that the process meets the outcome intended.



We select contractors, suppliers and other supply chain partners who share our values and work innovatively. Different requirements and guidelines are set for new suppliers at the pre-qualification stage depending on the goods or services offered, be it in the property or leisure division of the Group.

We also continue to choose contractors or suppliers who understand the environmental impacts and risks. We are working to reduce these impacts and promote environmentally-friendly practices in the areas of:

- Waste and disposal
- Improved resource efficiency
- Biodiversity protection
- Environmental impacts such as noise and pollution
- Controls to minimise the release of harmful emissions into the environment

EDUCATION & SOCIAL SUSTAINABILITY

Corporate Social Responsibility (CSR)

Giving has always been a part of M K Land's culture from day one. Started by M K Land's founder, this deed is further enhanced by each and every employee in M K Land contributing a small portion of their monthly pay for the purpose of donation through the M K Land Sports Club. This pool is to be distributed amongst the needy in the company as a result of natural disaster, financial difficulty or to help alleviate the family's expenses in the event of death.

During the Covid-19 pandemic, food rations and meals were distributed amongst the needy around our development sites as well as serving the frontliners in hospitals.

Food pack distribution to M K Land employees who needed assistance during the MCO period, May 2020

Packed food contribution to National Heart Institute (IJN) staff and nurses

Human Capital

Focusing on the future generation is very important for the Group and a working committee led by the Executive Chairman herself oversees these educational programmes for the underprivileged children in the communities surrounding our developments. Unfortunately, these programmes could not be executed this financial year due to the MCO as the month of March 2020 is usually the time the Group usually carries out such programmes at the identified schools.

Some of the programmes for Standard 6 at SK Alor Pongsu, Perak and SK Kuala Teriang, Langkawi from July to September 2019

Nonetheless, other activities were organized for the SK Kuala Teriang students whom the committee felt would best benefit from our assistance this financial year. The activities that were carried out include:

1) *Program Teknik Menjawab UPSR & Motivasi - 10 & 11 Julai 2019*
2) *Majlis Bacaan Yasin & Qiamullail SK Kuala Teriang - 23 Ogos 2019*
3) *Program Misi UPSR 2020 "Bersedia, Berusaha, Berjaya" - 26 September 2019*

Through these activities, the students learned aspects of character building and confidence, as well as good values needed in oneself. The programme also saw two members of M K Land's senior management delivering motivational speeches on the need for integrity in building human capital. Feedback derived from students showed that the programmes were successful when they could reiterate the teachings imparted.

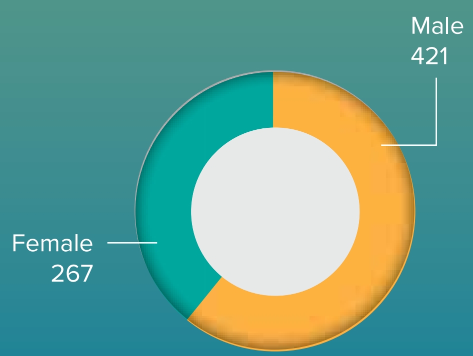
ETHICAL WORKPLACE SUSTAINABILITY

Engaged and Informed Human Capital

M K Land sees human capital as one of its most valuable resources. It is crucial to develop an engaged and motivated workforce to meet the growing business challenges of today - and tomorrow. The Group is committed to retain loyal and strong talents who can drive further growth, open up new horizons and create more value for the Group, especially in the present world where distance is no longer a factor due to the presence of the world wide web.

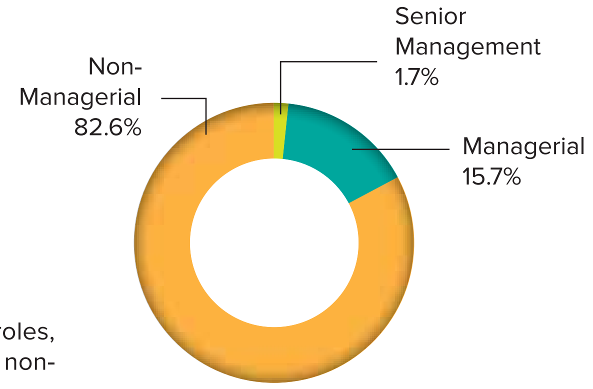
Workforce by Gender

The Group has a total of 688 staff at 30 June 2020, of which 267 are female and 421 are male. We value diversity in our workforce and recruit a diverse group of age and personalities.



	PROPERTY	BMR	OVL	LVC	TOTAL
MALE	163	143	108	7	421
FEMALE	125	63	59	20	267
TOTAL	288	206	167	27	688

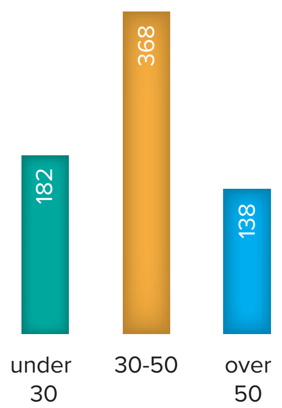
SUSTAINABILITY STATEMENT

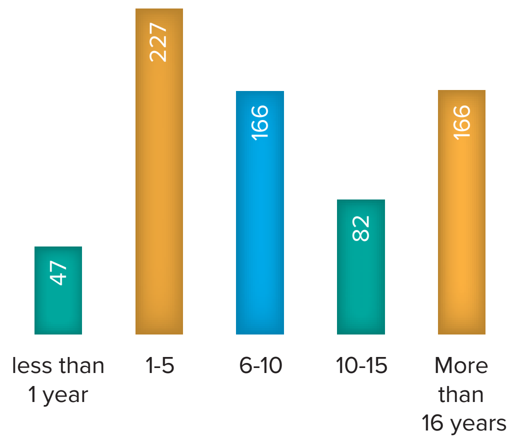


Workforce by Position

About 1.7% are in senior management roles, 15.7% are managerial level and 82.6% are non-managerial.

	PROPERTY	BMR	OVL	LVC	TOTAL
SENIOR MANAGEMENT	10	1	0	1	12
MANAGERIAL	71	9	25	3	108
NON MANAGERIAL	207	196	142	23	568
TOTAL	288	206	167	27	688





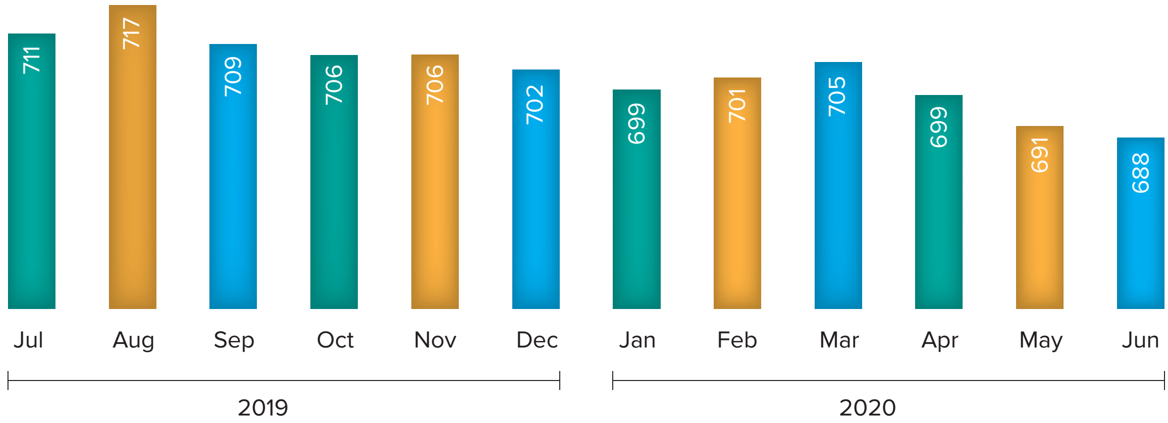
Workforce by Age

The Group still maintains key management personnel for their experience while nurturing a steady pool of talented young employees.

Years of Service

M K Land maintains a large number of long-serving staff who value the company as their employer of choice.

SUSTAINABILITY STATEMENT



Total Workforce
(Number of Staff)

Training and Development

M K Land encourages employees to develop and reach their full potential. Employees are encouraged to attend various trainings and workshops to keep them updated with the latest technology and work skills. The Group also has an induction programme made compulsory for all new employees, with the aim to help them understand the company history and values to adapt to the environment better.

TRAINING COURSES & BRIEFING SESSIONS - FYE 2019 - 2020 (PROPERTY)

SUSTAINABILITY STATEMENT

TRAINING COURSES & BRIEFING SESSIONS - FYE 2019 - 2020 (BUKIT MERAH RESORT)

285.5	30	1	2
Total	Training	Briefing	Seminar

TRAINING COURSES & BRIEFING SESSIONS - FYE 2019 - 2020 (LAKE VIEW COLLEGE)

77	1	3
Total	Seminar	Workshop

SUMMARY REPORT ON ABAC TRAINING & BRIEFING SESSIONS - 2020

44	8	2	3
Total	Briefing	Workshop	Emailed to

SUSTAINABILITY STATEMENT

Briefing on safety at site and Standard Operating Procedure (SOP), February 2020

Workplace Health and Safety

A conducive and safe working environment is of utmost importance for all our employees. M K Land also emphasises occupational safety since our employees are our vital assets and integral to all our business functions. Due to the nature of our business, our employees are exposed to all kinds of safety risks, especially on the construction sites. There are also risks in the workplace itself due to the Covid-19 pandemic and measures have been put in place to mitigate these risks too.

During this reporting period, the Group is pleased to report that we have maintained a zero accident rate at all construction and resort site throughout the Group.

MOVING AHEAD

At M K Land, we share one single mission and we are committed to continuously improving our management system and our deliverables and services. We will also be reviewing our overall corporate efficiency, to further reduce cost with the aim of increasing profitability in these challenging times. Fortifying the Group's core business foundations, enhancing its internal processes and resources, in addition to exploring new development projects in alignment with market demands are deemed to be the core activities the coming year.

We will also forge ahead to incorporate sustainable practices and development into corporate management and operations to overcome difficulties to stay true to our promise to deliver on time, with quality and within cost.

COMMENTS AND FEEDBACK

We welcome all comments and feedback. Please email our Deputy Chief Operating Officer's desk at zaman@mkland.com.my for us to further improve our sustainability practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Statement by the Board of Directors ("Board") of M K Land Holdings Berhad ("M K Land" or "the Company") provides shareholders and investors with an overview of M K Land's application of the three key principles of good corporate governance as set out by the Malaysian Code on Corporate Governance 2017 ("MCCG" or "the Code"). M K Land's application of each Practice under the three principles during the financial year ended 30 June 2020 ("FY2020") is disclosed in the M K Land Corporate Governance Report ("Corporate Governance Report") for FY2020. The Corporate Governance Report is available on M K Land's corporate website at www.mkland.com.my.

This Statement is to be read together with the Corporate Governance Report.

The Board of M K Land is fully committed in adhering to the principles of the MCCG. The Board constantly strives to ensure that good corporate practices are carried out throughout the Company and its subsidiaries ("the Group") to fulfill its responsibilities, which include protecting and enhancing shareholders' value as well as the financial performance of the Company.

M K Land takes a proactive approach in observing high standards of corporate conduct with good corporate governance policies and practices in ensuring the sustainability of the organisation and safeguarding the interests of the shareholders and maximising long-term stakeholder value.

The Board oversees the overall strategic and operational business performance. The Audit and Risk Management Committee ("ARMC") was established to assist the Board in discharging its functions in relation to internal control, risk management, compliance with applicable laws and regulations, as well as reviewing internal policies and procedures. Together, they are entrusted to further fortify the levels of accountability and integrity in M K Land and its subsidiaries ("Group").

The Board considers that the Group has complied substantially with the principles and guidance as stipulated in the MCCG throughout the FY2020. The Board will endeavour to improve and enhance the corporate governance practices from time to time.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Board Charter

The Board is guided by a Board Charter, which among others, set out the roles and responsibilities of the Board, the division of authority and responsibilities of the Board and Management, terms of reference ("TOR") and composition of Board Committees, and other administrative policies and procedures in relation to the operation of the Board as a whole.

The Board Charter has been reviewed on 22 October 2020 to ensure it remains consistent with the Board's objective and responsibilities, and all the relevant corporate governance practices under the MCCG.

The Board Charter is available on the Company's website at www.mkland.com.my.

Roles and Responsibilities
The Board is primarily responsible for the Group's overall strategic plans for business performance, overseeing the proper conduct of business, succession planning of key management, risk management, shareholders' communication, internal control, management information systems and statutory matters whilst Management is accountable for the execution of the expressed policies and attainment of the Group's corporate objectives. The demarcation complements and reinforces the supervisory role of the Board. Nevertheless, the Board is always guided by the Board Charter which outlines the duties and responsibilities and matters reserved for the Board in discharging its duties. The Board Charter also acts as a source of reference and primary induction literature in providing insights to Board members and senior management.

The roles of the Executive Chairman ("Chairman") and Executive Director ("ED") are clearly defined, with each carrying out his duties and responsibilities within the Company. The Chairman heads the Board and is responsible for ensuring the effectiveness of the Board. The ED oversees corporate and financial matters of the Group and the ED also monitors the business operations and the implementation of the Board's decisions.

The details of the roles and responsibilities of the Chairman and ED are clearly stated in the Board Charter of the Company.

The Board has established policies determining which issues are delegated to the Board Committees or Management, subject to variation from time to time as determined by the Board.

Overseeing the Conduct of Businesses of the M K Land Group
The responsibilities for day-to-day business operations of the Group are overseen by the ED with the assistance of the Deputy Chief Operating Officer ("DCOO") and the Board reviews the business performance of the Group on a quarterly basis. Management personnel are delegated with specific roles and functions. Plans and operating procedures are in place for each function to ensure continuity and smooth business operations of M K Land Group. Performance of the Group in each business unit is reviewed and variance analysis is conducted and reported at the quarterly Board meetings. Management prepares the budget annually and also draw up business plans for the next financial year. The budget and business plans for the next financial year had been tabled to the Board for deliberation and approval in July 2020.

Board Committees
To assist the Board in the discharge of its duties effectively, the Board has delegated certain functions to the following Board Committees as follows:

(a) Audit and Risk Management Committee ("ARMC");
(b) Nomination Committee ("NC"); and
(c) Remuneration Committee ("RC").

Each of the Board Committee operates under its own TOR as approved by the Board, and the details of which are available on the Company's website. At every Board meeting, the Board Committee Chairman shall report to the Board on any significant developments and key issues deliberated at the Board Committee meeting, and the minutes of these Board Committees will be tabled to the Board for notation. The composition and key functions of the Board Committees are summarised as follows:

(a) ARMC
The ARMC, comprising wholly Independent Non-Executive Directors ("INEDs"), is responsible to assist in providing oversight on the Group's financial reporting and disclosures, regulatory compliance, risk management and monitoring of internal control processes within the Group. The ARMC reviews the quarterly results, unaudited and audited financial statements, internal and external audit reports, related party transaction, risk management, Anti-Bribery and Corruption Policy, Whistle-blowing Policy and Code of Conduct.

(b) NC
The NC consists exclusively of INEDs. The key functions of the NC include nomination of new Directors and Key Management under BA Grade ("Key Management"), annual review on the required mix of skills, experience and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board, the Board Committees as a whole and the Key Management, and the contribution of each individual Director as well as identify candidates to fill Board and Key Management vacancies, and nominating them for approval by the Board.

(c) RC
The RC, which comprises entirely of INEDs, is primarily responsible for recommending to the Board the remuneration of Executive and Non-Executive Directors, and Key Management commensurate with their reponsibilities and duties and in line with the business strategy and long term objectives of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Support Services

The Board is supported by the Company Secretaries, who are qualified under the Companies Act 2016. The Company Secretaries play an important role in facilitating the overall compliance with the Companies Act 2016, Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant laws and regulations. The Company Secretaries also assist the Board and Board Committees to function effectively and efficiently in accordance with the Board Charter and TORs respectively, and best practices and ensuring adherence to the existing Board's policies and procedures. The roles and responsibilities of the Company Secretaries have been formalised in the Board Charter which provides reference for Company Secretaries in the discharge of their roles and responsibilities.

The Company Secretaries have also been continuously attending the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the current regulatory changes in laws and regulatory requirements that are relevant to their profession and enabling them to provide the necessary advisory role to the Board.

The Board also has access to the advices of both External and Internal Auditors of the Company and any other independent professional advisers, at the Company's expense.

Independent Directors

The INEDs are independent of management and are free from any business or other relationship with the Company which could interfere with the exercise of their independent judgment. This will ensure unbiased and independent view in the decision-making process.

To reinforce independence, the INEDs do not receive performance based remuneration or share based incentives from the Company.

For FY2020, the NC had reviewed and assessed the performance and independence of all the INEDs, including Ms Anita Chew Cheng Im ("Ms Anita Chew") and Pn Hjh Juliana Heather binti Ismail ("Pn Hjh Juliana"), who have served the Board for a cumulative term of more than nine (9) years, based on the criteria as set out in Paragraph 1.01 of the MMLR of Bursa Securities. The Board had considered and was satisfied with the assessments carried out by the NC.

The Board shall seek shareholders' approval to enable Ms Anita Chew and Pn Hjh Juliana to continue to serve as Independent Directors at the 41st Annual General Meeting ("AGM") based on the justifications as set out below:

(a) They have fulfilled the criteria under the definition of Independent Director as stated in the MMLR and will thus be able to function as a check and balance, and bring an element of objectivity to the Board.

(b) They have vast experience in Corporate Finance and Human Resource respectively which will enhance the Board's diverse set of experience, expertise and independent judgement.

(c) They have been with the Company for a cumulative term of more than nine years and have good knowledge of the Company's business operations and the property development market.

(d) They have devoted sufficient time and attention to their professional obligations for informed and balanced decision-making.

(e) They have exercised due care during their tenure as INEDs of the Company and carried out their professional duties in the best interest of the Company and shareholders.

Board Meetings

In order to discharge their responsibilities effectively, the Board meet regularly on a quarterly basis. Additional or special Board meetings have been convened as and when necessary to consider and deliberate on any urgent proposals or matters under their purview and which requires the Board's expeditious review or consideration. Such meetings will enable the Board members to effectively assess the viability of the business and corporate proposals and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board approvals sought are supported with all the relevant information and explanations required for an informed decision to be made.

Prior to the Board Meeting, the Directors will be provided with the relevant agenda and Board papers at least five business days' notice to enable them to have an overview of matters to be discussed or reviewed at the meetings and to seek further clarifications, if any. The Board papers provide, among others, the minutes of preceding meetings of the Board and Board Committees, summary of dealing in securities in the Company by the Directors or affected persons and Directors' circular resolutions, reports on the Group's financial statements, operations, any relevant corporate developments and proposals.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In addition, there is a schedule of matters reserved for Board's deliberations and decision, including among others, to review, evaluate, adopt and approve the policies and strategic plans for the Group. The Board will ensure that the strategic plans of the Group supports long-term value creation, including strategies on economic, environmental and social considerations underpinning sustainability as well as to review, evaluate and approve any material acquisitions and disposals of undertakings and assets in the Group and any new major ventures.

During the FY2020, a total of eight (8) Board meetings and ten (10) Board Committees' meetings were held, as follows:

	Attendance in meeting			
	BODM	**ARMC**	**NC**	**RC**
Hjh. Felina Bin Tan Sri Datuk (Dr.) Hj. Mustapha Kamal	8/8	-	-	-
Lau Shu Chuan	7/8	-	-	-
Hjh. Juliana Heather Binti Ismail	8/8	6/6	2/2	2/2
Anita Chew Cheng Im	7/8	6/6	2/2	2/2
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	8/8	6/6	2/2	2/2

Management was invited to attend Board meetings to furnish additional details or clarification on matters tabled for consideration of the Board.

Directors' Training
Directors' training is important to equip the Directors with the knowledge to discharge their duties more effectively.

The Directors shall attend relevant training programmes conducted by external experts and in addition to this, internal management shall, from time to time, provide updates regarding any latest amendments made/additions to the MMLR of Bursa Securities and statutory provisions or new regulations and accounting standards imposed by the relevant authorities.

Annually, an in-house Directors' Training will be organised after the training needs of the Directors have been reviewed by NC and the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The trainings attended by the Directors during the financial year under review were as follows:

Director	Course
Hjh. Felina Bin Tan Sri Datuk (Dr.) Hj. Mustapha Kamal	Corporate Liability provision under the MACC Amendment Act 2018 Corporate Liability - Policy and Procedures Corruption Risk Management
Lau Shu Chuan	Corporate Liability provision under the MACC Amendment Act 2018 Corporate Liability - Policy and Procedures Corruption Risk Management
Hjh. Juliana Heather Binti Ismail	Corporate Liability provision under the MACC Amendment Act 2018 Corporate Liability - Policy and Procedures Corruption Risk Management
Anita Chew Cheng Im	Corporate Liability provision under the MACC Amendment Act 2018 Corporate Liability - Policy and Procedures Corruption Risk Management
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	Corporate Liability provision under the MACC Amendment Act 2018 Corporate Liability - Policy and Procedures Corruption Risk Management

Sustainability
In the course of pursuing the vision and mission of the Group, the Board acknowledges that practices which support corporate responsibility are key to the sustainability of the Group. The Board believes no company can prevail by maximising the shareholders' value alone, and the needs and interests of other stakeholders must be taken into consideration.

More information is provided in the Sustainability Statement on pages 20 to 37 of this Annual Report.

Code of Conduct
The Company had on 22 May 2020 reviewed the Code of Conduct for Directors and Senior Management relating to ethical practices and to be inline with the anti-bribery and corruption framework that has been established for the Group. This is to ensure that all employees and Directors maintain and enforce the highest standards of ethics and professional conduct in the discharge of their duties and responsibilities throughout the organisation.

The Board will periodically review the Code of Conduct and the same is available on the Company's website at www.mkland.com.my.

Whistle-blowing Policy
The Group acknowledges the importance of lawful and ethical behaviour in all its business activities and is committed to adhere to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs in its workplace.

The Group has in place a Whistle-blowing Policy which serves as a channel in relation to whistle-blowing at the workplace to enable employees and third parties to raise genuine concerns, disclose alleged, suspected or actual wrongdoings or known improper conduct at the workplace on a confidential basis without fear of any form of victimisation, harassment, retribution or retaliation.

Employees also can freely access the Senior Independent Director and/or the Head of Human Resources of the Company and may raise concerns of non-compliance to them.

The Whistle-blowing Policy, underlining its protection and reporting channels, is available on the Company's website at www.mkland.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II. BOARD COMPOSITION

Composition of the Board of Directors

The Board's composition is well balanced with one (1) Executive Chairman, one (1) ED and three (3) INEDs. The Company is led and controlled by an experienced Board made up of professionals and entrepreneurs who have a diverse range of business, financial and technical skills and experience. The profiles of the Directors are set out in pages 6 to 8 of this Annual Report.

The present composition of the Board is in compliance with Paragraph 15.02 of the MMLR of Bursa Securities which requires at least one-third of its members to be Independent Directors.

The Board noted that Practices 4.1 and 4.2 of the MCCG has recommended for at least half of the Board members to be Independent Directors and the tenure of an Independent Director does not exceed a cumulative term limit of nine (9) years. Based on the review of the Board's composition and assessment of individual Directors, the Board is satisfied that the current INEDs are able to exercise independent and objective judgement and act in the best interests of the Company even though two of them have served the Board for more than nine (9) years.

Activities of the NC

The NC reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual Directors and the Key Management of the Group. The evaluation involves individual Directors, Committee members and the Key Management of the Group completing separate evaluation questionnaires regarding the processes of the Board and Board Committees and the Key Management of the Group, their effectiveness and where improvements could be considered. The criteria for the evaluation are guided by the Corporate Governance Guide - 3rd Edition issued by Bursa Securities. The evaluation process also includes a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. These assessments and comments by all Directors were summarised and discussed at the NC meeting which were then reported to the Board at the Board Meeting held thereafter. All assessments and evaluations carried out by the NC in the discharge of its duties are properly documented.

Pursuant to Paragraphs 15.08A and 15.20 of the MMLR of Bursa Securities, the activities of the NC in respect of the FY2020 were summarised as follows:

- reviewed and assessed the mix of skills, independence, expertise, composition, size, diversity and experience to meet the needs of the Board;
- reviewed and assessed the performance of each individual Director; the independence of the Independent Directors; the effectiveness of the Board and the Board Committees and the Key Management of the Group;
- recommending Directors who are retiring and being eligible for re-election;
- reviewed the performance of the ARMC and its members;
- reviewed the revised TOR of NC, Directors' Diversity Policy, Directors' Independence Policy, Directors' Assessment Policy, and Board and Key Management Working Diversity Policy; and
- recommended to the Board, the changes in TOR of the Board Committees.

Boardroom Diversity

The Board supports gender diversity as part of the agenda in achieving boardroom diversity as the Board acknowledges and embraces that a wide range of perspectives is critical to effective corporate governance and strategic decision making in the fast changing business environment. The Company does not practise any gender biasness, whereby four (4) out of five (5) of the Board members are women. Any new appointment to the Board shall always be based on merits, capability, experience, skill-sets and integrity.

III. REMUNERATION

The Company aims to set remuneration levels which are sufficient to attract and retain the Directors and Senior Management needed to run the Company successfully, taking into consideration the function, workload and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The RC reviews and recommends to the Board on the remuneration of Chairman, ED and the Key Management of the Group pursuant to their contract of service. The remuneration of Chairman, ED and the Key Management of the Group comprises basic salary and other customary benefits made available by the Group. The Board has approved the remuneration of Chairman, ED and Key Management of the Group after taking into account the comparable market rates and their individual performance.

The Non-Executive Directors' remuneration comprising Directors' fees and benefits such as meeting allowances which are linked to their expected roles and level of responsibilities is to be approved by shareholders of the Company at each AGM Notice.

As for the Senior Management personnel, at the stage of recruitment, the salaries and benefits were agreed upon before engagements were formalised. The salaries and benefits take into consideration the complexities of the works, qualification and experience and also other factors. As these Senior Management personnel work closely with the DCOO, their salaries and bonuses were reviewed and recommended by the DCOO after the annual performance appraisal exercise of the Group.

The RC had two (2) meetings during the financial year under review. All members of the RC attended the said meetings.

At the forthcoming 41st AGM, the Board shall seek shareholders' approval for Directors' fees in respect of the financial year ended 30 June 2020 and for the period from 1 July 2020 until the next AGM to be held in 2021, as well as Directors' benefits from 8 December 2020 until the next AGM. The payment of the Directors' fees and benefits will only be made after the proposed resolutions are passed at the forthcoming 41st AGM.

The detailed disclosure on named basis of the remuneration of the individual Directors is set out in Practice 7.1 of the Corporate Governance Report.

The list of the Senior Management personnel is disclosed on page 11 of this Annual Report. Senior Management are those primarily responsible for managing the business operations and corporate divisions of the Group. The Board decided not to disclose on a named basis the top five Senior Management's remuneration in bands of RM50,000 in order to allay valid concerns of intrusion on staff confidentiality as well as maintaining the Company's ability to retain talented Senior Management in view of the competitive employment environment, in particular, the Group's property business.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

ARMC

The ARMC of the Company comprises three members, all of whom are INED. The members are as follows:

Anita Chew Cheng Im	Chairman, INED
Hjh. Juliana Heather Binti Ismail	Member, INED
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	Member, INED

The Chairman of the ARMC is appointed by the Board and is not the Chairman of the Board. The composition, authority as well as the duties and responsibilities of the ARMC are set out in its TOR and a copy is available on the Company's website at www.mkland.com.my.

The members of the ARMC possess a mix of skill, knowledge and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the TOR of the ARMC. In addition, the ARMC members are literate in financials and are able to understand, analyse and challenge matters under purview of the ARMC including the financial reporting process.

The Board is assisted by the ARMC to among others, oversee the Group's financial reporting process and the quality of financial reporting, and ensuring that the financial statements comply with the provisions of the Companies Act 2016 ("CA 2016"), and the applicable Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards in Malaysia ("IFRSs").

In presenting the annual audited consolidated financial statements to the shareholders, the Board takes responsibility to present a balanced and meaningful assessment of the Group's financial performance and prospects and ensure that the financial statements reviewed and recommended by the ARMC for Board's approval are prepared in accordance with the provisions of the CA 2016, the applicable MFRSs and IFRSs so as to present a true and fair view of the financial position, financial performance and cash flows of the Group and Company. In addition, the ARMC reviews the annual financial statements and quarterly financial results before they are submitted to the Board for approval.

Besides overseeing the Group's accounting and financial reporting process, the ARMC is also responsible to review the scope, performance, independence and objectivity of the external auditors. Other responsibilities include overseeing and monitoring the Group's internal audit functions, reviews related party transactions (if any), risk management activities and other activities such as governance matters. A full ARMC Report detailing its composition and a summary of activities during the financial year under review is set out in pages 49 to 52 of this Annual Report.

The performance of the ARMC is reviewed annually by the NC. The evaluation covered aspects such as the members' financial literacy levels, its quality and composition, skills and competencies and the conduct and administration of the ARMC meetings.

Based on the evaluation, the NC concluded that the ARMC has been effective in its performance and has carried out its duties in accordance with its TOR during FY2020.

Assessment of External Auditors

The Board maintains a transparent and professional relationship with the External Auditors through the ARMC. Under the existing practice, the ARMC invites External Auditors to attend its meetings at least twice a year to discuss their audit plan and findings on the Company's yearly financial statements. In addition, the ARMC will also have private meetings with the External Auditors without the presence of the Management to enable exchange of views on issues requiring attention.

The ARMC had on 8 October 2018 adopted an External Auditors Policy ("EA Policy") which outlines the policies and procedures for the ARMC to govern the assessment and to monitor the External Auditors. The EA Policy covers, among others, the appointment of External Auditors, assessment of External Auditors, independence of External Auditors, non-audit services including the need to obtain approvals from the ED or ARMC for non-audit work up to a certain threshold and the annual reporting and rotation of the External Audit Engagement Partner. In addition, the EA policy also includes a requirement for a former audit partner to observe a cooling-off period for at least two years before they can be considered for appointment as a member of the ARMC.

The Board has delegated to the ARMC to conduct annual assessment on the quality of audit which covers the performance and calibre of the External Auditors and their independence, objectivity and professionalism. The areas of assessment include among others, the External Auditors' competency, audit procedures, experience of audit team, audit scope, audit communication with Management, audit governance and independence, as well as the audit fees. Assessment questionnaires were used as a tool to obtain input from the Company's personnel who had constant contact with the external audit team throughout the year.

To support ARMC's assessment of their independence, the External Auditors will provide the ARMC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors are required to declare their independence annually to the Audit Committee as specified in the By-Laws issued by the Malaysian Institute of Accountants. The External Auditors had provided their independence declaration in their annual audit plan as presented to the ARMC.

The ARMC also ensures that the External Auditors are independent of the activities they audit and reviews the contracts for provision of non-audit services by the External Auditors. The recurring non-audit services were in respect of tax compliance, the annual review of the Statement on Risk Management and Internal Control.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the financial year under review, the amount of statutory audit and non-audit fees paid/payable to the External Auditors by the Company and the Group respectively for FY2020 were as follows:

	Company		Group	
	FY2020 RM'000	**FY2019 RM'000**	**FY2020 RM'000**	**FY2019 RM'000**
Statutory audit fees paid/payable to:				
• BDO PLT	90	90	350	398
• Affiliation of BDO Malaysia	-	-	-	-
Non-audit fee paid/payable to:				
• BDO PLT	10	10	10	10
• Affiliation of BDO Malaysia	-	-	-	-
Total	**100**	**100**	**360**	**408**

In considering the nature and scope of non-audit fees, the ARMC was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

Upon completion of the assessment, the ARMC will make recommendation for the re-appointment of the External Auditors to the Board. The Board upon acceptance of the recommendation, will then seek approval from the shareholders on the re-appointment of the External Auditors at the AGM.

Internal Control and Risk Management

The Board acknowledges their responsibility to maintain a sound system of internal control, covering not only financial controls but also operational and compliance as well as risk management. The internal control system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard shareholders' investments and the Group's assets. The Board seeks regular assurance on the continuity and effectiveness of the internal control system through independent reviews by the internal and external auditors.

During FY2020, the Directors reviewed the effectiveness of the system of internal control and risk management, as well as establishing the Anti-Bribery and Corruption Policy to comply with the anti-bribery and corruption laws. The effectiveness of the internal control and risk management was supported by Management assurance, reports from the Internal Audit Department and the outsourced Internal Auditors, as well as feedback from the External Auditors during the course of their statutory audit.

The details of the Enterprise Risk Management ("ERM") and the Corruption Risk Management framework are disclosed in the Statement on Risk Management and Internal Control, which is included in this Annual Report.

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

Communication with Stakeholders

The Company strives to maintain an open transparent channel of communication with its shareholders, institutional investors, analysts and the public at large with the objective of providing as clear and complete picture of the Group's performance and financial position as possible. The provision of timely information is important to the shareholders and investors for informed decision-making. However, whilst the Company endeavours to provide as much information as possible to its shareholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

Currently, the Company's various channels of communications are through the quarterly announcements of financial results to Bursa Securities, relevant corporate announcements and circulars, general meetings of shareholders and through the Company's website at www.mkland.com.my where shareholders can have easy access to the Company's corporate information such as the Board Charter, TOR of the Board Committees, Company Policies, press releases, financial information, Company announcements and others.

The above channels of communication will help to enhance stakeholders' understanding of the Group's businesses and operations, and to make informed investment decisions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Conduct of General Meetings
The Company's AGM remains the principal forum for dialogue with private and institutional shareholders and aims to ensure that the AGM provides an important opportunity for an effective communication with and to receive constructive feedback from the shareholders. At each AGM, the Board presents the progress and performance of the Group's businesses and shareholders are encouraged to participate in the proceedings and question and answer session and thereafter to vote on all resolutions. The External Auditors are also present to provide professional and independent clarification on issues and concerns raised by the shareholders in connection with the Audited Financial Statements.

The Chairman of the Company and Chairman of Board Committees, ED as well as the DCOO are present to respond to shareholders' questions, if required, at the AGM. The Notice and agenda of AGM together with Form of Proxy are given to shareholders at least 28 days before the AGM, which gives sufficient time to prepare themselves to attend the AGM personally or to appoint a proxy to attend and vote on their behalf. Each item of the special business included in the Notice of AGM is accompanied by an explanatory statement on the proposed resolution to facilitate the full understanding and evaluation of issues involved.

Poll Voting
All the resolutions passed by the shareholders at the 40th AGM held on 5 December 2019 were voted by way of a poll in accordance with the Paragraph 8.29A(1) of the MMLR of Bursa Securities. The shareholders were briefed on the voting procedures by the Share Registrar namely, Tricor Investor & Issuing House Services Sdn. Bhd., while the results of the poll were verified and announced by the independent scrutineer, Asia Securities Sdn. Bhd.

In order to curb the Covid-19 pandemic, and prioritizing on safety, the Board decided to conduct the 41st AGM of the Company entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting Facilities ("RPV"), which will provide a more efficient and accurate outcome of the results.

Corporate Disclosure Policy
To ensure timely and high quality disclosure, Company Disclosure Policy and Procedures are in place where policies, procedures and processes are clearly defined.

The Board recognises the importance of timely dissemination of information to shareholders and investors to ensure that they are well informed of all major developments of the Company and the Group. Such information is communicated to shareholders and investors through various disclosures and announcements to Bursa Securities, including the quarterly financial results, annual reports, and where appropriate, circulars and press releases.

In compliance with the MMLR of Bursa Securities, all announcements made by the Company to Bursa Securities such as the Group's quarterly financial results, annual reports and other mandatory announcements are made available on the Company's website at www.mkland.com.my.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors dated 22 October 2020.

ADDITIONAL COMPLIANCE INFORMATION

1. **Compliance with the Code**
   The Board considers that the Group has complied substantially with the principles and practices as recommended in the MCCG 2017 throughout the FY2020. The Board will endeavour to improve and enhance the adoption of the corporate governance practices from time to time.

2. **Corporate Social Responsibility**
   Apart from building sustainable business, the Group has always embraced the role as a responsible corporate citizen to make a positive impact on both the community and environment.

   During the financial year under review, the Group helped the flood victims of Simpang Renggam during the last heavy rain season while also extending financial assistance to the elderly (Warga Emas) in Langkawi, Kedah.

   The Group also organized "Kem Jati Diri" and initiated Mentor-Mentee program at Sekolah Alor Pongsu and Sekolah Kampong Selamat, to enable the less fortunate children to experience different technique of learning.

   During the Movement Control Order earlier this year, the Group donated packed food to the frontliners at Institute Jantung Negara ("IJN") to show our gratitude and appreciation for their sacrifices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

3. **Workplace Diversity**
The Board and Management are committed to embrace diversity at the workplace and providing equal employment opportunities to all employees, regardless of their age, gender and ethnicity.

The workplace diversity as at 30 June 2020 was summarized as follows:

Race/ethnic	Malay	Chinese	Indian	Others
Male	383	12	19	7
Female	251	9	6	1
Total	634	21	25	8

Age Group	No. of employee
Below 30 years old	182
Between 31 to 50 years old	368
Above 50 years old	138
Total	688

4. **Utilisation of Proceeds Raised from Corporate Proposal**
There was no corporate proposal to raise funds during the FY2020.

5. **Material Contracts**
There were no material contracts entered into by the Company and its subsidiaries involving the Directors' and major shareholders' interests, either subsisting at the end of the FY2020 or entered into from the end of the previous financial year.

6. **Recurrent Related Party Transaction ("RRPT")**
There was no RRPT entered into by the Group during the FY2020.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors ("the Board") of M K Land Holdings Berhad ("M K Land" or "the Company") is pleased to present the Audit and Risk Management Committee Report for the financial year ended 30 June 2020.

MEMBERSHIP

The Audit and Risk Management Committee ("**ARMC**") comprises three (3) members, all of whom are Independent Non-Executive Directors, namely:

MS ANITA CHEW CHENG IM ("MS ANITA CHEW")
(Chairman, Independent Non-Executive Director)

YBHG DATO' TAN CHOON HWA @ ESTHER TAN CHOON HWA
(Member, Independent Non-Executive Director)

PN HJH JULIANA HEATHER BINTI ISMAIL
(Member, Senior Independent Non-Executive Director)

MEETINGS OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

During the financial year ended 30 June 2020, six (6) ARMC meetings were held and the details of the attendance of each member of the Committee are tabulated below:

Name	No. of Meeting Attendance
Ms Anita Chew Cheng Im ("Chairman")	6/6
YBhg. Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	6/6
Pn Hjh Juliana Heather Binti Ismail	6/6

The above ARMC meetings were held without the presence of the Company's Executive Chairman, Executive Director and Management of the Company, except when the ARMC requested for their attendance. The Executive Director was invited to all ARMC meetings to provide his input and advice as well as to provide clarification on audit issues and Group's operations. Where necessary, the relevant Management staff were invited to brief the ARMC on specific issues arising from the audit reports or on any matters of interest.

Subsequent to the ARMC meetings, the ARMC Chairman briefed the Board on matters discussed and deliberated at the ARMC meetings. The ARMC Chairman also conveyed to the Board matters of significant concerns as and when raised by the external auditors or the internal auditors.

The Terms of Reference of the ARMC is made available on the corporate website at www.mkland.com.my.

SUMMARY OF WORK OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC's work during FY2020 comprised the following:

(1) Financial Reporting

In complying with Bursa Malaysia Securities Berhad's ("**Bursa Securities**") disclosure requirements on financial reporting, the ARMC reviewed the audited financial statements for the financial year ended 30 June 2020 at the ARMC Meeting held on 21 October 2020 and reviewed the four (4) quarterly reports for the financial year under review at its meetings held on 27 November 2019, 25 February 2020, 17 June 2020 and 21 August 2020.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

In reviewing the quarterly reports, the ARMC has ensured that the quarterly financial statements were prepared in compliance with the Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting, International Accounting Standard ("IAS") 34 Interim Financial Reporting and paragraph 9.22, including Appendix 9B of the Main Market Listing Requirements of Bursa Securities ("**MMLR**").

The annual audited financial statements for the financial year ended ("**FYE**") 30 June 2020 had been reviewed and discussed with the External Auditors on 21 October 2020 and was put forward to the Board of Directors for approval on 22 October 2020. The audited financial statements were prepared in compliance with its accounting policies, applicable accounting standards and the Listing Requirements.

The ARMC also emphasised the Group's compliance with the relevant provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Statement on Risk Management and Internal Control pursuant to the MMLR and the Statement on Risk Management & Internal Control - Guidelines for Directors of Listed Issuers.

(2) External Auditors

During the financial year under review, the ARMC had assessed the independence and suitability of the External Auditors, BDO PLT ("BDO") as follows:

- Assessed the quality of audit including BDO's audit performance, communications with ARMC, its objectivity and professionalism;
- Reviewed the non-audit services provided by BDO; and
- Reviewed the assurance given by BDO confirming their independence throughout the financial year under review.

The ARMC having satisfied with BDO's performance, competency, objectivity and audit independence, had recommended to the Board for the re-appointment of BDO as the External Auditors of the Company for the financial year ending 30 June 2021. The audit team was headed by Mr Law Kian Huat, Audit Partner of BDO.

For the financial year under review, BDO had confirmed that they were not aware of any relationships or matter that, in their professional judgement, might reasonably be thought to bear on their independence. In respect of the audit of the financial statements of M K Land Group for the financial year ended 30 June 2020, BDO had declared their independence in accordance with the By-Laws (on Professional Ethics, Conduct and Ethics) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.

BDO would communicate any significant accounting, audit, internal control or other related matters that arise from the audit of the financial statements to the Board of Directors through the ARMC, in accordance with the principles enunciated in the International Standard on Auditing ("ISA") 260 (Revised) - "Communication with Those Charged with Governance" and ISA 265 - "Communicating Deficiencies in Internal Control to Those Charged with Governance and Management".

On 17 June 2020, the ARMC reviewed and approved the audit planning memorandum for the FYE2020. The audit planning placed emphasis, among others, on the material contingent tax liabilities and litigations, revenue and profit recognition, and impairment of trade receivables. The ARMC was satisfied that there were no related party transactions or conflict of interest situations during the financial year under review.

The ARMC had two private meetings with BDO without the presence of the management on 17 October 2019 and 17 June 2020. The Chairman of the ARMC had conveyed to the management, the issues raised by BDO in regards to the continuous improvements in the finance function, tax planning and mitigation strategies, internal control, human resources requirement in the finance department and financial reporting developments. The management had given their assurance that the above matters will be addressed and adhered to.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

3) Internal Audit

During the financial year under review, the Internal Auditors conducted a series of audit assignments and the internal audit reports were presented at the ARMC meetings. The internal audit assignments are designed to review and assess the procedures, systems and controls put in place are adequate and effective to meet the requirements of:

a) compliance with applicable laws, regulations, policies and standard operating procedures;
b) reliability and integrity of information;
c) safeguarding of assets; and
d) operational effectiveness.

Amongst the audit assignments carried out by the Internal Auditors during the financial year under review were:

i. Review of internal control processes on payment of project expenditures, and property and project maintenance for:
   - Medan Prestasi Sdn Bhd (Damansara Damai and Taman Bunga Raya)
   - Saujana Triangle Sdn Bhd (Damansara Perdana)

ii. Review of adequacy of project planning and approval processes for:
   - Group Strategic Planning and Development;
   - Zaman Teladan Sdn Bhd

iii. Review of adequacy of licenses application and renewal process for:
   - Group Strategic Planning and Development
   - Zaman Teladan Sdn Bhd

The ARMC had reviewed the above internal audit reports which include internal audit findings and recommendations for improvements, and to ensure that appropriate corrective actions had been taken by the Management on a timely manner.

During the financial year under review, the ARMC also reviewed the internal audit plan, its scope of work and the budget allocated for the internal audit function.

4) Internal Audit Function

The Group has an Internal Audit Department, supported by an independent external firm of professional Internal Auditors, NGL Tricor Governance Sdn Bhd - which is headed by its Director, Mr Chang Ming Chew, who is a Certified Internal Auditor; and a Professional Member of the Institute of Internal Auditors Malaysia. Both the Internal Audit Department and the external independent internal auditors ("**the Internal Auditors**") would audit their respective audit areas as contained in the Internal Audit Plan, and report directly to the ARMC. The approved annual Internal Audit Plan is designed to cover critical areas of operations within the Group.

The principle role of the Internal Auditors is to provide assurance to the ARMC on the effectiveness and integrity of the internal control system and risk management framework with the Group's established policies and procedures.

The cost incurred for the internal audit function of the Group for the financial year ended 30 June 2020 was approximately RM233,336.54 (2019: RM254,286).

5) Risk Management

The Risk Management Working Committee ("**RMWC**") facilitates discussions on risk awareness with the management teams. The management of the respective business segments, together with the Head of Departments will identify, assess and monitor their key business risks to safeguard the Group's assets.

During the financial year under review, the independent external firm, NGL Tricor Governance Sdn Bhd, was engaged to assist the RMWC to review, identify new or potential risks, and update the risk profile of the Company. An Enterprise-wide Risk Management framework has been established by the independent external firm, so that an effective and systematic risk identification and risk management process could be implemented.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

During the financial year under review, the business risk profile reports for the following entities were evaluated by the Risk Management Department and presented to the ARMC for approval:

1) Establishing Enterprise-wide Risk Management
   - Update the Key Risk Profile of the Company by having discussions/ facilitated workshop with Management, securing a concentrated effort from Management in unanimous decision-making and managing the risks.
   - Enterprise-wide Risk Management based on ISO 31000, which provides generic guidelines on principles and implementation of risk management with a systematic and logistic approach.
   - Identified risks under Leisure Business of M K land Holdings Berhad:
     - Bukit Merah Laketown Resort
     - Langkawi Resorts

2) Develop a Corruption Risk Profile
   - Develop the Company's Corruption Risk Profile for the Company by having discussions/facilitated workshop with Management; securing a concerted effort from Management in unanimous decision-making and managing the risks.

The ARMC has reviewed and the Board has approved the Policy on 'Anti Bribery and Corruption Policy' which provides the specific procedures or instructions regarding the appropriate actions needed. The Group has adopted an Anti-Bribery and Corruption Policy in view of the introduction of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, which became effective starting 1 June 2020.

6) Related Party Transactions

In accordance with the Paragraph 10.08 of the MMLR, the ARMC reviewed and noted that there were no related party transactions or any conflict of interest situations that may arise within the Group including any transaction, procedure or course that raises questions of Management integrity to the Board.

7) Statement on Risk Management and Internal Control

The ARMC has reviewed the Statement on Risk Management and Internal Controls and made recommendations to the Board for inclusion in the 2020 Annual Report.

In addition, the Chairman and members of ARMC have also engaged continuously with the other Board members and the management of the Group in order to be kept informed of the Group's operations.

This statement is made in accordance with the resolution of the Board of Directors dated 22 October 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") of M K Land Holdings Berhad is committed to maintain a sound, effective and comprehensive risk management framework and effective internal control system throughout the Group in ensuring shareholders' investment and the Group's assets are adequately safeguarded.

This Statement on Risk Management and Internal Control ("Statement") is prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, and Practice 9.1 for Principle B of the Malaysian Code on Corporate Governance 2017 ("MCCG").

RESPONSIBILITY OF THE BOARD

The Board acknowledges its responsibility to establish an acceptable risk management framework and a sound internal control system for the Group. This responsibility is being further enhanced by continuous efforts in establishing an appropriate control environment and framework which is systematically reviewed with regards to its adequacy, integrity and improvement. Nonetheless, the internal control measures are designed to manage instead of eliminating the risks of failure to achieve the business objectives. Thus, such risk management and system of internal control can only provide reasonable and not absolute assurance against any material loss or failure.

The Board maintains its responsibility for the Group's risk management and internal control system. However, the Management has been empowered to ensure proper management of operations and business risks which include identification, evaluation and periodical review of the Group's risk profile. The Management is also being entrusted to ensure that a sound internal control system is being adhered to by all the subsidiaries in the Group.

In order to provide assurance that all material risks are within the acceptable Group's risk appetite, the Management with the assistance of the Risk Management Department conducts periodical review on the risks identified in the risk profile, and recommends mitigation measures to manage those risks in order to mitigate the impact on the Group's business and operations.

In addition, in order to ensure a sound internal control is implemented by the Group, the Management with the assistance of the Internal Audit Department also conducts periodical review on all weaknesses identified and provides recommendations as to avoid recurrence of shortcomings. Proper and timely follow-ups are carried out to ensure corrective actions are taken to resolve all issues highlighted during the audit review.

The Board has received assurance from the Deputy Chief Operating Officer and Financial Controller that the Group's risk management and internal control system are operating adequately and effectively.

PLANNING, MONITORING AND REPORTING

All Heads of Department are required to prepare their business plans and budgets on an annual basis, and after discussing with the Senior Management team, the business plans and budgets are presented to the Board for deliberation and approval.

Once approved, the annual budget will be implemented accordingly towards achieving the Group's targets.

The Group's performance is systematically reviewed at each quarter of the financial year. To ensure proper review, the Board is provided with sufficient information pertaining to the actual performance of each segment against the approved budget.

In addition, the Risk Management Report and the Internal Audit Report are also presented to the Board for deliberation on a quarterly basis.

POLICIES

The Group's internal policies are properly documented to ensure compliance with the internal controls, prevailing laws, rules and regulations. The Board has reviewed and approved the Policy on 'Anti Bribery and Corruption Policy' which provides adequate procedures in relation to the appropriate actions to be taken. The Group has adopted the Anti-Bribery and Corruption Policy in view of the introduction of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, which becomes effective on 1 June 2020.

In ensuring the relevancy of the policies, such policies shall be reviewed annually or as and when necessary.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTION

The internal controls function of the Group is reviewed and assessed by the Internal Audit Department, headed by Encik Norazman Bin Md. Noor (Deputy Manager, Group Internal Audit) and NGL Tricor Governance Sdn. Bhd., an independent external firm. Both internal audit entities are led by a Chartered / Professional Member of The Institute of Internal Auditors Malaysia ("IIAM"). The internal auditors from both entities conduct periodic audits with emphasis on risk-based areas, where weaknesses highlighted are rectified, and report directly to the Audit and Risk Management Committee (ARMC) on a quarterly basis.

The internal auditors prepare an Annual Internal Audit Plan ("Audit Plan") which consists of selected areas to be reviewed during the financial year. The Audit Plan is deliberated and approved by the Audit and Risk Management Committee ("ARMC") after taking into consideration the feedback from the management.

Once approved by the ARMC, the internal audit reviews will be conducted by the internal auditors. From the internal audit reviews, the internal auditors highlight the findings on the effectiveness and adequacy of the internal control processes.

Findings from the internal audit reviews are discussed with the management, and the management's responses and the internal auditors' recommendations are incorporated in the Internal Audit Reports and presented to the ARMC on a quarterly basis. The audit activities conducted by the internal auditors during the financial year under review are discussed in the Audit Committee Report.

The ARMC takes note of the results of the internal audit reviews together with its recommendations and improvements to the system of internal control which are also shared with the management, and will be monitored and updated on a quarterly basis.

RISK MANAGEMENT

The Board supports the guidelines as spelt out in the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and confirms that there is an on-going process of identifying, evaluating and managing all significant risks faced by the Group.

The Board regards risk management as an integral part of the Group's business and operation and has oversight over the critical areas via the ARMC. The ARMC is supported by the Risk Management Working Committee ("RMWC") which was set up to coordinate the implementation of an enterprise-wide risk management program within the Group. The Risk Management Framework principally is aligned with ISO 31000:2009.

The RMWC, with assistance of NGL Tricor Governance Sdn. Bhd., an independent external firm, works closely with the Group's operational managers to continuously evaluate, review and monitor all identified risks through a formalized risk management framework.

The Board believes that the function of a sound system of internal control and risk management policies, are built on a clear understanding and appreciation of the Group's risk management framework with the following key elements:

- Effective and efficient risk management processes contribute to good corporate governance and are integral to the achievement of business objectives;
- Risk management is embedded into day-to-day management processes and is extensively applied in decision making and strategic planning;
- Risk management processes take advantage of opportunities, manage uncertainties and minimise threats; and
- Regular reporting and monitoring promote a sense of accountability and responsibility in managing risks and crisis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The key risks identified during the financial year and the risk management approach are tabulated below:-

Nature & Description of Risks	Risk Management Approach
Funding and Liquidity Risk	• Arrange for bank facilities (e.g. bridging loan with banks). • Cashflow analysis and intercompany funding. • Monetise completed unsold units or specific land parcels.
Geo-political instability and adverse socio-economic conditions	• Revisit the developments/projects and replan the products and timing of new launches. • Explore strategic partnership for property value enhancement.
Completed unsold units	• Restructure of product mix to improve saleability. • Aggressive marketing approach and engaging external sales agents.
Pandemic / Epidemic Risk	• Implement safety procedures (i.e. sanitizing, quarantine, temperature checking, visitors record-keeping and social distancing). • Temporary closure of office and sites, if necessary.
Corporate Liability Risk	• Establish 'Anti Bribery and Corruption Policy and Manual'. • Update Code of Conduct. • Conduct training sessions.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

The Board has implemented an organisational structure, which defines the lines of authority, accountability and responsibility across the Group.

The Group's risk management and internal control system are further enhanced by the following:

- Clear defined objectives and terms of reference of Board Committees as established by the Board;
- Internal control procedures as set out in M K Land Holdings Berhad's Standard Operating Procedures ("SOP") for key operating units are adopted by the Group. The Group's corporate values, which emphasises on team work and ethical behavior, has been communicated to all staff within the Group;
- A budgetary control system is in place where annual budgets are prepared by the respective operating units which are approved by the Board. Reviews of actual performance against budgets are regularly carried out, and the review encompasses both financial and non-financial key performance indicators;
- Regular financial and management information showing actual results against budgets are presented to the Board on a quarterly basis; and
- The Group on an ongoing basis, compiles, reviews and updates the SOP, which involves key processes relating to its operations.

EMPLOYEES' COMPETENCY

Specific training and development programmes are conducted to ensure that employees are equipped with the necessary knowledge, skills and competency required for them to perform effectively.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control as required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Their review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants.

The External Auditors have reported to the Board that nothing has come to their attention which has caused them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

STATE OF INTERNAL CONTROL DURING THE PERIOD UNDER REVIEW

The Board is of the view that the system of internal control and risk management in place for the financial year, is sound and sufficient to safeguard the Group's assets and shareholders' investments. The Board continues to take pertinent measures where required, to enhance the Group's system of internal control and risk management.

This statement is made in accordance with the resolution of the Board of Directors dated 22 October 2020.

Rafflesia Park

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	10,364	6,749
Attributable to:		
Owners of the parent	10,562	6,749
Non-controlling interest	(198)	-
	10,364	6,749

DIVIDEND

The dividend paid, declared or proposed by the Company since the end of previous financial year were as follows:

	RM'000
In respect of financial year ended 30 June 2020:	
First interim single-tier dividend of 1.0 sen per ordinary share, paid on 17 June 2020	12,046

The Directors do not recommend any payment of final dividend for the financial year ended 30 June 2020.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

As at 30 June 2020, the Company held as treasury shares a total of 2,672,000 of its 1,207,262,000 issued ordinary shares. Such treasury shares, in accordance with the Companies Act 2016, are held at a carrying amount of RM1,904,000 and further relevant details are disclosed in Note 25(b) to the financial statements.

DIRECTORS' REPORT

EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 29 November 2002. As at the end of the reporting period and at the date of this report, the ESOS has yet to be implemented. Accordingly, no options have been granted at the end of the reporting period.

The salient features of the ESOS are disclosed in Note 25(a) to the financial statements.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

M K Land Holdings Berhad

Hjh Felina binti Tan Sri Datuk (Dr.) Hj Mustapha Kamal
Lau Shu Chuan
Anita Chew Cheng Im
Hjh Juliana Heather binti Ismail
YBhg. Dato' Tan Choon Hwa @ Esther Tan Choon Hwa

Subsidiaries of M K Land Holdings Berhad

Hjh Felina binti Tan Sri Datuk (Dr.) Hj Mustapha Kamal	
Lau Shu Chuan	(Appointed on 30 December 2019)
YBhg. Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	
Kamarulzaman bin Abu Bakar	
Zulkipli bin Sidin	
Mustafa Kamal bin Hawari	
Zulkifli bin Mohd Isa	(Appointed on 31 October 2019)
Abulais bin Walli Mohamed	
K. Mohanachandran a/l K.R. Kunjan	(Resigned on 31 December 2019)
Chin Kok Siong	(Resigned on 31 July 2019)

DIRECTORS' INTERESTS

None of the Directors holding office at the end of the financial year held any beneficial interest in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 32 to the financial statements.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 10 to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company maintain Directors' and Officers' liability insurance for the purpose of Section 289 of the Companies Act 2016, which provides appropriate insurance cover for their Directors and Officers throughout the financial year.

The insurance premium paid by the Group during the financial year amounted to RM42,400.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(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.

(d) In the opinion of the Directors:

(i) there has not arisen 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; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the abilities of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 June 2020 are disclosed in Note 8 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Hjh Felina binti Tan Sri Datuk (Dr.) Hj Mustapha Kamal
Director

Lau Shu Chuan
Director

Petaling Jaya
22 October 2020

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 68 to 147 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 June 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Hjh Felina binti Tan Sri Datuk (Dr.) Hj Mustapha Kamal
Director

Lau Shu Chuan
Director

Petaling Jaya
22 October 2020

STATUTORY DECLARATION

I, Chin Suan Yong (CA20021), being the Officer primarily responsible for the financial management of M K Land Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 68 to 147 are, to the best of my knowledge and belief, 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 Petaling Jaya,
Selangor Darul Ehsan
on 22 October 2020

Chin Suan Yong

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF M K LAND HOLDINGS BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of M K Land Holdings Berhad, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 147.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. **Revenue recognition for property development activities**

   Revenue from property development activities during the financial year as disclosed in Note 4 to the financial statements is RM181.1 million.

   We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the satisfaction of performance obligations as stated in the contracts with customers and costs in applying the input method to recognise revenue over time.

   The Group identifies performance obligations that are distinct and material, which are judgemental in the context of contracts. The Group also estimates total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations, claims and cost contingencies.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF M K LAND HOLDINGS BERHAD

Key Audit Matters (cont'd)

1. Revenue recognition for property development activities (cont'd)

Audit response

Our audit procedures performed included the following:

a. reviewed contracts with customers to identify distinct and material performance obligations, and compared our findings to the findings of the Group;

b. assessed estimated total costs to complete through inquiries with operational and financial personnel of the Group;

c. inspected documentation to support cost estimates made including contract variations and cost contingencies; and

d. recomputed the results of the input method determined by management for revenue recognition based on verified actual costs incurred to-date and budgeted costs.

2. Legal proceedings

As disclosed in Note 31 to the financial statements, Saujana Triangle Sdn. Bhd. ("STSB"), a subsidiary of the Company, was served by Inland Revenue Board ("IRB") with Notices of Assessment for the years of assessments of 2009 to 2011 and 2013 for additional income taxes of RM55.7 million and tax penalties of RM25.1 million.

Significant management judgement is required as the amounts involved are material and the determination of the amounts, if any, to be provided for such disputed liabilities are subjective.

Audit response

Our audit procedures performed included the following:

a. Discussed with management and read the legal opinions obtained from the appointed solicitors;

b. Inquiry of the tax specialist in assessing the appropriateness of the tax position as stated in the legal opinions; and

c. Obtained confirmation of the status of the legal cases from the appointed solicitors.

3. Impairment of trade receivables

Gross trade receivables of the Group as at 30 June 2020 were RM106.2 million and the associated impairment losses of trade receivables were RM46.3 million as disclosed in Note 20 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information, incorporating the impact of the Covid-19 pandemic.

Key Audit Matters (cont'd)

3. Impairment of trade receivables (cont'd)

Audit response

Our audit procedures performed included the following:

a. Assessed the adequacy of credit impaired assessment performed by management on overdue receivables;

b. Recomputed the probability of default using historical data and forward looking information adjustment, incorporating the impact of the Covid-19 pandemic, applied by the Group;

c. Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and

d. Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance or 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 Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs 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 ability of the Group and of the Company 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF M K LAND HOLDINGS BERHAD

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

(a) 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.

(b) 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 internal control of the Group and of the Company.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) 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 ability of the Group and of the Company 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.

(e) 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.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF M K LAND HOLDINGS BERHAD

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.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Law Kian Huat
02855/06/2022 J
Chartered Accountant

Kuala Lumpur
22 October 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	2020 RM'000	2019 RM'000
Revenue	4	201,898	172,120
Cost of sales	5	(115,308)	(93,160)
Gross profit		86,590	78,960
Other income	6	16,912	67,184
Administrative expenses		(48,457)	(59,819)
Selling and marketing expenses		(3,215)	(6,804)
Other expenses		(27,785)	(45,975)
Operating profit		24,045	33,546
Finance costs	7	(3,647)	(4,247)
Profit before tax	8	20,398	29,299
Taxation	11	(10,034)	(22,958)
Profit for the financial year		10,364	6,341
Other comprehensive income, net of tax		-	-
Total comprehensive income		10,364	6,341
Profit attributable to:			
Owners of the parent		10,562	6,374
Non-controlling interest		(198)	(33)
		10,364	6,341
Earnings per share attributable to owners of the parent			
Basic (sen)	12	0.9	0.5
Diluted (sen)	12	0.9	0.5

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 RM'000	2019 RM'000
Assets			
Non-current assets			
Property, plant and equipment	14	172,668	177,574
Investment properties	15	216,445	213,305
Inventories	17	807,090	781,923
Other investments	18	-	-
Deferred tax assets	19	9,491	10,044
		1,205,694	1,182,846
Current assets			
Inventories	17	267,114	268,777
Trade receivables	20	59,871	64,318
Other receivables	21	5,033	5,818
Contract assets	22	53,320	58,647
Tax recoverable		3,817	3,525
Other financial assets	23	6,823	33,830
Cash and bank balances	24	50,634	46,680
		446,612	481,595
Total assets		1,652,306	1,664,441
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	25	1,216,296	1,216,296
Treasury shares	25(b)	(1,904)	(1,904)
Merger deficit	25(c)	(39,441)	(39,441)
Retained profits		21,905	23,407
		1,196,856	1,198,358
Non-controlling interest		(186)	12
Total equity		1,196,670	1,198,370
Non-current liabilities			
Borrowings	26	6,083	16,319
Lease liabilities	27	502	-
Deferred tax liabilities	19	26,443	26,274
Long term payable	28	87,216	86,877
		120,244	129,470

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 RM'000	2019 RM'000
Current liabilities			
Trade payables	29	105,658	88,424
Other payables	30	143,616	135,447
Contract liabilities	22	31,773	67,404
Borrowings	26	44,217	32,002
Lease liabilities	27	181	-
Current tax liabilities		9,947	13,324
		335,392	336,601
Total liabilities		455,636	466,071
Total equity and liabilities		1,652,306	1,664,441

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

		Non-distributable		Distributable			
	Share capital RM'000 (Note 25)	Treasury shares RM'000 (Note 25(b))	Merger deficit RM'000 (Note 25(c))	Retained profits RM'000	Equity attributable to owners of the parent RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 July 2019 (as previously reported)	1,216,296	(1,904)	(39,441)	23,407	1,198,358	12	1,198,370
Effects on adoption of MFRS 16 (Note 38.1)	-	-	-	(18)	(18)	-	(18)
At 1 July 2019 (restated)	1,216,296	(1,904)	(39,441)	23,389	1,198,340	12	1,198,352
Profit for the financial year	-	-	-	10,562	10,562	(198)	10,364
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	10,562	10,562	(198)	10,364
Transaction with owners							
Dividend paid (Note 13)	-	-	-	(12,046)	(12,046)	-	(12,046)
At 30 June 2020	1,216,296	(1,904)	(39,441)	21,905	1,196,856	(186)	1,196,670
At 1 July 2018	1,216,296	(1,904)	(39,441)	17,033	1,191,984	-	1,191,984
Profit for the financial year	-	-	-	6,374	6,374	(33)	6,341
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	6,374	6,374	(33)	6,341
Transaction with owners							
Shares acquired by non-controlling interest (Note 16(b))	-	-	-	-	-	45	45
At 30 June 2019	1,216,296	(1,904)	(39,441)	23,407	1,198,358	12	1,198,370

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	2020 RM'000	2019 RM'000
Cash flows from operating activities			
Profit before tax		20,398	29,299
Adjustments for:			
Depreciation of property, plant and equipment	14	6,422	6,095
Fair value adjustments on investment properties	15	(3,260)	(56,696)
Gain on disposal of investment properties	6	(30)	-
Impairment losses on:			
- property, plant and equipment	14	-	29
- trade receivables	20(c)	682	7,700
- other receivables	21(b)	1,397	4,700
- contract assets	22(c)	6	726
Interest expense	7	3,647	4,247
Interest income	6	(1,174)	(1,975)
Reversal of impairment losses on:			
- trade receivables	20(c)	(4,756)	(1,765)
- other receivables	21(b)	(2,745)	(81)
- contract assets	22(c)	(602)	(181)
Reversal of inventories written down	17(g)	28	-
Write-down of inventories	17(f)	2,246	315
Write-off of property, plant and equipment	8	168	18
Operating profit/(loss) before working capital changes		22,427	(7,569)
Changes in working capital:			
Contract assets		5,923	(24,237)
Contract liabilities		(35,631)	57,570
Inventories		(23,787)	(20,280)
Receivables		10,654	(8,655)
Payables		23,403	17,448
Cash generated from operations		2,989	14,277
Interest paid		(3,251)	(4,418)
Interest received		1,174	1,975
Taxes paid		(14,523)	(9,773)
Taxes refund		1,547	1,950
Net cash (used in)/from operating activities		(12,064)	4,011

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	2020 RM'000	2019 RM'000
Cash flows from investing activities			
Acquisition of interest by non-controlling interest	16(b)	-	45
Proceeds from disposal of investment properties		150	-
Purchase of property, plant and equipment	14(a)	(1,206)	(5,921)
Increase in placement of pledged fixed deposits and deposits more than three (3) months		(355)	(1,021)
Withdrawal of money market funds		27,007	3,644
Net cash from/(used in) investing activities		25,596	(3,253)
Cash flows from financing activities			
Dividend paid	13	(12,046)	-
Drawdowns of borrowings	26(d)	23,183	12,242
Repayments of:			
- borrowings	26(d)	(21,260)	(26,322)
- lease liabilities	27(b)	(212)	-
Net cash used in financing activities		(10,335)	(14,080)
Net increase/(decrease) in cash and cash equivalents		3,197	(13,322)
Cash and cash equivalents at beginning of financial year		31,458	44,780
Cash and cash equivalents at end of financial year	24	34,655	31,458

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	2020 RM'000	2019 RM'000
Revenue	4	31,000	22,489
Other income	6	419	986
Administrative expenses		(15,436)	(16,186)
Other expenses		(9,754)	(5,910)
Operating profit		6,229	1,379
Finance costs	7	(319)	-
Profit before tax	8	5,910	1,379
Taxation	11	839	(845)
Profit for the financial year		6,749	-
Other comprehensive income, net of tax		534	-
Total comprehensive income		6,749	534

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 RM'000	2019 RM'000
Assets			
Non-current assets			
Property, plant and equipment	14	4,057	400
Investments in subsidiaries	16	1,923,305	1,923,305
Other investments	18	-	-
Deferred tax assets	19	4,854	2,631
		1,932,216	1,926,336
Current assets			
Other receivables	21	65,421	22,615
Tax recoverable		-	302
Other financial assets	23	6,755	33,794
Cash and bank balances	24	523	525
		72,699	57,236
Total assets		2,004,915	1,983,572
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	25	1,216,296	1,216,296
Treasury shares	25(b)	(1,904)	(1,904)
Merger reserve	25(c)	636,856	636,856
Retained profits		106,233	111,641
Total equity		1,957,481	1,962,889
Non-current liabilities			
Lease liabilities	27	3,669	-
Current liabilities			
Other payables	30	42,787	20,683
Lease liabilities	27	316	-
Current tax liabilities		662	-
		43,765	20,683
Total liabilities		47,434	20,683
Total equity and liabilities		2,004,915	1,983,572

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

		Non-distributable		Distributable	
	Share capital RM'000 (Note 25)	Treasury shares RM'000 (Note 25(b))	Merger reserve RM'000 (Note 25(c))	Retained profits RM'000	Total equity RM'000
At 1 July 2019 (as previously reported)	1,216,296	(1,904)	636,856	111,641	1,962,889
Effect on adoption of MFRS 16 (Note 38.1)	-	-	-	(111)	(111)
At 1 July 2019 (restated)	1,216,296	(1,904)	636,856	111,530	1,962,778
Profit for the financial year	-	-	-	6,749	6,749
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	6,749	6,749
Transaction with owners					
Dividend paid (Note 13)	-	-	-	(12,046)	(12,046)
At 30 June 2020	1,216,296	(1,904)	636,856	106,233	1,957,481
At 1 July 2018	1,216,296	(1,904)	636,856	111,107	1,962,355
Profit for the financial year	-	-	-	534	534
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	534	534
At 30 June 2019	1,216,296	(1,904)	636,856	111,641	1,962,889

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	2020 RM'000	2019 RM'000
Cash flows from operating activities			
Profit before tax		5,910	1,379
Adjustments for:			
Depreciation of property, plant and equipment	14	523	73
Impairment losses on amounts due from subsidiaries	21(c)	7,259	2,381
Interest expense	7	319	-
Interest income	6	(392)	(983)
Operating profit before working capital changes		13,619	2,850
Changes in working capital:			
Other receivables		33	44
Subsidiaries		(20,615)	(18,121)
Other payables		1,677	513
Cash used in operations		(5,286)	(14,714)
Interest received		392	983
Tax paid		(1,911)	(125)
Tax refund		1,527	-
Net cash used in operating activities		(5,278)	(13,856)
Cash flows from investing activities			
Purchase of property, plant and equipment	14(a)	(47)	(298)
Withdrawal of money market funds		27,039	3,645
(Advances to)/Repayments from subsidiaries		(9,056)	10,671
Net cash from investing activities		17,936	14,018
Cash flows from financing activities			
Dividend paid	13	(12,046)	-
Repayments of lease liabilities	27(b)	(614)	-
Net cash used in financing activities		(12,660)	-
Net (decrease)/increase in cash and cash equivalents		(2)	162
Cash and cash equivalents at beginning of financial year		525	363
Cash and cash equivalents at end of financial year	24	523	525

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and the principal place of business of the Company are located at No. 19, Jalan PJU 8/5H, Perdana Business Centre, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are those of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The consolidated financial statements for the financial year ended 30 June 2020 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand ("RM'000"), unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 22 October 2020.

2. Summary of significant accounting policies

2.1 Basis of preparation

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 ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRS during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 38.1 to the financial statements.

The Group and the Company applied MFRS 16 *Leases* and IC Interpretation 23 *Uncertainty over Income Tax Treatments* for the first time during the current financial year, using the cumulative effect method as at 1 July 2019. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

The Group and the Company have also early adopted Amendment to MFRS 16 *Covid-19-Related Rent Concessions* during the financial year and elected to apply the practical expedient to all rent concession relating to leases with similar characteristics and similar circumstances.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of these financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue, expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 3 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

2. Summary of significant accounting policies (cont'd.)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied to transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

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

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

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

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

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

(ii) potential voting rights held by the Company, other vote holders or other parties;

(iii) rights arising from other contractual arrangements; and

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

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss 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 and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income ("OCI") and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment.

2. Summary of significant accounting policies (cont'd.)

2.2 Basis of consolidation (cont'd.)

Business combinations

Business combinations other than those involving entities under common control, are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) 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;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacements by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) 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.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. The Group accounts for changes in fair value of contingent consideration that are not measurement period adjustments as follows:

(a) Contingent consideration classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity.

(b) Other contingent consideration that:

(i) is within the scope of MFRS 9 *Financial Instruments* shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9 *Financial Instruments* for the relevant period.

(ii) is not within the scope of MFRS 9 *Financial Instruments* shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRS. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

2. Summary of significant accounting policies (cont'd.)

2.2 Basis of consolidation (cont'd.)

Business combinations (cont'd.)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain or bargain purchase in profit or loss on the acquisition date.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method of accounting. The assets and liabilities of the entities are reflected at their carrying amounts reported in the consolidated financial statements of the Group. Any difference between the consideration paid and the share capital and capital reserves of the "acquired" entity is reflected within equity as merger reserve. The statements of profit or loss and other comprehensive income reflects the result of the entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been consolidated since the date the entities had come under common control.

Entities under common control are entities, which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the consolidated financial statements from the day that control commences until the date that control ceases.

2.3 Subsidiaries

A subsidiary is an entity over which the Group and the Company have all the following:

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

- Exposure, or rights, to variable returns from its investment with the investee; and

- The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

2. Summary of significant accounting policies (cont'd.)

2.4 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group and the Company are obligated to incur when the asset is acquired, if applicable.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciate it over its useful life. Likewise, when a major replacement occurs, its cost is recognised in the carrying amount as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	1%
Buildings and resort properties	2% - 33%
Plant and machinery	10% - 25%
Motor vehicles	20% - 25%
Renovation	10% - 20%
Furniture, fittings and equipment	10% - 40%

Upon adoption of MFRS 16 *Leases*, the carrying amount of the long term leasehold land previously classified as finance leases had been recognised by the Group immediately before transition as the carrying amount of the right-of-use asset at the date of initial application as disclosed in Note 14 to the financial statements.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use. The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

When an indication of impairment exists, the carrying amount of the asset is written down immediately to its recoverable value. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.7 to the financial statements.

2. Summary of significant accounting policies (cont'd.)

2.5 Leases

The Group as lessee

Accounting policies applied from 1 July 2019

The Group and the Company recognise a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is low value, conveying the right to control the use of an identified asset for a period of time.

The Group and the Company determine the lease term as the non-cancellable period of a lease, together with both:

(a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

(b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group and the Company consider all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group and the Company revise the lease term if there is a change in the non-cancellable period of a lease.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets of RM20,000 and below. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recorded at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date of the lease, less any lease incentives received;

(c) any initial direct costs incurred by the Group and the Company; and

(d) an estimate of costs to be incurred by the Group and the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

2. Summary of significant accounting policies (cont'd.)

2.5 Leases (cont'd.)

The Group as lessee (cont'd.)

Accounting policies applied from 1 July 2019 (cont'd.)

Right-of-use asset (cont'd.)

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	over the lease period up to 99 years
Buildings	over the lease period from 5 to 12 years
Motor vehicle and office equipment	over the lease period from 5 to 6 years

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group and the Company measure the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Accounting policies applied until 30 June 2019

(a) Hire purchase

Assets acquired under hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

2. Summary of significant accounting policies (cont'd.)

2.5 Leases (cont'd.)

Accounting policies applied until 30 June 2019 (cont'd.)

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and are accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

2.6 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions as at the end of the reporting period. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.4 to the financial statements up to the date of change in use.

2.7 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), inventories, deferred tax assets and investment properties measured at fair value, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

2. Summary of significant accounting policies (cont'd.)

2.7 Impairment of non-financial assets (cont'd.)

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, to reduce the carrying amount of other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss on an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

2.8 Financial instruments

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

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset (unless it is a trade receivable that does not contain a significant financing component) or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. Summary of significant accounting policies (cont'd.)

2.8 Financial instruments (cont'd.)

(a) Financial assets

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss ("FVTPL"), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income ("FVTOCI"), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequently to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments, which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL. Any gains or losses arising from the changes in fair value are recognised in profit or loss.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group has an option to elect an irrevocable option to designate its equity instruments at initial recognition as financial assets measured at FVTOCI if the equity instruments are not held for trading.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss for equity instruments measured at FVTPL. As for equity instruments measured at FVTOCI, any gains or losses arising from the changes in fair value are recognised in other comprehensive income and are not subsequently transferred to profit or loss.

Dividend on equity instruments are recognised in profit or loss when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

2. Summary of significant accounting policies (cont'd.)

2.8 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement.

A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities measured at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivatives liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for the Group's own credit risk increase or decrease which is recognised in other comprehensive income. Net gain or losses on derivatives include exchange differences.

(ii) Financial liabilities measured at amortised cost

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2. Summary of significant accounting policies (cont'd.)

2.8 Financial instruments (cont'd.)

(b) Financial liabilities (cont'd.)

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

The Group and the Company designate corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group and the Company recognise these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group and the Company assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statements of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

2.9 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution.

On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

2. Summary of significant accounting policies (cont'd.)

2.10 Impairment of financial assets

The Group applies the simplified approach to measure expected credit loss ("ECL"). This entails recognising a lifetime expected loss allowance for all trade receivables and contract assets.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the assets.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions (i.e. Gross Domestic Product growth rate, inflation rate, unemployment rate) of the Group's industry to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

In measuring the expected credit losses on trade receivables and contract assets, the probability of non-payment by the trade receivables and contract assets is adjusted by forward looking information (i.e. Gross Domestic Product growth rate and unemployment rate) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables and contract assets. For trade receivables and contract assets, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable and contract assets would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables and amounts due from subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. The Group defines significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment trends and past due over 60 days. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve (12) month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment of other receivables and amounts due from subsidiaries is adjusted by forward looking information (i.e. Gross Domestic Product growth rate, inflation rate, unemployment rate) and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for other receivables and amounts due from subsidiaries.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

2. Summary of significant accounting policies (cont'd.)

2.11 Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development, contract assets are the excess of cumulative revenue earned over the billings to date. Contract asset is stated at cost less accumulated impairment.

Contract liability is the obligation to transfer goods and services to customer for which the Group and the Company have received the consideration or have billed the customer. In the case of property development, contract liability is the excess of billings to date over cumulative revenue earned. Contract liabilities include sales of property to cash customer and other deferred income where the Group and the Company have billed or collected the payment before the goods are delivered or services are provided to the customers.

2.12 Inventories

(a) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at the lower of cost and net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development costs

Property development costs comprise cost of land, direct materials, direct labour, and other direct costs and related overheads incurred in the process of development that meet the definition of inventories are recognised as an asset and stated at lower of cost and net realisable value. The property development costs are subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer.

Property development costs for which work has been undertaken and development activities are expected to be completed within the normal operating cycle, are classified as current asset.

(c) Completed properties and consumables

Completed properties and consumables are stated at the lower of cost and net realisable value.

The cost of unsold completed properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Cost of consumables is determined using either the specific identification or weighted average method, where applicable. The cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

2. Summary of significant accounting policies (cont'd.)

2.13 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability.

2.14 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale, after which such expense is charged to profit or loss. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as part of other losses or other income in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.15 Employee benefits

(a) Short term benefits

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

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

The Group and the Company participate in the national pension scheme as defined by the laws. The Group and the Company make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme.

2. Summary of significant accounting policies (cont'd.)

2.15 Employee benefits (cont'd.)

(c) Employee share option scheme

Employees of the Group and the Company receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at the end of the reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

When employees provide services in advance of the grant date, the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

2.16 Revenue recognition

(a) Sale of property under development

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from property development is measured at the fixed transaction price agreed under the agreement.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract using the input method by reference to the costs incurred for work performed to date against the estimated costs to completion if control of the asset transfers over time. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

2. Summary of significant accounting policies (cont'd.)

2.16 Revenue recognition (cont'd.)

(a) Sale of property under development (cont'd.)

The Group identifies performance obligations that are distinct and material, which are judgemental in the context of contracts. The Group also estimates total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations, claims and cost contingencies.

(b) Sale of completed properties

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

There is no significant financing component in the revenue arising from sale of completed properties as the sales are made on the normal credit terms not exceeding twelve (12) months.

(c) Resort operations

Room revenue generally relates to contracts with customers in which performance obligations are to provide accommodations to hotel guests. As compensation for such services, the Group is typically entitled to a fixed nightly fee for an agreed upon period. The Group generally satisfies its performance obligations over time, and recognise the revenue from room sales on a daily basis, as the rooms are occupied and the services are rendered.

(d) Sale of goods and services

Revenue from sale of goods and services rendered is recognised at a point in time when the goods have been transferred or the services have been rendered to the customers and coincide with the delivery of goods and services and acceptance by customers.

There is no material right of return and warranty provided to the customers on the sale of goods and services rendered.

There is no significant financing component in the revenue arising from sale of goods and services rendered as the sales or services are made on the normal credit terms not exceeding twelve (12) months.

(e) Education services

Tuition fees are recognised over a period of time when the services are rendered.

Revenue recognition not in relation to performance obligations is described below:

(a) Management fees from subsidiaries

Management fees from the provision of management services to subsidiaries are recognised when the subsidiaries simultaneously receive and consume the benefits.

2. Summary of significant accounting policies (cont'd.)

2.16 Revenue recognition (cont'd.)

Revenue recognition not in relation to performance obligations is described below (cont'd.):

(b) Rental income

Rental income is accounted for on a straight-line basis over the lease terms in the profit or loss due to its operating nature.

(c) Dividend income

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

(d) Interest income

Interest income is recognised as it accrues, using the effective interest method.

2.17 Income taxes

Income taxes include all domestic taxes on taxable profits. Income taxes also include real property gains taxes payable on the disposal of properties.

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current taxes are recognised in the profit or loss except to the extent that the tax relates to items recognised either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor the taxable profit; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd.)

2.17 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor the taxable profit; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.18 Operating segments

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

2. Summary of significant accounting policies (cont'd.)

2.18 Operating segments (cont'd.)

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and inter-segment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

(i) The combined reported profit of all operating segments that did not report a loss; and

(ii) The combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

2.19 Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

2.20 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

2. Summary of significant accounting policies (cont'd.)

2.21 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.22 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.23 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group and the Company do not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Company. The Group and the Company do not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group and the Company under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

2.24 Fair value measurements

Fair value, (except for share-based payment and lease transactions) is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability; or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2. Summary of significant accounting policies (cont'd.)

2.24 Fair value measurements (cont'd.)

The Group and the Company measure the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group and the Company have considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that appropriate in circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(ii) Level 2 - Valuation techniques for the lowest level input that is significant to the fair value measurement is directly or indirectly observable

(iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purposes of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

3. Significant accounting judgements and estimates

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Critical judgement made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Contingent liabilities

The Group determines whether an obligation in relation to a contingent liability exists at the end of the reporting period by taking into account all available evidence, including the opinion of experts. The evidence considered includes any additional evidence provided by events after the end of the reporting period. On the basis of such evidence, the Group evaluates if the obligation needs to be recognised in the financial statements. Details of the contingent liabilities involving the Group are disclosed in Note 31 to the financial statements.

3.2 Key sources of estimation and uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Revenue from property development activities

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract using the input method by reference to the costs incurred for work performed to date against the estimated costs to completion if control of the asset transfers over time. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Significant judgement is required in determining the satisfaction of performance obligations as stated in the contracts with customers and costs in applying the input method to recognise revenue over time.

(b) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Impairment of trade receivables

It requires management to exercise significant judgement in determining the probability of default by trade receivables and contract assets and appropriate forward looking information, incorporating the impact of the Covid-19 pandemic.

4. Revenue

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers:				
Property development activities:				
- sale of property under development	137,198	90,920	-	-
- sale of completed properties	43,854	57,050	-	-
Resort operations	8,160	12,862	-	-
Sales of goods and services	10,271	9,713	-	-
Educational services	1,410	1,254	-	-
	200,893	171,799	-	-
Other revenue:				
Rental income	1,005	321	-	-
Dividend income from a subsidiary	-	-	12,000	-
Management fees from subsidiaries	-	-	19,000	22,489
	1,005	321	31,000	22,489
	201,898	172,120	31,000	22,489
Timing of revenue recognition:				
Products and services transferred over time	146,768	105,036	-	-
Products and services transferred at a point in time	54,125	66,763	-	-
Revenue from contracts with customers	200,893	171,799	-	-

No disaggregation of revenue from contracts with customers by geographical basis has been presented as the Group's and the Company's activities are carried out predominantly in Malaysia.

There is no material right of return and warranty provided to the customers on the sale of goods and services rendered.

There is no significant financing component in the revenue arising from sale of completed properties as the sales are made on the normal credit terms not exceeding twelve (12) months.

5. Cost of sales

	Group	
	2020 RM'000	2019 RM'000
Cost of property under development	70,429	41,790
Cost of completed properties sold	33,033	35,600
Resort operations	4,129	5,824
Costs of goods and services rendered	6,938	8,708
Cost of educational services	779	1,238
	115,308	93,160

6. Other income

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Administrative fees received from sub-sales of properties	337	257	-	-
Bad debt recovered	4	-	-	-
Fair value gain on investment properties	3,610	56,696	-	-
Forfeiture income	408	258	-	-
Gain on disposal of investment properties	30	-	-	-
Interest income from deposits with licensed banks	1,174	1,975	392	983
Miscellaneous income	594	809	27	3
Rental income	2,528	3,095	-	-
Reversal of impairment losses on:				
- trade receivables (Note 20(c))	4,756	1,765	-	-
- other receivables (Note 21(b))	2,745	81	-	-
- contract assets (Note 22(c))	602	181	-	-
Reversal of inventories written down (Note 17(g))	28	-	-	-
Reduction of payables	96	2,067	-	-
Total	16,912	67,184	419	986

7. Finance costs

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expense on:				
- borrowings	3,251	4,418	-	-
- unwinding of interest	2,339	1,824	-	-
- lease liabilities (Note 27(b))	48	-	319	-
Less: Amount capitalised in property development costs (Note 17(d))	(1,991)	(1,995)	-	-
	3,647	4,247	319	-

8. Profit before tax

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived after charging:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration				
- statutory audit				
- current	350	398	90	90
- under provision in prior year	-	20	-	20
- non-statutory audit - current	10	10	10	10
Depreciation of property,				
plant and equipment (Note 14)	6,422	6,095	523	73
Employee benefits expense (Note 9)	30,361	41,940	13,113	13,334
Fair value loss on investment properties	350	-	-	-
Impairment losses on:				
- property, plant and equipment (Note 14)	-	29	-	-
- trade receivables (Note 20(c))	682	7,700	-	-
- other receivables (Note 21(b))	1,397	4,700	-	-
- amounts due from subsidiaries (Note 21(c))	-	-	7,259	2,381
- contract assets (Note 22(c))	6	726	-	-
Rental expense:				
- subsidiaries	-	-	-	542
- short-term leases	201	1,151	-	-
- low-value leases	199	-	81	149
Tax penalty (Note 31(a))	-	5,876	-	-
Write-off of property,				
plant and equipment (Note 14)	168	18	-	-
Write-down of inventories (Note 17(f))	2,246	315	-	-

9. Employee benefits expense

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries, wages, bonuses and allowances	25,670	34,050	11,554	11,065
Contribution to defined contribution plan	2,660	4,408	1,218	1,448
Social security costs	219	436	57	66
Other staff benefits	1,812	3,046	284	755
	30,361	41,940	13,113	13,334

Included in employee benefits expense of the Group and of the Company is the Directors' remuneration amounting to RM3,658,000 (2019: RM3,976,000) as further disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

10. Directors' remuneration

	Group/Company	
	2020 RM'000	2019 RM'000
Executive:		
Salaries	1,990	2,136
Contribution to defined contribution plan	426	495
Allowances	694	705
Benefits-in-kind	170	170
	3,280	3,506
Non-Executive:		
Fees	270	294
Allowances	94	176
	364	470
Total	3,644	3,976

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2020	2019
Executive Directors:		
RM1 - RM500,000	-	-
RM500,001 - RM1,000,000	-	-
RM1,000,001 - RM1,500,000	1	1
RM1,500,001 - RM2,000,000	1	-
RM2,000,001 - RM2,500,000	-	1
Non-Executive Directors:		
< RM50,000	-	-
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	3	2
RM150,001 - RM200,000	-	1

11. Taxation

The major components of taxation for the year ended 30 June 2020 and 30 June 2019 are:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax expense based on profit for the financial year:				
Current tax	10,099	9,797	1,427	1,622
(Over)/Under-provision in prior years	(792)	8,930	(79)	(131)
	9,307	18,727	1,348	1,491

11. Taxation (cont'd.)

The major components of taxation for the year ended 30 June 2020 and 30 June2019 are (cont'd.):

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Deferred tax (Note 19):				
Relating to increase/(reversal) of temporary differences	745	6,822	(2,198)	(649)
(Over)/Under-provision in prior years	(18)	(2,591)	11	3
	727	4,231	(2,187)	(646)
	10,034	22,958	(839)	845

The Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profits for the fiscal year.

Reconciliation between taxation and accounting profit

A reconciliation of taxation applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rates of the Group and of the Company are as follows:

	2020 RM'000	**2019 RM'000**
Group		
Profit before tax	20,398	29,299
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	4,896	7,032
Income not subject to tax	(828)	(374)
Expenses not deductible for tax purposes	4,551	6,030
Deferred tax assets not recognised	2,512	5,961
Utilisation of previously unrecognised deferred tax assets	(287)	(2,030)
(Over)/Under-provision of income tax expense in prior years	(792)	8,930
Over-provision of deferred tax in prior years	(18)	(2,591)
Taxation for the year	10,034	22,958
Company		
Profit before tax	5,910	1,379
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	1,418	331
Income not subject to tax	(2,880)	(235)
Expenses not deductible for tax purposes	691	877
Over-provision of income tax expense in prior years	(79)	(131)
Under-provision of deferred tax in prior years	11	3
Taxation for the year	(839)	845

11. Taxation (cont'd.)

Tax savings of the Group is as follows:

	Group 2020 RM'000	Group 2019 RM'000
Arising from utilisation of previously unrecognised tax losses	287	2,030

12. Earnings per share

(a) Basic

Basic earnings per ordinary share are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	Group 2020	Group 2019
Profit attributable to owners of the parent (RM'000)	10,562	6,374
Weighted average number of ordinary shares in issue ('000)	1,204,590	1,204,590
Basic earnings per share (sen)	0.9	0.5

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as the Company has no dilutive potential ordinary share in issue as at the end of the reporting period.

13. Dividend

	Group and Company 2020 Dividend per share Sen	Group and Company 2020 Amount of dividend RM'000
In respect of the financial year ended 30 June 2020:		
First interim single-tier dividend of 1.0 sen, paid on 17 June 2020	1.0	12,046

14. Property, plant and equipment

Group	Freehold land RM'000	Leasehold land RM'000	Buildings and resort properties RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Subtotal RM'000	Right-of-use: Leasehold land RM'000	Right-of-use: Buildings RM'000	Right-of-use: Motor vehicles and equipment RM'000	Total RM'000
At 30 June 2020												
Cost												
At 1 July 2019 (as previously reported)	5,229	32,471	203,184	21,253	5,178	40,938	9,826	318,079	-	-	-	318,079
Effect of adoption of MFRS 16 (Note 38.1)	-	(32,471)	-	-	(341)	-	-	(32,812)	32,471	502	395	556
At 1 July 2019 (restated)	5,229	-	203,184	21,253	4,837	40,938	9,826	285,267	32,471	502	395	318,635
Additions	-	-	-	79	24	1,095	8	1,206	-	83	-	1,289
Write off	-	-	-	(986)	-	(1,879)	-	(2,865)	-	-	-	(2,865)
At 30 June 2020	5,229	-	203,184	20,346	4,861	40,154	9,834	283,608	32,471	585	395	317,059
Accumulated depreciation and impairment losses												
At 1 July 2019 (as previously reported)	-	3,317	67,867	20,901	4,886	35,635	7,899	140,505	-	-	-	140,505
Effect of adoption of MFRS 16 (Note 38.1)	-	(3,317)	-	-	(54)	-	-	(3,371)	3,317	134	81	161
At 1 July 2019 (restated)	-	-	67,867	20,901	4,832	35,635	7,899	137,134	3,317	134	81	140,666
Depreciation charge for the year	-	-	3,874	222	5	1,506	242	5,849	392	102	79	6,422
Write off	-	-	-	(884)	-	(1,813)	-	(2,697)	-	-	-	(2,697)
At 30 June 2020	-	-	71,741	20,239	4,837	35,328	8,141	140,286	3,709	236	160	144,391
Net carrying amount	5,229	-	131,443	107	24	4,826	1,693	143,322	28,762	349	235	172,668

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

14. Property, plant and equipment (cont'd.)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings and resort properties RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Total RM'000
At 30 June 2019								
Cost								
At 1 July 2018	5,229	32,471	199,928	21,041	4,930	38,893	9,459	311,951
Additions	-	-	3,256	212	248	2,073	367	6,156
Write off	-	-	-	-	-	(28)	-	(28)
At 30 June 2019	5,229	32,471	203,184	21,253	5,178	40,938	9,826	318,079
Accumulated depreciation and impairment losses								
At 1 July 2018	-	2,925	63,995	20,495	4,807	34,493	7,676	134,391
Depreciation charge for the year	-	392	3,843	406	79	1,152	223	6,095
Impairment losses (Note 8)	-	-	29	-	-	-	-	29
Write off	-	-	-	-	-	(10)	-	(10)
At 30 June 2019	-	3,317	67,867	20,901	4,886	35,635	7,899	140,505
Net carrying amount	5,229	29,154	135,317	352	292	5,303	1,927	177,574

14. Property, plant and equipment (cont'd.)

Company	Renovation RM'000	Furniture and fittings RM'000	Equipment RM'000	Motor vehicles RM'000	Subtotal RM'000	Right-of-use Buildings RM'000	Total RM'000
At 30 June 2020							
Cost							
At 1 July 2019 (as previously reported)	707	1,686	1,699	563	4,655	-	4,655
Effects on adoption of MFRS 16 (Note 38.1)	-	-	-	-	-	4,581	4,581
At 1 July 2019 (restated)	707	1,686	1,699	563	4,655	4,581	9,236
Additions	-	3	44	-	47	-	47
At 30 June 2020	707	1,689	1,743	563	4,702	4,581	9,283
Accumulated depreciation							
At 1 July 2019 (as previously reported)	707	1,635	1,350	563	4,255	-	4,255
Effects on adoption of MFRS 16 (Note 38.1)	-	-	-	-	-	448	448
At 1 July 2019 (restated)	707	1,635	1,350	563	4,255	448	4,703
Depreciation charge for the year	-	12	101	-	113	410	523
At 30 June 2020	707	1,647	1,451	563	4,368	858	5,226
Net carrying amount	-	42	292	-	334	3,723	4,057

14. Property, plant and equipment (cont'd.)

Company	Renovation RM'000	Furniture and fittings RM'000	Equipment RM'000	Motor vehicles RM'000	Total RM'000
At 30 June 2019					
Cost					
At 1 July 2018	707	1,677	1,410	563	4,357
Additions	-	9	289	-	298
At 30 June 2019	707	1,686	1,699	563	4,655
Accumulated depreciation					
At 1 July 2018	707	1,623	1,289	563	4,182
Depreciation charge for the year	-	12	61	-	73
At 30 June 2019	707	1,635	1,350	563	4,255
Net carrying amount	-	51	349	-	400

(a) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Purchase of property, plant and equipment	1,289	6,156	47	298
Financed by:				
- hire purchase payables (Note 26(d))	-	(235)	-	-
- lease liabilities (Note 27(b))	(83)	-	-	-
Cash payments on purchase of property, plant and equipment	1,206	5,921	47	298

(b) In the previous financial year, included in property, plant and equipment of the Group were assets acquired under hire purchase arrangements with a carrying amount of RM286,000.

14. Property, plant and equipment (cont'd.)

(c) Carrying amount of the Group's property, plant and equipment pledged for borrowings as referred to in Note 26 to the financial statements are as follows:

	Group 2020 RM'000	Group 2019 RM'000
Leasehold land and buildings	8,347	8,587

(d) In the previous financial year, impairment losses on property, plant and equipment amounting to RM29,000 had been recognised due to recoverable amounts of property, plant and equipment were lower than their carrying amounts.

(e) In the previous financial year, the Group had assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group had classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 *Leases*.

15. Investment properties

	Group 2020 RM'000	Group 2019 RM'000
At fair value		
At beginning of the year	213,305	149,460
Transferred from inventories (Note 17)	-	7,149
Fair value adjustments:		
- gains	3,610	56,696
- losses	(350)	-
Disposal	(120)	-
At end of the year	216,445	213,305

	Group 2020 RM'000	Group 2019 RM'000
The following investment properties are held under lease terms:		
Leasehold land and buildings	216,445	213,305

15. Investment properties (cont'd.)

(a) The amounts of direct expenses recognised in profit or loss during the financial year are as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Generating rental income	80	113
Non-generating rental income	2,323	2,868

(b) The fair value of investment properties of the Group are categorised as follows:

	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
At 30 June 2020				
Leasehold land and buildings	-	-	216,445	216,445
At 30 June 2019				
Leasehold land and buildings	-	-	213,305	213,305

(i) The fair values of the investment properties of the Group, which comprise leasehold land, buildings and shoplots have been arrived on the basis of valuation carried out by independent firms of professional valuers. The independent professional valuers have adopted the comparison method, making reference to relevant comparable transactions in the market as well as the present worth of the improvement and land values. In arriving at the valuation, the independent professional valuers have made adjustments for factors, which would affect the market value of the investment properties including but not limited to views, size, floor levels and time factors.

(ii) The fair value measurements for the investment properties are based on the highest and best use which does not differ from their actual use.

(iii) Fair value reconciliation of investment properties of the Group measured at Level 3:

	Leasehold land RM'000	**Buildings and shoplots RM'000**	**Total RM'000**
At 30 June 2020			
At the beginning of the year	207,400	5,905	213,305
Fair value adjustments	3,310	(50)	3,260
Disposal	-	(120)	(120)
At the end of the year	210,710	5,735	216,445
At 30 June 2019			
At the beginning of the year	143,560	5,900	149,460
Fair value adjustments	56,691	5	56,696
Transfer from inventories	7,149	-	7,149
At the end of the year	207,400	5,905	213,305

15. Investment properties (cont'd.)

(c) Description of valuation techniques used and key inputs to valuation on investment properties of the Group measured at Level 3:

Property category	Valuation technique	Significant unobservable inputs	2020 RM	2019 RM
Leasehold land, buildings and shoplots	Comparison method	Adjusted property value	21 - 1,925 per sqft	21 - 1,925 per sqft

16. Investments in subsidiaries

	Company 2020 RM'000	Company 2019 RM'000
Unquoted shares, at cost	1,924,055	1,924,055
Less: Impairment losses	(750)	(750)
	1,923,305	1,923,305

(a) Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of company	Effective interest in equity (%) 2020	Effective interest in equity (%) 2019	Principal activities
BML Management Sdn. Bhd.	100	100	Dormant
Bukit Merah Resort Sdn. Bhd.	100	100	Operator of resort and theme park
Centralpolitan Development Sdn. Bhd.	100	100	Property development
Dominant Star Sdn. Bhd.	100	100	Property development and investment holding
Golden Precinct Sdn. Bhd.	100	100	Dormant
Medan Prestasi Sdn. Bhd.	100	100	Property development, property investment and investment holding
Melur Unggul Sdn. Bhd.	100	100	Dormant
M.K. Development Sdn. Bhd.	100	100	Property development and property investment
M K Land Resources Sdn. Bhd.	100	100	Investment and property holding
M K Land Ventures Sdn. Bhd.	100	100	Investment and property holding

16. Investments in subsidiaries (cont'd.)

(a) Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows (cont'd.):

Name of company	Effective interest in equity (%) 2020	2019	Principal activities
Paramoden Sdn. Bhd.	100	100	Property development
Plato Construction Sdn. Bhd.	100	100	Dormant
Profil Etika (M) Sdn. Bhd.	100	100	Dormant
Prominent Valley Berhad	100	100	Dormant
Pujaan Pasifik Sdn. Bhd.	100	100	Operator of hotel
Saujana Triangle Sdn. Bhd.	100	100	Property development, property investment and investment holding
Segi Objektif (M) Sdn. Bhd.	100	100	Property development, owner of resort, hotel, theme park and investment holding
Sumbangan Berkat Sdn. Bhd.	100	100	Dormant
Tema Teladan Sdn. Bhd.	100	100	Property development, owner of hotel and investment holding
Vast Option Sdn. Bhd.	100	100	Provision of educational services
Vibrant Leisure Sdn. Bhd.	100	100	Property development
Zaman Teladan Sdn. Bhd.	100	100	Property development
Paramount Innovation Sdn. Bhd.	100	100	Dormant
MK Training & Consultancy Sdn. Bhd.	100	100	Dormant
Ritma Mantap Sdn. Bhd. ("RMSB")	100	100	Investment holding
Duta Realiti Sdn. Bhd.	100	100	Dormant
Naluri Majujaya Sdn. Bhd. ("NMSB")	85	85	Property development

The above subsidiaries are audited by BDO PLT.

(b) In the previous financial year, RMSB had acquired one (1) ordinary share representing 100% equity interest in NMSB for a cash consideration of RM1. Arising from the acquisition, NMSB became an indirect wholly-owned subsidiary of the Company.

Subsequently on 27 September 2018, the issued and paid up ordinary share capital of NMSB had been increased to RM300,000 by further allotment of 254,999 ordinary shares to RMSB for a cash consideration of RM254,999 and 45,000 ordinary shares to Menteri Besar Incorporated (Perak) for a cash consideration of RM45,000. Arising from this allotment, NMSB became a 85% owned indirect subsidiary of the Company.

17. Inventories

	Note	Group 2020 RM'000	Group 2019 RM'000
Non-current			
At cost:			
Land held for property development	(a)	807,090	781,923
Current			
At cost:			
Completed properties		69,358	101,086
Food, beverage, supplies and merchandise		353	346
		69,711	101,432
Property development costs	(b)	139,125	106,005
		208,836	207,437
At net realisable value:			
Completed properties		58,278	61,340
		267,114	268,777
Non-current		807,090	781,923
Current		267,114	268,777
		1,074,204	1,050,700

(a) Land held for property development

	Group 2020 RM'000	Group 2019 RM'000
At beginning of the year:		
Freehold land	31,525	4,142
Leasehold land	271,315	264,172
Development costs	479,083	489,281
	781,923	757,595
Cost incurred during the year:		
Leasehold land	-	14,226
Development costs	14,922	2,396
	14,922	16,622
Transfers from/(to):		
Investment properties (Note 15)	-	(7,149)
Property development cost (Note 17(b))	18,514	14,855
	18,514	7,706
Disposals	(8,269)	-

17. Inventories (cont'd.)

(a) Land held for property development (cont'd.)

	Group 2020 RM'000	Group 2019 RM'000
At end of the year:		
Freehold land	34,146	31,525
Leasehold land	272,325	271,315
Development costs	500,619	479,083
	807,090	781,923

(b) Property development costs

	Group 2020 RM'000	Group 2019 RM'000
At beginning of the year:		
Freehold land	19,338	19,338
Leasehold land	54,955	95,235
Development costs	2,089,805	1,959,130
	2,164,098	2,073,703
Costs incurred during the year:		
Development costs	110,039	112,139
Costs recognised in profit or loss:		
At beginning of the year	(2,058,093)	(1,998,274)
Recognised during the year	(58,405)	(59,819)
At end of the year	(2,116,498)	(2,058,093)
Transfer:		
To completed properties	-	(6,889)
To land held for property development (Note 17(a))	(18,514)	(14,855)
	(18,514)	(21,744)
At end of the year	139,125	106,005

17. Inventories (cont'd.)

(c) The following properties and their related development expenditure are pledged as security for borrowings granted to the Group as disclosed in Note 26 to the financial statements:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Land held for property development	35,593	34,407
Property development costs	124,375	92,239
Completed properties	35,908	47,425
	195,876	174,071

(d) Included in the Group's development expenditure is interest expense capitalised during the financial year of RM1,991,000 (2019: RM1,995,000) at interest rate of 7.4% (2019: 7.9%) per annum.

(e) During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM114,529,000 (2019: RM86,098,000).

(f) During the current financial year, the amount of inventories written down of the Group was RM2,246,000 (2019: RM315,000).

(g) The Group reversed RM28,000 (2019: RM Nil) in respect of inventories written down in the previous financial years that were subsequently not required as the Group was able to sell those inventories above their carrying amounts.

18. Other investments

	Group/Company	
	2020	**2019**
	RM'000	**RM'000**
Investment in bonds, fair value through other comprehensive income		
At 1 July/30 June	-	-

19. Deferred tax

(a) The deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
At 1 July (as previously reported)	16,230	11,999	(2,631)	(1,985)
Effects on adoption of MFRS 16 (Note 38.1)	(5)	-	(36)	-
At 1 July (restated)	16,225	11,999	(2,667)	(1,985)
Recognised in profit or loss (Note 11)	727	4,231	(2,187)	(646)
At 30 June	16,952	16,230	(4,854)	(2,631)
Presented after appropriate offsetting as follows:				
Deferred tax assets, net	(9,491)	(10,044)	(4,854)	(2,631)
Deferred tax liabilities, net	26,443	26,274	-	-
	16,952	16,230	(4,854)	(2,631)

(b) The components and movements of deferred tax liabilities and assets during the financial year are as follows:

Deferred tax liabilities of the Group:

	Excess of capital allowances over book depreciation RM'000	**Investment properties RM'000**	**Others RM'000**	**Total RM'000**
At 1 July 2019	4,035	21,450	789	26,274
Recognised in profit or loss	218	(49)	-	169
At 30 June 2020	4,253	21,401	789	26,443
At 1 July 2018	4,019	8,265	2,549	14,833
Recognised in profit or loss	16	13,185	(1,760)	11,441
At 30 June 2019	4,035	21,450	789	26,274

19. Deferred tax (cont'd.)

(b) The components and movements of deferred tax liabilities and assets during the financial year are as follows (cont'd.):

Deferred tax assets of the Group:

	Provisions RM'000	Total RM'000
At 1 July 2019 (as previously reported)	(10,044)	(10,044)
Effects on adoption of MFRS 16 (Note 38.1)	(5)	(5)
At 1 July 2019 (restated)	(10,049)	(10,049)
Recognised in profit or loss	558	558
At 30 June 2020	(9,491)	(9,491)
At 1 July 2018	(2,834)	(2,834)
Recognised in profit or loss	(7,210)	(7,210)
At 30 June 2019	(10,044)	(10,044)

Deferred tax assets of the Company:

	Provisions RM'000	Total RM'000
At 1 July 2019 (as previously reported)	(2,631)	(2,631)
Effects on adoption of MFRS 16 (Note 38.1)	(36)	(36)
At 1 July 2019 (restated)	(2,667)	(2,667)
Recognised in profit or loss	(2,187)	(2,187)
At 30 June 2020	(4,854)	(4,854)
At 1 July 2018	(1,985)	(1,985)
Recognised in profit or loss	(646)	(646)
At 30 June 2019	(2,631)	(2,631)

19. Deferred tax (cont'd.)

(c) The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group 2020 RM'000	Group 2019 RM'000
Unutilised tax losses		
- Expires by 30 June 2026	43,168	43,650
- Expires by 30 June 2027	8,872	-
Unabsorbed capital allowances	54,069	51,975
Other temporary differences	(8,989)	(7,777)
	97,120	87,848

Deferred tax assets of certain subsidiaries have been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the local authority.

20. Trade receivables

	Group 2020 RM'000	Group 2019 RM'000
Third parties	70,621	77,293
Stakeholders' sum	35,562	37,411
	106,183	114,704
Less: Impairment losses	(46,312)	(50,386)
Trade receivables, net	59,871	64,318

(a) The Group's normal trade credit terms range from 14 to 90 days (2019: 14 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or a group of debtors.

(b) The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions (i.e. Gross Domestic Product growth rate and unemployment rate) of the Group to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

In measuring the expected credit losses on trade receivables and contract assets, the probability of non-payment by the trade receivables and contract assets is adjusted by forward looking information (i.e. Gross Domestic Product growth rate and unemployment rate) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables and contract assets. For trade receivables and contract assets, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within the statements of profit or loss. On confirmation that the trade receivables and contract assets would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

20. Trade receivables (cont'd.)

(c) The reconciliation of movements in allowance for impairment accounts in trade receivables is as follows:

	Group		
	Lifetime ECL allowance RM'000	**Credit impaired RM'000**	**Total allowance RM'000**
At 1 July 2019	9,676	40,710	50,386
Charge for the year	682	-	682
Reversal of impairment losses	(3,633)	(1,123)	(4,756)
At 30 June 2020	6,725	39,587	46,312
At 1 July 2018	3,507	41,012	44,519
Charge for the year	7,487	213	7,700
Reversal of impairment losses	(1,318)	(447)	(1,765)
Written off	-	(68)	(68)
At 30 June 2019	9,676	40,710	50,386

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

(d) As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group are summarised in the table below:

	Group	
	2020 RM'000	**2019 RM'000**
Maximum exposure	59,871	64,318
Collateral obtained	(23,334)	(10,169)
Net exposure to credit risk	36,537	54,149

The above collaterals are letters of undertaking from financial institutions for properties sold and letter of guarantee from local authority for educational services.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

20. Trade receivables (cont'd.)

(e) Ageing analysis of the trade receivables is as follows:

Group	Gross RM'000	2020 Impaired RM'000	Total RM'000
Current	56,233	(513)	55,720
1 to 30 days past due	1,458	(24)	1,434
31 to 60 days past due	42	(7)	35
More than 60 days past due	48,450	(45,768)	2,682
	49,950	(45,799)	4,151
	106,183	(46,312)	59,871

Group	Gross RM'000	2019 Impaired RM'000	Total RM'000
Current	54,238	(1,081)	53,157
1 to 30 days past due	6,302	(437)	5,865
31 to 60 days past due	4,347	(1,238)	3,109
More than 60 days past due	49,817	(47,630)	2,187
	60,466	(49,305)	11,161
	114,704	(50,386)	64,318

(f) Trade receivables are denominated in RM.

(g) Information on financial risks of trade receivables is disclosed in Note 33(a) to the financial statements.

21. Other receivables

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Advances to contractors	13,503	13,503	-	-
Deposits	4,277	5,506	170	203
Due from subsidiaries	-	-	75,869	25,771
Prepayments	372	400	-	-
Sundry receivables	13,995	14,871	29	29
	32,147	34,280	76,068	26,003
Less: Impairment losses	(27,114)	(28,462)	(10,647)	(3,388)
Other receivables, net	5,033	5,818	65,421	22,615

21. Other receivables (cont'd.)

(a) Impairment for other receivables and amounts due from subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment of other receivables and amounts due from subsidiaries is adjusted by forward looking information (i.e. Gross Domestic Product growth rate and unemployment rate) and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables and amounts due from subsidiaries.

(b) The reconciliation of movements in allowance for impairment accounts in other receivables is as follows:

		Group		
	12-month	Lifetime		
	ECL allowance RM'000	ECL allowance* RM'000	Credit impaired RM'000	Total allowance RM'000
At 1 July 2019	6,136	-	22,326	28,462
Charge for the year	1,397	-	-	1,397
Reversal of impairment losses	(171)	-	(2,574)	(2,745)
At 30 June 2020	7,362	-	19,752	27,114
At 1 July 2018	4,239	-	20,145	24,384
Charge for the year	1,978	-	2,722	4,700
Reversal of impairment losses	(81)	-	-	(81)
Written off	-	-	(541)	(541)
At 30 June 2019	6,136	-	22,326	28,462

** The effect of expected credit loss is insignificant*

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the financial year end.

21. Other receivables (cont'd.)

(c) Movements in the impairment allowance for amounts due from subsidiaries are as follows:

	Company			
		Lifetime		
	12-month ECL allowance RM'000	ECL allowance* RM'000	Credit impaired RM'000	Total allowance RM'000
At 1 July 2019	3,388	-	-	3,388
Charge for the year	7,259	-	-	7,259
At 30 June 2020	10,647	-	-	10,647
At 1 July 2018	1,007	-	-	1,007
Charge for the year	2,381	-	-	2,381
At 30 June 2019	3,388	-	-	3,388

** The effect of expected credit loss is insignificant*

(d) Amounts due from subsidiaries are unsecured, interest free and receivable within the next twelve (12) months.

(e) Other receivables are denominated in RM.

(f) Information on financial risks of other receivables is disclosed in Note 33(a) to the financial statements.

22. Contract assets/liabilities

	Group	
	2020 RM'000	2019 RM'000
Contract assets		
Property development activities	55,051	60,974
Less: Impairment losses	(1,731)	(2,327)
	53,320	58,647
Contract liabilities		
Property development activities	31,093	66,708
Education services	267	283
Resort operation	413	413
	31,773	67,404

22. Contract assets/liabilities (cont'd.)

(a) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Within one (1) year	17,823	48,753
Between one (1) and four (4) years	13,950	18,651
	31,773	67,404

(b) The amount of RM37,352,000 (2019:RM881,000) recognised in contract liabilities at the beginning of the financial year has been recognised as revenue for the financial year ended 30 June 2020.

(c) The reconciliation of movements in allowance for impairment losses in contract assets is as follows:

	Group Lifetime ECL allowance	
	2020 RM'000	**2019 RM'000**
At 1 July	2,327	1,782
Charge for the year	6	726
Reversal of impairment losses	(602)	(181)
At 30 June	1,731	2,327

23. Other financial assets

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Fair value through profit or loss financial assets				
Money market funds and trust funds	6,823	33,830	6,755	33,794

Placement in funds are classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value is categorised as Level 1 in fair value hierarchy.

24. Cash and bank balances

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash on hand and at banks	44,329	40,893	523	525
Deposits with licensed banks	6,305	5,787	-	-
Cash and bank balances	50,634	46,680	523	525
Less: Deposits with licensed banks for more than three (3) months	(881)	(4,061)	-	-
Deposits with licensed banks pledged for bank guarantee facilities	(5,261)	(1,726)	-	-
Bank overdrafts (Note 26)	(9,837)	(9,435)	-	-
Cash and cash equivalents	34,655	31,458	523	525

(a) Included in cash and bank balances of the Group are:

	Group	
	2020 RM'000	2019 RM'000
Amounts maintained pursuant to:		
Section 7A of the Housing Development (Control and Licensing) Act, 1966 ("HDA") (As amended by the Housing Development (Control and Licensing) (Amendment) Act, 2015)	27,997	32,267
Deposits with licensed banks pledged for bank guarantee facilities	5,261	1,726

(b) The weighted average effective interest rates of deposits as at reporting date were as follows:

	Group	
	2020 %	2019 %
Licensed banks	2.0	3.2

(c) The weighted average effective maturity of deposits as at reporting date were as follows:

	Group	
	2020 Days	2019 Days
Licensed banks	47	118

(d) All cash and bank balances are denominated in RM.

(e) No expected credit losses were recognised arising from cash at banks and deposits with licensed banks because the probability of default by these financial institutions were negligible.

25. Share capital

	Group/Company			
	Number of ordinary shares		Amount	
	2020 '000	2019 '000	2020 RM'000	2019 RM'000
Ordinary shares				
Issued and fully paid				
At 1 July/30 June	1,207,262	1,207,262	1,216,296	1,216,296

The owners of the ordinary shares are entitled to receive dividend 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.

(a) Employee Share Option Scheme ("ESOS")

The Company's ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 29 November 2002. As at the reporting date and at the date of this report, the ESOS has yet to be implemented. Accordingly, no options have been granted at the reporting date.

The salient features of the ESOS are as follows:

(i) The ESOS shall be in force for a period of five years from the date of offer which is yet to be determined.

(ii) Eligible persons are full time employees of the Group and of the Company (including executive Directors subject to the approval by the Company in a general meeting) and must have attained the age of eighteen years before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors.

(iii) Total number of shares to be offered shall not at the time of offering the options exceed 10% of the total issued and paid-up capital of the Company at any point in time or such maximum percentages as may be permitted by the relevant authorities from time to time during the tenure of the ESOS.

(iv) The option price for each share shall be the average of the mean market price of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five trading days preceding the date of offer, or the par value of the shares of the Company of RM1.00, whichever is the higher.

(v) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company before the expiry of five years from the date of the offer or such shorter period as may be specified in such offer.

(vi) There will be an equitable allocation to the various grades of eligible employees, such that not more than 50% of the shares available under the scheme should be allocated, in aggregate, to the senior management. In addition, not more than 10% of the shares available under the scheme should be allocated to any eligible employee who, either singly or collectively through his or her associates, holds 20% or more in the issued and paid up capital of the Company.

25. Share capital (cont'd.)

(a) Employee Share Option Scheme ("ESOS") (cont'd.)

The salient features of the ESOS are as follows (cont'd.):

(vii) The number of shares under option or the option price or both so far as the options remain unexercised may be adjusted following any variation in the issued share capital of the Company by way of capitalisation or rights issue or a reduction, subdivision or consolidation of the Company's shares made by the Company.

(viii) The shares under option shall remain unissued until the option is exercised and shall on allotment rank pari passu in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company as at a date which precedes the date of the exercise of the option.

(b) Treasury shares

	Group/Company	
	2020	**2019**
	RM'000	**RM'000**
At 1 July/30 June	(1,904)	(1,904)

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance. As at 30 June 2020, the Company held as treasury shares a total of 2,672,000 of its 1,207,262,000 issued ordinary shares at carrying amount of RM1,904,000.

(c) Merger (deficit)/reserve

(i) Merger deficit

	Group	
	2020	**2019**
	RM'000	**RM'000**
At 1 July/30 June	(39,441)	(39,441)

On 26 June 2002, the Company completed the acquisition of certain subsidiaries. The acquisition was satisfied by way of cash payment of RM131,980,000 and the issuance of 819,186,207 new ordinary shares of the Company at an issue price of RM1.45 per share.

The difference between the fair value of the shares of the Company issued as consideration and the nominal value of the shares acquired has been classified as merger deficit. The merger deficit was subsequently partially set off against retained earnings.

25. Share capital (cont'd.)

(c) Merger (deficit)/reserve (cont'd.)

(ii) Merger reserve

	Company	
	2020	**2019**
	RM'000	**RM'000**
At 1 July/30 June	636,856	636,856

In prior years, the premiums on the shares issued by the Company as consideration for the acquisitions of certain subsidiary companies were recorded as merger reserve.

26. Borrowings

	Group	
	2020	**2019**
	RM'000	**RM'000**
Short term borrowings		
Secured:		
Term and bridging loans	34,380	22,496
Hire purchase payables (Note 26(c))	-	71
Bank overdraft (Note 24)	9,837	9,435
	44,217	32,002
Long term borrowings		
Secured:		
Term and bridging loans	6,083	16,044
Hire purchase payables (Note 26(c))	-	275
	6,083	16,319
Total borrowings		
Term and bridging loans	40,463	38,540
Hire purchase payables (Note 26(c))	-	346
Bank overdraft (Note 24)	9,837	9,435
	50,300	48,321

26. Borrowings (cont'd.)

(a) The weighted average interest rates of borrowings during the financial year are as follows:

	Group	
	2020	**2019**
	%	%
Bank overdraft	6.7	7.7
Term and bridging loans	7.4	7.9
Hire purchase payables	-	5.1

(b) The secured borrowings of the Group are secured by certain assets of the Group as disclosed in Notes 14 and 17 to the financial statements, respectively.

(c) The maturities profile of the Group's hire purchase payables at the end of the reporting period based on contracted undiscounted repayment obligations is summarised in the table below:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Not later than one (1) year	-	88
Later than one (1) year but not later than two (2) years	-	88
Later than two (2) years but not later than five (5) years	-	210
Total undiscounted lease payments	-	386
Less: Future finance charges	-	(40)
Present value of lease liabilities	-	346
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	-	71
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	-	275
	-	346

(d) Reconciliation of liabilities arising from financing activities:

	Group	
	2020	**2019**
	RM'000	**RM'000**
At 1 July	38,886	52,731
Cash flows:		
Drawdowns of borrowings	23,183	12,242
Repayment of borrowings	(21,260)	(26,322)
Non-cash changes:		
Additions to property, plant and equipment which was financed by hire purchase (Note 14(a))	-	235
Effect on adoption of MFRS 16 (Note 38.1)	(346)	-
At 30 June	40,463	38,886

26. Borrowings (cont'd.)

(d) Reconciliation of liabilities arising from financing activities (cont'd.):

For reconciliation of liabilities arising from financing activities purpose, the bank overdrafts have been excluded from the borrowings as the cash and cash equivalents had already included bank overdrafts.

(e) All borrowings are denominated in RM.

(f) Information on financial risks of borrowings is disclosed in Note 33(b) to the financial statements.

27. Lease liabilities

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Non-current liabilities				
Lease liabilities	502	-	3,669	-
Current liabilities				
Lease liabilities	181	-	316	-
Total lease liabilities	683	-	3,985	-

(a) The weighted average interest rates of lease liabilities of the Group and of the Company during the financial year were ranging from 5.1% to 7.8% and 7.8% respectively.

(b) Reconciliation of liabilities from financing activities to the statements of financial position and statements of cash flows are as follows:

	2020	
	Group RM'000	**Company RM'000**
At 1 July 2019 (as previously reported)	-	-
Effects on adoption of MFRS 16 (Note 38.1)	764	4,280
At 1 July 2019 (restated)	764	4,280
Cash flows:		
- Payments of lease liabilities	(212)	(614)
Non-cash flows changes:		
- Additions (Note 14(a))	83	-
- Interest expenses (Note 7)	48	319
At 30 June 2020	683	3,985

28. Long term payable

Long term payable relates to amount payable to the State Government of Perak, which is unsecured, non-interest bearing and payable according to the progress of development undertaken by the Group.

The repayment schedule for land cost payable is as follows:

Group	Within one (1) year RM'000	One (1) to five (5) years RM'000	Over five (5) years RM'000	Total RM'000
Unsecured				
2020				
Long term payable	-	1,991	85,225	87,216
2019				
Long term payable	-	926	85,951	86,877

(a) The long term payable is discounted at the rate of 7.0% (2019: 7.0%).

(b) Long terms payables is denominated in RM.

(c) Information on financial risks of long term payables is disclosed in Note 33(b) to the financial statements.

29. Trade payables

	Group 2020 RM'000	Group 2019 RM'000
Third parties	59,805	45,997
Retention sums	45,853	42,427
	105,658	88,424

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2019: 30 to 90 days).

(b) Trade payables are denominated in RM.

(c) Information on financial risks of trade payables is disclosed in Note 33(b) to the financial statements.

30. Other payables

		Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Due to Directors	(a)	792	738	792	738
Sundry payables		33,292	30,275	460	277
Accruals	(b)	84,339	80,810	10,437	8,997
Deposits and amount refundable to purchasers		2,975	2,406	-	-
Due to subsidiaries	(c)	-	-	31,098	10,671
Amount due to a State Government		22,218	21,218	-	-
		143,616	135,447	42,787	20,683

30. Other payables (cont'd.)

(a) Due to Directors

The amounts due to Directors are in respect of Directors' remuneration.

The amounts due to Directors and a company in which Directors have interests are unsecured, interest free and payable upon demand in cash and cash equivalents.

Further details on related party transactions are disclosed in Note 32 to the financial statements.

(b) Other accruals

Included in other accruals of the Group and of the Company are gratuities provided for former executive Directors amounted to RM5,464,800 (2019: RM5,464,800).

(c) Due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and payable within the next twelve (12) months in cash and cash equivalents.

(d) Other payables are denominated in RM.

(e) Information on financial risks of other payables is disclosed in Note 33(b) to the financial statements.

31. Contingent liabilities - unsecured

(a) Medan Prestasi Sdn. Bhd. ("MPSB") vs. Inland Revenue Board ("IRB")

Between financial years 2002 and 2004, MPSB disposed of certain investment properties and filed the necessary forms as required by the Real Property Gains Tax ("RPGT") Act, 1976. The IRB contended that the gain from the sale should be subject to income tax instead of the RPGT and had ordered MPSB, a subsidiary of the Company, to pay the outstanding tax liability and additional penalties amounted RM8.7 million and RM3.9 million respectively. The Directors disagreed with the IRB's position and are currently appealing against the assessment.

Subsequently, IRB rejected MPSB's appeal and demanded MPSB to pay the outstanding tax and additional penalties amounting to RM12.6 million. MPSB then appealed to the Special Commissioner of Income Tax ("SCIT") and subsequently to the High Court. The High Court, on 14 September 2012, ordered for a hearing to be fixed and determined before a new panel of SCIT.

On 14 September 2012, the Kuala Lumpur High Court held that there was a valid appeal and directed for the matter to be remitted to the SCIT to be heard.

On 20 and 21 October 2014, the witnesses gave their evidences in respect of the appeal. The SCIT then fixed for the continuance of the hearing on the 12 January 2015.

On 12 January 2015, the hearing continued with the witness from IRB giving her evidence in respect of the appeal. On 16 February 2015, MPSB had filed a written submission with the SCIT and subsequently filed a submission in reply to IRB's written submission on 6 July 2015.

There was a coram failure as the SCIT who heard the case are no longer in service. Hence, a new SCIT panel was constituted and the case was heard on 24 November 2017. The case hearing was further adjourned to 23 April 2018.

31. Contingent liabilities - unsecured (cont'd.)

(a) Medan Prestasi Sdn. Bhd. ("MPSB") vs. Inland Revenue Board ("IRB") (cont'd.)

After the hearing on 23 April 2018, the SCIT then required a witness to be called by MPSB on a next hearing date to explain on the sub-division of the properties in dispute. The case was fixed for case management on 28 August 2018 for the Court to fix a next hearing date.

On 28 August 2018, the next hearing date has been fixed on 22 February 2019 for the calling of the MPSB's witness and oral submissions. After the hearing, the SCIT directed the parties to attend decision fixed on 10 May 2019. On 10 May 2019, SCIT dismissed MPSB's appeal against the assessments.

MPSB then filed an appeal via case stated on 28 May 2019 against the SCIT's decision for the case to be heard before the High Court. Presently, MPSB is waiting for the case stated (i.e. the grounds of judgment) to be issued by the SCIT for the appeal to be transmitted to the High Court.

On a prudent and without prejudice basis, a provision of tax liability and penalty amounting to RM8.7 million and RM5.9 million respectively had been made by the management in the previous financial year.

On 6 July 2020, MPSB was served with a Writ of Summon in respect of the notices of additional assessment raised for the Years of Assessment 2002, 2003 and 2004 totalling RM10.1 million, after deducting the payment made to IRB amounted to RM4.5 million. MPSB has filed an application for stay of further proceedings pending the disposal of its appeal by way of case stated against the decision of the SCIT before the High Court. The High Court had fixed the hearing for MPSB's application for stay on 3 November 2020.

(b) Saujana Triangle Sdn. Bhd. ("STSB") vs. Inland Revenue Board ("IRB")

On 4 May 2017, STSB was served with Notices of Assessment for the years of assessment of 2009 to 2011 and 2013 respectively for an additional income tax of RM55.7 million and 45% penalty of RM25.1 million totalling RM80.8 million.

The above mentioned income tax and penalty imposed by the IRB are in relation to:

(i) IRB has taken the view that the gains from the disposal of land held under investment properties in the year of assessment 2009 are to be treated as revenue in nature, instead of capital in nature;

(ii) IRB has disregarded the 5 years' time barred period to raise the assessments in respect of the land disposal; and

(iii) IRB has disallowed certain development costs on the basis that these are only provisions and the amounts have yet to be paid. Thus, IRB does not treat them to be incurred for the purpose Section 33 (1) of the Income Tax Act, 1967.

Based on advice from both its tax consultants and solicitors, STSB is of the view that:

(i) The land sales of the investment properties are capital transaction which are liable to RPGT in the year of assessment 2009 (which was a RPGT exempt year);

(ii) The Notices of Assessment raised by the IRB are statute barred and erroneous in Law; and

(iii) The accrual of development costs have been allowed according to accounting standards and IRB's public ruling on property development.

STSB disagreed with the assessment raised by the IRB and had on 1 June 2017 filed a Notice of Appeal to the Special Commissioners of Income Tax ("SCIT") pursuant to Section 99(1) of the Income Tax Act, 1967 (Form Q) with the Director General of Inland Revenue to appeal against the Notices of Assessment. SCIT has yet to fix a hearing date.

Meanwhile, STSB had also made an Application to the High Court of Kuala Lumpur for a Judicial Review and Stay which was dismissed on 9 August 2017. On the advice of its solicitors, STSB had on 10 August 2017 filed an appeal to the Court of Appeal against the High Court's decision and filed a Notice of Motion to Stay on the effect and enforcement of the said Notices of Assessment pending the appeal before the Court of Appeal.

31. Contingent liabilities - unsecured (cont'd.)

(b) Saujana Triangle Sdn. Bhd. ("STSB") vs. Inland Revenue Board ("IRB") (cont'd.)

On 29 August 2017, the Court of Appeal granted an interim stay on the IRB's Notices of Assessment where a case management was scheduled on 14 September 2017 and a hearing may be fixed.

On 6 September 2017, the IRB filed a Notice of Motion for Leave to Appeal to the Federal Court against the Court of Appeal's decision to grant the interim relief. The Federal Court directed STSB to file its written submission on 20 November 2017 and to attend a hearing on 4 December 2017.

On 13 March 2018, the Court of Appeal did not allow STSB's appeal against the High Court's decision not to grant leave. The Court took the view that the matter should be heard before the SCIT.

On 10 April 2018 and 18 April 2018, STSB was served with Writ of Summons and Statement of Claim for the years of assessment of 2009 to 2011 and 2013 respectively for an additional tax penalty of RM12.3 million after utilisation of tax credit of RM1.4 million.

On 19 September 2018, STSB and IRB entered into a consent judgment that STSB will be granted a stay of the civil recovery proceedings at Shah Alam High Court until the full and final determination of its appeal at the SCIT. The matter is now fixed for case management on 11 November 2020.

Upon consulting its solicitors, the Board is of the view that there are grounds to disagree with the Notices of Assessment raised including the imposition of penalties as explained above.

On a prudent and without prejudice basis, a provision of tax liability and penalty amounting RM4.6 million and RM4.5 million respectively have been made by the Directors in the financial statements of the previous financial year. STSB is of the view that the basis of the assessment that the gain on disposal of these investment properties should be subject to RPGT and the development costs accrued being allowed according to financial reporting standards and IRB's public ruling on property development.

(c) Corporate Guarantees

The maximum exposure to credit risk without taking into consideration any collateral held or other credit enhancement is represented by the carrying amount of financial assets in the financial statements, net of impairment losses and granting of corporate guarantees to subsidiaries as follows:

	Group/Company	
	2020	**2019**
	RM'000	**RM'000**
Unsecured corporate guarantees given to licensed banks for facilities granted to:		
- subsidiaries - limit of guarantee	154,600	154,600
Amount utilised	50,300	47,975

The Group and the Company designate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group and the Company recognise these insurance contracts as insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Directors are of the view that the chances of the financial institutions to call upon the guarantees are remote.

32. Significant related party transactions

(a) In addition to related party disclosures mentioned elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	Company	
	2020	**2019**
	RM'000	**RM'000**
(Income)/Expense:		
Rental of premises payable to subsidiaries	542	542
Management fees from subsidiaries	(19,000)	(22,489)
Dividend income from a subsidiary	(12,000)	-

The Directors are of the opinion that all the transactions above have been entered into in the normal course of the business and have been established on mutually agreed terms and conditions.

(b) Compensation of key management personnel

The remuneration of Directors, key management personnel and senior management during the year are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries and other emoluments	4,262	5,040	4,262	4,819
Defined contribution plan	502	686	502	657

Included in the total key management personnel compensation are:

	Group/Company	
	2020	**2019**
	RM'000	**RM'000**
Directors' remuneration		
- executive	3,280	3,506
- non-executive	364	470
	3,644	3,976

33. Financial risk management objectives and policies

The financial risk management objective of the Group and of the Company is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The Group and the Company operate within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and do not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group's and the Company's financial risk management policies. The Group and the Company are exposed mainly to credit risk, liquidity and cash flows risks and interest rate risk. Information on the management of the related exposures is detailed below.

33. Financial risk management objectives and policies (cont'd.)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Group's and the Company's exposure to credit risk arises primarily from trade receivables and other receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At the reporting date, there were no significant concentrations of credit risk other than amounts owing by subsidiaries that may arise from exposures to a single debtor or to groups of debtors. The maximum exposure to credit risk for the Group and the Company are represented by the carrying amount of each financial assets.

(b) Liquidity and cash flows risk

Liquidity and cash flows risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The exposure to liquidity and cash flows risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing their liquidity and cash flows risk management strategy, the Group and the Company measure and forecast their cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group and the Company.

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on undiscounted contractual payment obligations:

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2020				
Financial liabilities:				
Trade payables	105,658	-	-	105,658
Other payables	143,616	-	-	143,616
Borrowings	44,673	4,092	3,762	52,527
Lease liabilities	225	530	6	761
Long term payable	-	4,500	91,940	96,440
Total undiscounted financial liabilities	294,172	9,122	95,708	399,002
2019				
Financial liabilities:				
Trade payables	88,424	-	-	88,424
Other payables	135,447	-	-	135,447
Borrowings	34,813	15,506	3,869	54,188
Long term payable	-	5,500	91,940	97,440
Total undiscounted financial liabilities	258,684	21,006	95,809	375,499

33. Financial risk management objectives and policies (cont'd.)

(b) Liquidity and cash flows risk (cont'd.)

Maturity analysis (cont'd.)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on undiscounted contractual payment obligations (cont'd.):

Company	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2020				
Financial liabilities:				
Other payables	42,787	-	-	42,787
Lease liabilities	612	2,330	2,712	5,654
Total undiscounted financial liabilities	43,399	2,330	2,712	48,441
2019				
Financial liabilities:				
Other payables/Total undiscounted financial liabilities	20,683	-	-	20,683

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments would fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from interest-bearing borrowings and lease liabilities.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by twenty-five (25) basis points with all other variables held constant:

	Company	
Profit after tax	**2020 RM'000**	**2019 RM'000**
- Increase by 0.25% (2019: 0.25%)	(96)	(92)
- Decrease by 0.25% (2019: 0.25%)	96	92

34. Fair values of financial instruments

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade receivables	20
Other receivables	21
Contract assets	22
Cash and bank balances	24
Borrowings	26
Long term payable	28
Trade payables	29
Other payables	30
Contract liabilities	22

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair value estimates of the following classes of financial instruments were determined by application of the methods and assumptions described below:

(a) Borrowings

The fair values of borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing at the reporting date.

(b) Long term payable

Fair value of long term payable is based on discounting expected future cash flows at market incremental lending rate for the payable.

Fair value hierarchy

The following provides the fair value measurement hierarchy of the Group's assets and liabilities. The different levels have been defined as follows:

Level 1 - the fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - the fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - the fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

34. Fair values of financial instruments Determination of fair value (cont'd.)

Non-financial instruments

The fair value of the investment properties as at 30 June 2020 and 30 June 2019 were determined based on valuations performed by independent professionally qualified valuers, on a direct comparison method. The fair value of the investment properties is categorised as Level 3 under the fair value hierarchy.

35. Operating lease commitments

(a) The Group as lessor

The Group has entered into non-cancellable lease agreements for its properties, resulting in future rental receivables which can, subject to certain terms in the agreements, be revised accordingly or upon its maturity based on prevailing market rates.

The Group has aggregate future minimum lease receivables as at the end of the reporting period as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Not later than one (1) year	2,366	5,734
Later than one (1) year and not later than five (5) years	5,550	13,288
Later than five (5) years	9,602	9,987
	17,518	29,009

(b) The Group and the Company as lessee

The Group and the Company have entered into non-cancellable lease arrangements on their properties for terms ranging from one (1) to three (3) years.

The Group and the Company have aggregate future minimum lease commitments as at the end of the reporting period as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Not later than one (1) year	-	738	-	633
Later than one (1) year and not later than five (5) years	-	166	-	34
	-	904	-	667

36. Capital management

The primary objective of the capital management of the Group and of the Company are to ensure that they maintain a good credit rating and capital ratios in order to support its business, maximise shareholders' values, maintaining financial flexibility for its business requirement and investing for future growth. The Group and the Company manage its capital structure in accordance to the changes in economic conditions, its business plans and future commitments. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2020 and 2019.

The Group monitors capital using a gearing ratio, which is total borrowings divided by total equity. The gearing ratios as at 30 June 2020 and 2019 were as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Total borrowings (Note 26)	50,300	48,321
Total equity	1,196,670	1,198,370
Gearing ratio	4%	4%

The Group and the Company are not subject to any other externally imposed capital requirements.

37. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four (4) reportable operating segments as follows:

(i) Property development - the development of mixed properties and its related activities;

(ii) Leisure - operation of resorts/hotels and theme parks;

(iii) Investment holding - investments in subsidiaries and property investment; and

(iv) Education - provision of educational services.

There are no other operating segments which have been aggregated to form the above four (4) reportable operating segments.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses.

No segmental information is provided on a geographical basis as the Group's activities are carried out predominantly in Malaysia.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent parties.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

37. Segment information (cont'd.)

	Property development		Leisure		Investment holding		Education		Elimination		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue												
External	181,870	147,970	18,604	22,875	14	21	1,410	1,254	-	-	201,898	172,120
Inter-segment	-	-	-	-	28,888	23,329	-	-	(28,888)	(23,329)	-	-
Total revenue	181,870	147,970	18,604	22,875	28,902	23,350	1,410	1,254	(28,888)	(23,329)	201,898	172,120
Results												
Interest income from deposit with licensed bank	781	992	-	-	393	983	-	-	-	-	1,174	1,975
Reversal of impairment losses on:												
- trade receivables	4,210	1,606	546	21	-	-	-	138	-	-	4,756	1,765
- other receivables	2,745	81	-	-	-	-	-	-	-	-	2,745	81
- contract assets	602	181	-	-	-	-	-	-	-	-	602	181
- inventories written off	28	-	-	-	-	-	-	-	-	-	28	-
Net reversal of accrued liquidated ascertained damages	-	400	-	-	-	-	-	-	-	-	-	400
Reduction of payables	62	2,003	8	64	26	-	-	-	-	-	96	2,067
Depreciation of property, plant and equipment	5,686	5,343	487	399	523	73	517	40	(791)	240	6,422	6,095
Interest expense	3,322	3,740	32	4	761	503	22	-	(490)	-	3,647	4,247
Write-down of inventories	1,984	315	262	-	-	-	-	-	-	-	2,246	315
Write-off of property, plant and equipment	-	-	168	-	-	-	-	18	-	-	168	18
Impairment losses on:												
- property, plant and equipment	-	-	-	-	-	-	-	29	-	-	-	29
- trade receivables	601	7,628	66	58	-	-	15	14	-	-	682	7,700
- other receivables	1,397	4,517	-	183	-	-	-	-	-	-	1,397	4,700
- contract assets	6	726	-	-	-	-	-	-	-	-	6	726
Segment profit/(loss) before tax	41,583	41,939	(1,486)	(10,947)	5,884	1,061	(1,408)	(2,515)	(24,175)	(239)	20,398	29,299
Taxation	5,554	21,538	-	100	(915)	1,378	-	-	5,395	(58)	10,034	22,958
Assets:												
Additions of non-current assets	414	5,234	827	587	47	298	1	37	-	-	1,289	6,156
Segment assets	2,060,844	1,891,289	2,603	7,981	2,039,180	2,017,318	4,862	715	(2,455,183)	(2,252,862)	1,652,306	1,664,441
Segment liabilities	1,198,974	1,147,092	20,614	37,154	62,611	37,981	9,014	3,587	(835,577)	(759,743)	455,636	466,071

37. Segment information (cont'd.)

Additions to non-current assets consist of the following:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Property, plant and equipment	1,289	6,156

38. Adoption of MFRSs and Amendments to MFRSs

38.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 Annual Improvements to MFRS *Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendment to MFRS 16 *Covid-19-Related Rent Concessions*	1 June 2020 (early adopted)

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and the Company except for the adoption of MFRS 16 as described in the following section:

MFRS 16 *Leases*

MFRS 16 supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have a material impact for leases for which the Group is the lessor.

The Group applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated.

38. Adoption of MFRSs and Amendments to MFRSs (cont'd.)

38.1 New MFRSs adopted during the financial year (cont'd.)

MFRS 16 *Leases* (cont'd.)

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group as of 1 July 2019. The range of incremental borrowing rates of the Group and of the Company applied to the lease liabilities on 1 July 2019 were from 5.1% to 7.8% .

In order to compute the transition impact of MFRS 16, a significant data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management's model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

In applying MFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

(i) applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
(ii) relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 July 2019;
(iii) accounting for operating leases with a remaining lease term of less than twelve (12) months as at 1 July 2019 and do not contain a purchase option as short-term leases;
(iv) excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
(v) using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On transition to MFRS 16, the Group and the Company recognised right-of-use assets and lease liabilities. The impact on transition is summarised below:

	Note	As at 30 June 2019 RM'000	Impact RM'000	As at 1 July 2019 RM'000
Group				
Property, plant and equipment	(a)	177,574	395	177,969
Deferred tax assets		(16,230)	5	(16,225)
Borrowings		48,321	(346)	47,975
Lease liabilities	(b)	-	764	764
Retained profits		23,407	(18)	23,389
Company				
Property, plant and equipment	(a)	400	4,133	4,533
Deferred tax assets		2,631	36	2,667
Lease liabilities	(b)	-	4,280	4,280
Retained profits		111,641	(111)	111,530

(a) The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at its carrying amount as if the MFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

38. Adoption of MFRSs and Amendments to MFRSs (cont'd.)

38.1 New MFRSs adopted during the financial year (cont'd.)

MFRS 16 *Leases* (cont'd.)

(b) Lease liabilities are measured as follows:

	Group RM'000	Company RM'000
Operating lease commitments as at 30 June 2019 as disclosed in the financial statements of the Group and of the Company under MFRS 117	904	667
Weighted average incremental borrowing rate as at 1 July 2019	5.1%-7.8%	7.8%
Discounted operating lease commitments as at 1 July 2019	658	616
Finance lease liabilities recognised as at 30 June 2019	346	-
Recognition exemption for leases with twelve (12) months of lease term at transition	(538)	-
Contracts reassessed as lease contracts	298	3,664
Lease liabilities recognised as at 1 July 2019	764	4,280

Amendment to MFRS 16 *Covid-19-Related Rent Concessions*

MFRS 16 has been amended to:

(a) Provide lessees with an exemption from the requirement to determine whether a Covid-19-related rent concession is a lease modification; and
(b) Require lessees that apply the exemption to account for Covid-19-related rent concessions as if they were not lease modifications

The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

(a) Changes in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
(c) There is no substantive change to other terms and conditions of the lease.

The Group and the Company have early adopted Amendment to MFRS 16 and elected to apply the practical expedient to all rent concession relating to leases with similar characteristics and in similar circumstances. Consequently, the Group and the Company do not recognise changes in these lease payments as lease modifications and instead, recognise these as variable lease payments in profit or loss. Adoption of the Amendment did not have any material effect on the financial performance or position of the Group and the Company.

38. Adoption of MFRSs and Amendments to MFRSs (cont'd.)

38.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2020

Title	Effective Date
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendments to MFRS 4 *Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9*	17 August 2020
Interest Rate Benchmark Reform Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling Contract*	1 January 2022
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2023
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements.

39. Significant event during the financial year

The World Health Organisation declared the 2019 Novel Coronavirus infection ("Covid-19") a pandemic on 11 March 2020. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order ("MCO") effective from 18 March 2020 to 31 March 2020 arising from the Covid-19 pandemic. The MCO was subsequently extended until 12 May 2020, followed by Conditional MCO until 9 June 2020 and then, Recovery MCO until 31 December 2020.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows and undrawn facilities to meet its liquidity needs in the next twelve (12) months after the end of the reporting period. The Group does not anticipate significant supply disruptions and would continue to monitor its fund and operational needs.

40. Financial Reporting Updates

40.1 IFRIC Agenda Decision - Over time transfer of constructed good ("IAS 23")

The IFRS Interpretations Committee ("IFRIC") received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development.

Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in IAS 23 Borrowing Costs and, therefore, capitalises any directly attributable costs.

The IFRIC concluded in March 2019 that, in the fact pattern described in the request:

(i) Any receivable and contract asset that the entity recognises is not a qualifying asset.
(ii) Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

The MASB announced on 20 March 2019 that an entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is in the process of obtaining new information and adapting its systems to implement this change in accounting policy. The implementation results would be reported during the financial year ending 30 June 2021.

40.2 IFRIC Agenda Decision - An assessment of the lease term ("IFRS 16")

The IFRS Interpretations Committee ("IFRIC") issued a final agenda decision on 26 November 2019 regarding "Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)".

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 30 June 2020.

LIST OF MATERIAL PROPERTIES

Location	Description / Existing Use	Land / Built-Up Area	Tenure	Age of Building (Year)	Date of Acquisition, Date of Valuation*	Net Carrying Amount @ 30 June 2020 (RM'000)
PT 44011, H.S.(D) 222395 (part), PT 46696, H.S.(D) 234003, PT 48041, H.S.(D) 267031, PT 47959 - 48023, H.S.(D) 267033 - 267097, PT 48032, H.S.(D) 267103, PT 48033, H.S.(D) 267104 (part), PT 48035, H.S.(D) 267105 (part) & PT 48531, H.S.(D) 280464, Mukim of Sg. Buloh, District of Petaling, State of Selangor Darul Ehsan.	Land for proposed mixed development.	168.36 acres	Leasehold expiring on 18/8/2102, 8/6/2104, 13/9/2105 & 21/12/2109		7/10/96, 30/6/97* & 23/6/03	253,967
PT 47373, H.S.(D) 256297, Mukim of Sg. Buloh, District of Petaling, State of Selangor Darul Ehsan.	Investment properties	12.99 acres	Leasehold expiring on 13/5/2108		30/6/20*	138,700
Unit No. LA1, Ground Floor, Tropics Shopping Centre, Jln. PJU 8/1, Bdr. Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan.	A retail lot	1,485.33 sq. metres	Leasehold expiring on 8/6/2104		30/6/20*	3,200
PT 46227 - 46676, H.S.(D) 233287 - 233985, Mukim of Sg. Buloh, District of Petaling Jaya, State of Selangor Darul Ehsan.	Land for proposed mixed development.	22.65 acres	Leasehold expiring on 12/9/2105		31/8/00*	11,231
Parcels A - G, PT 47372, H.S.(D) 256296, PT 48035, H.S.(D) 267105 (part) & PT 48033, H.S.(D) 267104 (part), Mukim of Sg. Buloh, District of Petaling, State of Selangor Darul Ehsan	Land for proposed mixed development.	23.04 acres	Leasehold expiring on 16/10/2094		31/8/00*	19,891
PT 12203, H.S.(D) 7821, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Land for proposed mixed development.	3.60 acres	Freehold		31/8/00*	2,898
LOT 70290 (PT 45196), PN 22356 (Formerly H.S.(D) 198534), Mukim of Sungai Buloh, District of Petaling, State of Selangor Darul Ehsan.	Investment properties	0.50 acres	Leasehold expiring on 5/3/2103		30/6/20*	5,880
PT 51444, H.S.(D) 321262, Mukim of Sungai Buloh, District of Petaling, State of Selangor Darul Ehsan.	Land for proposed mixed development.	5.56 acres	Leasehold expiring on 5/3/2103		8/7/99	80,611
Lot 70324, PN 112377, Mukim of Sungai Buloh, District of Petaling, State of Selangor Darul Ehsan.	Land for proposed mixed development.	11.76 acres	Leasehold expiring on 7/2/2111		8/7/99	85,768

LIST OF MATERIAL PROPERTIES

Location	Description / Existing Use	Land / Built-Up Area	Tenure	Age of Building (Year)	Date of Acquisition, Date of Valuation*	Net Carrying Amount @ 30 June 2020 (RM'000)
Lot No. 5113, No. Hakmilik 49024 Mukim of Ulu Kelang, District of Kuala Lumpur, State of Wilayah Persekutuan.	Land for proposed mixed development.	55.49 acres	Leasehold expiring on 9/11/2083		31/1/05	51,336
PT 12035 - PT 12040, H.S.(D) 11244 - 11249, Mukim of Serendah, District of Ulu Selangor, State of Selangor Darul Ehsan.	Land for proposed mixed development.	95.42 acres	Leasehold expiring on 12/6/2096		8/7/99	101,190
PT 12039 (part), H.S.(D) 11248, Mukim of Serendah, District of Ulu Selangor, State of Selangor Darul Ehsan.	Investment properties	5.51 acres	Leasehold expiring on 12/6/2096		30/6/20*	3,000
PT 13777, H.S.(D) 14820, Mukim Serendah, District of Ulu Selangor, State of Selangor Darul Ehsan.	Land for proposed mixed development.	64.93 acres	Leasehold expiring on 4/9/2097		5/9/98	19,878
PT 203089, H.S.(D) 136260, Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan.	Land for proposed mixed development.	21.70 acres	Freehold		1/12/04	5,904
Parcel D5, held under PT 203091, H.S.(D) 136262, Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan.	Land for proposed mixed development.	30.82 acres	Freehold		27/2/06	12,098
PT 181650, PT 80580 & PT 80581, Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan.	Land for proposed mixed development.	17.73 acres	Freehold		8/3/02	15,396
PT 49262, PT 49263 & PT 57408 Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan.	Land for proposed mixed development.	21.75 acres	Leasehold		22/5/06	9,056
PT 600 - 602 (part),PT 604, PT 605, PT 632, PT 633, PT 635, PT 638, PT 639, PT 640 (part), PT 641, PT 642, PT 3813 - 4264, PT 749 - 1131 & PT 1748 - 1825, Mukim of Gunung Semanggol, District of Kerian, State of Perak Darul Ridzuan.	Land for proposed mixed development and resort.	1,316.88 acres	Leasehold land expiring on 15/8/2093, 17/10/2093, 16/6/2094, and 28/4/2096 respectively.		23/6/03*	120,743
PT 600 (part), PT 602 (part), PT 603 (part), PT 636 (part) & PT 640 (part), H.S.(D) KN 1175, H.S.(D) KN 1177 & H.S.(D) KN 1183 respectively, Mukim of Gunung Semanggol, District of Kerian, State of Perak Darul Ridzuan.	Investment properties	102.97 acres	Leasehold land expiring on 15/8/2093 and 29/6/2096 respectively.		30/6/20*	41,180

LIST OF MATERIAL PROPERTIES

Location	Description / Existing Use	Land / Built-Up Area	Tenure	Age of Building (Year)	Date of Acquisition, Date of Valuation*	Net Carrying Amount @ 30 June 2020 (RM'000)
Lot 9450 (part), formerly known as PT 602 Mukim of Gunung Semanggol, District of Kerian, State of Perak Darul Ridzuan.	Ecopark	3.50 acres	Leasehold expiring on 15/8/2093.	21	30/6/20*	1,708
Lot 10089 & Lot 9450 (part), PT 1887 (part), PT 602 (part) & PT 603 (part), Mukim of Gunung Semanggol, District of Kerian, State of Perak Darul Ridzuan.	Water Themepark, Nursing College & Club House	14.14 acres	Leasehold expiring on 15/8/2093.	23	30/6/20*	51,782
Lot 10090, PT1808, Mukim of Gunung Semanggol, District of Kerian, State of Perak Darul Ridzuan.	Hotel	3.68 acres	Leasehold expiring on 15/8/2093.	23	30/6/20*	20,649
Lot 10089 & Lot 9450 (part), PT 1887 (part), Mukim of Gunung Semanggol, District of Kerian, State of Perak Darul Ridzuan.	Marina Village	10.35 acres	Leasehold expiring on 15/8/2093.	21	30/6/20*	23,750
PT 1514 & PT 1515, H.S.(D) KN 1744 & KN 1745 (part), PN 220212 - PN 220235 [Lot 7946 - Lot 7954 (PT 1511 - PT 1519)] & PN 363402, Lot 7955 (PT 1520), Mukim of Beriah , District of Kerian, State of Perak Darul Ridzuan.	Land for proposed mixed development.	1,888.12 acres	Leasehold expiring on 8/1/2096		30/6/03*	93,653
PN 257319, Lot 9089 & H.S.(D) 6350, PT 4068, Mukim of Beriah, District of Kerian, State of Perak Darul Ridzuan.	Land for proposed mixed development.	760.53 acres	Leasehold expiring on 10/2/2101		27/6/97	21,605
PN 220215, Lot 7948 (PT 1513), Mukim of Beriah , District of Kerian, State of Perak Darul Ridzuan.	Investment properties	180.54 acres	Leasehold expiring on 8/1/2096		30/6/20*	15,700
PN 220222 & PN 220228 [Lot 7951 & 7952, (PT 1516 & PT 1517) (part)], PN 363402 [Lot 7955 (PT 1520), (part)] & PN 257319,[Lot 9089, PT 4067 (part)] Mukim of Beriah , District of Kerian, State of Perak Darul Ridzuan.	Investment properties	41.13 acres	Leasehold expiring on 8/1/2096 and 17/07/2106 respectively		30/6/20*	6,550
Lot PT 379 (part), H.S. (M) 46, Mukim of Padang Mat Sirat, District of Langkawi, State of Kedah Darul Aman.	Land for proposed mixed development.	50.77 acres	Leasehold expiring on 27/6/2098		31/10/00*	19,525

LIST OF MATERIAL PROPERTIES

Location	Description / Existing Use	Land / Built-Up Area	Tenure	Age of Building (Year)	Date of Acquisition, Date of Valuation*	Net Carrying Amount @ 30 June 2020 (RM'000)
Geran Mukim of 1232, Lot 1922 Mukim of Padang Mat Sirat, District of Langkawi, State of Kedah Darul Aman.	Kuala Melaka Inn, Hotel, Langkawi.	2,129 sq. metres	Freehold	11	2/12/02	14,366
Master Title Geran Mukim of 1231, Lot 1919 Mukim of Padang Mat Sirat, District of Langkawi, State of Kedah Darul Aman.	Sub basement area comprising of ballrooms, meeting rooms, kitchen and other facilities within a block of service apartment.	1,678 sq. metres	Freehold	18	11/9/02	
Master Title Geran Mukim of 1231, Lot 1919 Mukim of Padang Mat Sirat, District of Langkawi, State of Kedah Darul Aman.	Sub basement area comprising of car park facilities within a block of service apartment.	2,893 sq. metres	Freehold	18	11/9/02	6,920
Master Title H.S. (M) 9 - 93, PT 249 Mukim of Padang Mat Sirat, District of Langkawi, State of Kedah Darul Aman.	Sub basement area comprising of car park facilities within a block of service apartment.	2,938 sq. metres	Freehold	18	11/9/02	
PT 449, H.S. (D) 264, Mukim of Padang Mat Sirat, District of Langkawi, State of Kedah Darul Aman.	Ombak Villa, Langkawi.	40,800 sq. metres	Leasehold expiring on 28/4/2099	7	11/9/02	36,770
Developer's Lot No.2, Block A, Type A3, Phase 1A, Perdana Business Centre, Bandar Damansara Perdana held under Title H.S.(D) 222361, PT 43977, Mukim of Sg. Buloh, District of Petaling, State of Selangor Darul Ehsan (No. 17, Block A, Jln PJU 8/5H, Perdana Business Centre, Bandar Damansara Perdana, 47820 Petaling Jaya, SDE.)	A renovated five-storey intermediate shop-office with an attic floor equiped with a passenger lift	1,948 sq. ft.	Leasehold expiring on 8/6/2104	20	30/6/20*	3,700

LIST OF MATERIAL PROPERTIES

Location	Description / Existing Use	Land / Built-Up Area	Tenure	Age of Building (Year)	Date of Acquisition, Date of Valuation*	Net Carrying Amount @ 30 June 2020 (RM'000)
Developer's Lot No.1, Block A, Type A1, Phase 1A, Perdana Business Centre, Bandar Damansara Perdana held under Title H.S.(D) 222360, PT 43976, Mukim of Sg. Buloh, District of Petaling, State of Selangor Darul Ehsan (No. 19, Block A, Jln PJU 8/5H, Perdana Business Centre, Bandar Damansara Perdana, 47820 Petaling Jaya, SDE.)	A renovated five-storey corner shop-office equiped with a passenger lift	2,519 sq. ft.	Leasehold expiring on 8/6/2104	20	30/6/20*	4,850
"Pejabat" land held under Master Title H.S.(D) 2052, Lot P.T. No. 1393, Mukim of Serendah, District of Hulu Selangor, State of Selangor Darul Ehsan (38th km post along the Rawang/Tanjung Malim trunk road within the Serendah Golf Links Resort, Serendah, SDE.)	Investment properties	54,181 sq. ft.	Leasehold expiring on 31/5/2088		30/6/20*	1,350
Developer's Lot No.3, Block A, Type A4, Phase 1A, Perdana Business Centre, Bandar Damansara Perdana held under Title H.S.(D) 222362, PT 43978, Mukim of Sg. Buloh, District of Petaling, State of Selangor Darul Ehsan (No. 15, Block A, Jln PJU 8/5H, Perdana Business Centre, Bandar Damansara Perdana, 47820 Petaling Jaya, SDE.)	A renovated five-storey intermediate shop-office with an attic floor equipped with a passenger lift	1,948 sq. ft.	Leasehold expiring on 8/6/2104	20	30/6/20*	3,700

LIST OF MATERIAL PROPERTIES

Location	Description / Existing Use	Land / Built-Up Area	Tenure	Age of Building (Year)	Date of Acquisition, Date of Valuation*	Net Carrying Amount @ 30 June 2020 (RM'000)
Developer's Lot No.3A, Block A, Type A3, Phase 1A, Perdana Business Centre, Bandar Damansara Perdana held under Title H.S.(D) 222363, PT 43979, Mukim of Sg. Buloh, District of Petaling, State of Selangor Darul Ehsan (No. 11A, Block A, Jln PJU 8/5H, Perdana Business Centre, Bandar Damansara Perdana, 47820 Petaling Jaya, SDE.)	A renovated five-storey intermediate shop-office equipped with a passenger lift.	1,948 sq. ft.	Leasehold expiring on 8/6/2104	20	30/6/20*	3,650
Developer's Lot No.5, Block A, Type A4, Phase 1A, Perdana Business Centre, Bandar Damansara Perdana held under Title H.S.(D) 222364, PT 43980, Mukim of Sg. Buloh, District of Petaling, State of Selangor Darul Ehsan (No. 11, Block A, Jln PJU 8/5H, Perdana Business Centre, Bandar Damansara Perdana, 47820 Petaling Jaya, SDE.)	A five-storey intermediate shop-office equipped with a passenger lift	1,948 sq. ft.	Leasehold expiring on 8/6/2104	20	30/6/20*	3,650

ANALYSIS OF SHAREHOLDINGS

ANALYSIS BY SIZE OF HOLDINGS AS AT 30 SEPTEMBER 2020

The total number of issued shares of the Company stands at 1,204,589,984 ordinary shares, with voting right of one vote per ordinary share.

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	347	3.271	5,626	0.001
100 - 1,000	1,562	14.726	1,111,391	0.092
1,001 - 10,000	4,268	40.238	25,465,893	2.114
10,001 - 100,000	3,735	35.213	140,507,418	11.664
100,001 to less than 5% of issued shares	692	6.524	279,934,025	23.239
5% and above of issued shares	3	0.028	757,565,631	62.890
Total	**10,607**	**100.00**	**1,204,589,984**	**100.00**

LIST OF THIRTY LARGEST SHAREHOLDERS

No.	Name	Holdings	%
1.	MKN HOLDINGS SDN BHD	479,096,585	39.773
2.	KASI A/L K L PALANIAPPAN	186,907,715	15.516
3.	PB TRUSTEE SERVICES BERHAD EMKAY TRUST	91,561,331	7.601
4.	GOH CHOON KIM	8,798,600	0.730
5.	CHANG KENG ONN	5,100,000	0.423
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUNG SOON KONG	5,000,000	0.415
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH HOCK CHAI	4,198,000	0.349
8.	MAH SIEW SEONG	3,380,000	0.281
9.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR OOI PENG CUAN (PBCL-0G0102)	3,055,200	0.254
10.	KHO POH SING	2,700,000	0.224
11.	CHAN HAI MING	2,665,800	0.221
12.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KASI A/L K L PALANIAPPAN	2,320,000	0.193
13.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOON TUAN SIN	2,285,900	0.190
14.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIEN WI (E-KPT)	2,100,000	0.174
15.	FEDERLITE HOLDINGS SDN BHD	2,061,600	0.171
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KIAM HSUNG	2,016,300	0.167

ANALYSIS OF SHAREHOLDINGS

No.	Name	Holdings	%
17.	YEO EN SENG	2,010,000	0.167
18.	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHEE HIAN BOON @ CHEE AH DECK	2,007,000	0.167
19.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KIAM HSUNG	1,962,000	0.163
20.	CHIN KIAN FONG	1,893,600	0.157
21.	LIM SENG CHEE	1,851,000	0.154
22.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG TIAM MING (008)	1,800,000	0.149
23.	SEE TIAN CHWAN	1,718,800	0.143
24.	SHAMEER SDN BHD	1,710,000	0.142
25.	CHIN SIN LIN	1,615,600	0.134
26.	CHIN WAH YIN	1,600,000	0.133
27.	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	1,600,000	0.133
28.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHEE KEONG (STA5)	1,500,000	0.125
29.	LEE CHEE KEONG	1,500,000	0.125
30.	YUE TECK SIONG	1,500,000	0.125

LIST OF SUBSTANSIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2020

The substantial shareholders as per the Register of Substantial Shareholders:-

	Direct no. of Shares held		Indirect no. of Shares held	
Name	Holdings	%	Holdings	%
MKN Holdings Sdn Bhd	479,096,585	39.77	-	-
Datuk Kasi A/L K L Palaniappan	189,227,715	15.71	-	-
Tan Sri Datuk (Dr.) Hj Mustapha Kamal Bin Hj Abu Bakar	82,405,198	6.84	479,096,585*	39.77
Puan Sri Datin Hjh Wan Nong Binti Hj Wan Ibrahim	9,156,133	0.76	479,096,585*	39.77

* By virtue of his/her interest in MKN Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS

LIST OF DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2020

The Directors' shareholding as per the Register of Directors' Shareholding

	Direct no. of Shares held		Indirect no. of Shares held	
Name	**Holdings**	**%**	**Holdings**	**%**
Hjh. Felina Binti Tan Sri Datuk (Dr.) Hj Mustapha Kamal	-	-	-	-
Lau Shu Chuan	-	-	-	-
Hjh. Juliana Heather Binti Ismail	-	-	-	-
Anita Chew Cheng Im	-	-	-	-
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	-	-	-	-

NOTICE OF FULLY VIRTUAL ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty First Annual General Meeting ("41st AGM") of the Company will be held fully virtual at the broadcast venue at The Hive, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Tuesday, 8 December 2020 at 10.30 a.m. for the following purposes:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To re-elect the following Directors who are retiring pursuant to Clause 93 of the Constitution of the Company and being eligible, have offered themselves for re-election: **(Please refer to Explanatory Note 2)**

   (a) Pn Hjh Juliana Heather binti Ismail **(Resolution 1)**
   (b) Ms Anita Chew Cheng Im **(Resolution 2)**

3. To approve the payment of Directors' fees of RM269,500 in respect of the financial year ended 30 June 2020 (2019: RM294,000). **(Resolution 3) (Please refer to Explanatory Note 3)**

4. To approve the payment of Directors' fees of up to RM416,500 with effect from 1 July 2020 until the next Annual General Meeting of the Company to be held in 2021. **(Resolution 4) (Please refer to Explanatory Note 3)**

5. To approve the payment of Directors' benefits of up to RM250,000 with effect from 9 December 2020 until the next Annual General Meeting of the Company to be held in 2021. **(Resolution 5) (Please refer to Explanatory Note 3)**

6. To re-appoint BDO PLT, the retiring auditors for the financial year ending 30 June 2021 and to authorise the Board of Directors to fix the remuneration of auditors. **(Resolution 6) (Please refer to Explanatory Note 4)**

SPECIAL BUSINESS

To consider and if thought fit, with or without any modification(s), to pass the following ordinary resolutions:

7. **PROPOSED CONTINUATION IN OFFICE OF PN HJH JULIANA HEATHER BINTI ISMAIL AS SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR** **(Resolution 7) (Please refer to Explanatory Note 5)**

   "THAT subject to the passing of proposed Ordinary Resolution 1, authority be and is hereby given to Pn Hjh Juliana Heather Binti Ismail who has served as a Senior Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as a Senior Independent Non-Executive Director of the Company."

8. **PROPOSED CONTINUATION IN OFFICE OF MS ANITA CHEW CHENG IM AS INDEPENDENT NON-EXECUTIVE DIRECTOR** **(Resolution 8) (Please refer to Explanatory Note 5)**

   "THAT subject to the passing of proposed Ordinary Resolution 2, authority be and is hereby given to Ms Anita Chew Cheng Im who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

NOTICE OF FULLY VIRTUAL ANNUAL GENERAL MEETING

9. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **(Resolution 9) (Please refer to Explanatory Note 6)**

   "THAT subject to Sections 75 and 76 of the Companies Act 2016 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued during the preceding twelve months does not exceed twenty per centum (20%) of the total number of the issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and 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 commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company, or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting."

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board

ALIZA BINTI AHMAD TERMIZI
(SSM PC No.: 201908000714) (LS0009656)
YEAP KOK LEONG
(SSM PC No.: 202008001750) (MAICSA 0862549)
Company Secretaries

Petaling Jaya
30 October 2020

NOTICE OF FULLY VIRTUAL ANNUAL GENERAL MEETING

Notes:

1. In view of the Coronavirus Disease 2019 ("Covid-19") outbreak and as part of the safety measures, the 41st Annual General Meeting ("AGM") of the Company will be conducted on **a virtual basis through live streaming from the Broadcast Venue and online remote voting** via Remote Participation and Voting facilities ("RPV") which are available on Tricor Investor & Issuing House Services Sdn Bhd's website at TIIH Online at https://tiih.online. Please follow the procedures provided in the Administrative Guide for the 41st AGM in order to register, participate and vote remotely via the RPV.

2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the 41st AGM in person at the Broadcast Venue on the day of the meeting.

3. Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 41st AGM via the RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at https://tiih.online. Please refer to Procedures for RPV in the Administrative Guide for the 41st AGM and take note of Notes (2) to (13) below in order to participate remotely via RPV.

4. For the purpose of determining a member who shall be entitled to attend and vote at the 41st AGM, the Company shall be requesting the Record of Depositors as at 30 November 2020. Only a depositor whose name appears on the Record of Depositors as at 30 November 2020 shall be entitled to participate in this AGM via RPV.

5. A member entitled to participate in this AGM via RPV is entitled to appoint not more than two proxies to participate in his stead. A proxy may but need not be a member of the Company and a proxy appointed to participate in this AGM via RPV shall have the same rights as the member to speak at a meeting.

6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy but not more than two proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

7. 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"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

8. Where a member or the authorised nominee or an exempt authorised nominee appoints two or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

9. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.

10. If the appointer is a corporation, this form must be executed under its common seal or under the hand of its attorney duly authorised and accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Proxy Form.

NOTICE OF FULLY VIRTUAL ANNUAL GENERAL MEETING

11. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd not less than forty-eight (48) hours before the time appointed for holding the 41st AGM, i.e. by 10.30 a.m. on Sunday, 6 December 2020 or adjourned 41st AGM at which the person named in the appointment proposes to vote:

    (i) In Hard Copy Form
    In the case of an appointment made in hard copy form, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd 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, the Customer Service Centre at Unit G-3, Ground Floor Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

    (ii) By Tricor Online System (TIIH Online)
    In the case of an appointment made via email mean, the proxy form can be electronically submitted to the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd via TIIH Online (applicable to individual shareholders only). The website to access TIIH Online is https://tiih.online (Kindly refer to the Administrative Guide for the 41st AGM).

12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

13. For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company at 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

Explanatory Notes on Ordinary Business / Special Business:

1. Explanatory Note 1

To receive the Audited Financial Statements for the financial year ended 30 June 2020

This Agenda item is meant for discussion only as the provisions of Sections 248(2) and 340(1)(a) of the Companies Act 2016 do not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Explanatory Note 2

To re-elect Pn Hjh Juliana Heather Binti Ismail and Ms Anita Chew Cheng Im who are retiring pursuant to Clause 93 of the Constitution of the Company and being eligible, have offered themselves for re-election.

Clause 93 of the Constitution of the Company provides that one-third of the Directors of the Company for the time being shall retire by rotation at an annual general meeting ("AGM") of the Company. The Directors who subject to retirement by rotation in accordance with Clause 93 of the Constitution are Pn Hjh Juliana Heather Binti Ismail (Senior Independent Non-Executive Director) and Ms Anita Chew Cheng Im (Independent Non-Executive Director).

For the purpose of determining the eligibility of the Directors to stand for re-election at the 41st AGM, the Nomination Committee ("NC") has considered the following:

(a) The performance and contribution of each of the Directors based on their assessment results of the Board Effectiveness Evaluation 2019/2020; and

(b) The assessment of the individual Director's level of contribution to the Board through each of their skills, experience and strength in qualities.

The Board agreed with NC's recommendation that the Directors who retire in accordance with Clause 93 of the Constitution of the Company are eligible to stand for re-election. The retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the Board meeting. Details of the assessment are disclosed in the Corporate Governance Overview Statement.

3. Explanatory Note 3

Directors' Fees and Benefits

Section 230(1) of the Companies Act 2016 provides, amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board recommended the following to the shareholders for approval at the 41st AGM:

- Resolution 3 To approve the payment of Directors' fees of RM269,500 in respect of the financial year ended 30 June 2020 (2019: RM294,000).
- Resolution 4 To approve the payment of Directors' fees of up to RM416,500 with effect from 1 July 2020 until the next Annual General Meeting of the Company to be held in 2021.
- Resolution 5 To approve the payment of Directors' benefits of up to RM250,000 with effect from 9 December 2020 until the next Annual General Meeting of the Company to be held in 2021.

Directors' Fees

The Remuneration Committee ("RC") has reviewed the Directors' fees and recommended the following Directors' fees to the Board for consideration. The Board agreed with RC's recommendation that the Directors' fees provided in the table below are still competitive and at par with prevalent market rate:

Senior Independent Non-Executive Director	RM108,000 per annum
Independent Non-Executive Director ("INED")	RM84,000 per annum

The proposed Ordinary Resolution 3, if passed, will give authority to the Company to pay the Directors' fees of RM269,500 in respect of the financial year ended 30 June 2020. The quantum of the Directors' fees remained unchanged.

The proposed Ordinary Resolution 4, if passed, will give authority to the Company to pay the Directors' fees of up to RM416,500 with effect from 1 July 2020 until the next Annual General Meeting of the Company to be held in 2021, as and when their services are rendered. The quantum of the Directors' fees remains unchanged as compared with the year 2019/2020.

Directors' Benefits

The Directors' benefits comprise allowances and other emoluments payable to the INEDs of the Board and Board Committees. The current Directors' benefits are as set out below:

Description	INED
Meeting allowance for Board and Board Committees (per meeting) for each INED	RM2,000

In determining the estimated total amount of benefits for the INEDs, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of INEDs involved in these meetings. The estimated amount of RM250,000 for the period from 9 December 2020 until the next Annual General Meeting of the Company to be held in 2021 ("Relevant Period") is derived from estimated attendance for about 10 Board meetings to be held during the Relevant Period.

Payment of the INED's benefits will be made by the Company as and when incurred if the proposed Resolution 5 has been passed at the 41st AGM.

The Board is of the view that it is just and equitable to pay the Directors' benefits as and when incurred, particularly after INEDs have discharged their duties, responsibilities and rendered their services to the Company throughout the Relevant Period.

The proposed Ordinary Resolution 5, if passed, will give authority to the Company to pay the Directors' benefits of up to RM250,000 with effect from 9 December 2020 until the next Annual General Meeting of the Company to be held in 2021.

4. **Explanatory Note 4**

The Board has through the Audit and Risk Management Committee ("ARMC"), considered the re-appointment of BDO PLT as Auditors of the Company. The factors considered by the ARMC in making the recommendation to the Board to table their re-appointment at the 41st AGM are disclosed in the Corporate Governance Overview Statement of the Annual Report for the financial year ended 30 June 2020.

5. **Explanatory Note 5**

Proposed continuation in office of Pn Hjh Juliana Heather Binti Ismail and Ms Anita Chew Cheng Im as INED

The Board, with the recommendation of NC, has assessed the independence of Pn Hjh Juliana Heather Binti Ismail and Ms Anita Chew Cheng Im, who have served as INEDs of the Company for a cumulative term of more than nine years since 21 December 2009 and 19 February 2009 respectively, and recommended them to continue to act as INEDs of the Company as they have shown that:

(a) They have fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and will thus be able to function as a check and balance, and bring an element of objectivity to the Board;

(b) They have vast experience in the Corporate Finance and Human Resource, which will enhance the Board's diverse set of experience, expertise and independent judgement;

(c) They have been with the Company for a cumulative term of more than nine years and have good knowledge of the Company's business operations and the property development market;

(d) They have devoted sufficient time and attention to their professional obligations for informed and balanced decision making; and

(e) They have exercised due care and diligence during their tenure as an INED of the Company and carried out their professional duties in the best interest of the Company and shareholders.

6. Explanatory Note 6

Authority to issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 9 is proposed to seek a renewal of general authority pursuant to Sections 75 and 76 of the Companies Act 2016. The Ordinary Resolution 9, if passed, will give the Directors of the Company from the date of the above meeting, authority to issue and allot shares for such purposes as the Directors consider would be in the best interest of the Company. The authority will continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company, or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless revoked or varied by the Company in general meeting, at a general meeting.

As at the date of this notice, no new shares in the Company were issued pursuant to the general authority to the Directors for issuance of shares pursuant to the Act, obtained at the 40th AGM held on 5 December 2019 and which will lapse at the conclusion of the 41st AGM.

The general mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited for further placing of shares for purpose of funding investment(s), working capital and/or acquisitions, at any time to such persons in their absolute discretion without convening a general meeting as it would be both costs and time-consuming to organise a general meeting.

ADMINISTRATIVE GUIDE FOR THE FORTY FIRST (41ST) ANNUAL GENERAL MEETING OF M K LAND HOLDINGS

Date	:	Tuesday, 8 December 2020
Time	:	10.30 a.m.
Broadcast Venue	:	The Hive, Manuka 2 & 3 Meeting Room Unit 29-01, Level 29, Tower A Vertical Business Suite, Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia

MODE OF MEETING

In view of the Covid-19 outbreak and as part of the safety measures, the Forty First Annual General Meeting ("41st AGM") will be conducted on **a virtual basis through live streaming from the Broadcast Venue and online remote voting**. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020, including any amendment that may be made from time to time.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the 41st AGM in person at the Broadcast Venue on the day of the meeting.

Due to the constant evolving Covid-19 situation in Malaysia, we may be required to change the arrangements of our 41st AGM at short notice. Kindly check the Company's website or announcements for the latest updates on the status of the 41st AGM. The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

REGISTRATION OF SHAREHOLDERS & PROXY(IES)

REMOTE PARTICIPATION AND VOTING FACILITIES ("RPV")

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 41st AGM using Remote Participation and Voting Facilities (''RPV'') provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at https://tiih.online. Please refer to Procedures for RPV.

A shareholder who has appointed a proxy(ies) or attorney(s) or authorised representative(s) to participate at this 41st AGM via RPV must request his/her proxy(ies) or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at https://tiih.online. Please refer to Procedure for RPV.

As the 41st AGM is a fully virtual AGM, shareholders who are unable to participate in this AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

PROCEDURES FOR REGISTRATION /RPV

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate the 41st AGM remotely using the RPV are to follow the requirements and procedures as summarized below:

	Procedure	Action
		BEFORE THE AGM DAY
(a)	Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one working day and you will be notified via email. • If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.

ADMINISTRATIVE GUIDE FOR THE FORTY FIRST (41^{ST}) ANNUAL GENERAL MEETING OF M K LAND

	Procedure	Action
		BEFORE THE AGM DAY
(b)	Submit your registration for RPV	• Registration is open from Friday, 30 October 2020 until the day of 41st AGM, Tuesday, 8 December 2020. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 41^{st} AGM to ascertain their eligibility to participate at the 41st AGM using the RPV. • Login with your user ID and password and select the corporate event: "**(REGISTRATION) M K LAND HOLDINGS BERHAD 41^{st} AGM**" • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an e-mail to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors dated 30 November 2020, the system will send you an e-mail to approve your registration for remote participation and the procedures to use the RPV are detailed therein. In the event your registration is not approved, you will also be notified via email. *(Note: Please ensure to allow sufficient time required for the approval as a new user of TIIH Online as well as the registration for RPV in order that you can login to TIIH Online and participate at the 41^{st} AGM remotely).*
		ON THE DAY OF THE AGM
(c)	Login to TIIH Online	• Login with your user ID and password for remote participation at the 41^{st} AGM at any time from 10.00 a.m., i.e. 30 minutes before the commencement of the AGM on Tuesday, 8 December 2020 at 10.30 a.m.
(d)	Participate through Live Streaming	• Select the corporate event: "**(LIVE STREAM MEETING) M K LAND HOLDINGS BERHAD 41^{st} AGM**" to engage in the proceedings of the 41^{st} AGM remotely. • If you have any question for the Chairman/ Board, you may use the query box to transmit your question. The Chairman/ Board will endeavor to respond to questions submitted by you during the 41^{st} AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	• Voting session commences from 10.30 a.m. on Tuesday, 8 December 2020 until a time when the Chairman announces the end of the session. Select the corporate event: "**(REMOTE VOTING) M K LAND HOLDINGS BERHAD 41^{st} AGM**" or if you are on the live stream meeting page, you can select "**GO TO REMOTE VOTING PAGE**" button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
(f)	End of remote participation	• Upon the announcement by the Chairman on the closure of the 41^{st} AGM, the live streaming will end.

ADMINISTRATIVE GUIDE FOR THE FORTY FIRST (41ST) ANNUAL GENERAL MEETING OF M K LAND

Note to users of the RPV facilities:

1. Should your registration for RPV be approved we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.

2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) to participate via RPV at the 41st AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Sunday, 6 December 2020 at 10.30 a.m.**

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online (applicable to individual shareholders only). Kindly refer to the Procedure for Electronic Submission of Proxy Form.

Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Sunday, 6 December 2020 at 10.30 a.m.** to participate via RPV at the 41st AGM. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

ADMINISTRATIVE GUIDE FOR THE FORTY FIRST (41^{ST}) ANNUAL GENERAL MEETING OF M K LAND

For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company at 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Sunday, 6 December 2020 at 10.30 a.m.** to participate via RPV in the 41^{st} AGM. The certificate of appointment should be executed in the following manner:

(i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
(ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
  (a) at least two (2) authorised officers, of whom one shall be a director; or
  (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM

The procedures to submit your proxy form electronically via Tricor's **TIIH Online** website are summarised below:

	Procedure	Action
a	Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
b	Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "Submission of Proxy Form". • Read and agree to the Terms & Conditions and confirm the Declaration • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(ies) and insert the required details of your proxy(s) or appoint Chairman as your proxy. • Indicate your voting instructions - FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(s) appointment.

POLL VOTING

The voting at the 41^{st} AGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting).

Shareholders or proxy(ies) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time from 10.30 a.m. on **Tuesday, 8 December 2020** but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (e) of the above Procedures for RPV for guidance on how to vote remotely from TIIH Online website at https://tiih.online.

Upon completion of the voting session for the 41^{st} AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

ADMINISTRATIVE GUIDE FOR THE FORTY FIRST (41ST) ANNUAL GENERAL MEETING OF M K LAND

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the 41st AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than **Sunday, 6 December 2020 at 10.30 a.m.**. The Board will endeavor to answer the questions received at the 41st AGM.

DOOR GIFT/FOOD VOUCHER

There will be no door gifts or food vouchers for attending the 41st AGM.

NO RECORDING OR PHOTOGRAPHY

Unauthorized recording and photography are strictly prohibited at the 41st AGM

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line	:	+603-2783 9299
Fax Number	:	+603-2783 9222
Email	:	is.enquiry@my.tricorglobal.com
Contact persons	:	Encik Mohammad Amirul Iskandar
Contact Number	:	+603 2783 9263
Email	:	Mohammad.Amirul@my.tricorglobal.com
Contact persons	:	Puan Ros Sakila Binti Bahari
Contact Number	:	+603 2783 9277
	:	Sakila@my.tricorglobal.com

M K LAND Holdings Berhad
(REG NO. 197801003984) (40970-H)

FORM OF PROXY

CDS account number

I/We (name of shareholder as per NRIC, capital letters) ______________________________

NRIC No. (new) /ID No./Company No ____________________ NRIC No. (old) ____________________

of (full address) ______________________________

being a member(s) of abovenamed Company, hereby appoint ______________________________

(name of proxy as per NRIC, in capital letters) NRIC No. (new) ______________________________

NRIC No. (old) ____________________ or failing him/her ______________________________

(name of proxy as per NRIC, capital letters) NRIC No. (new) ______________________________

NRIC No. (old) ______________________________

or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 41st Annual General Meeting of the Company to be held at The Hive, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Tuesday, 8 December 2020 at 10.30 a.m. and at any adjournment of such meeting.

With reference to the agenda set forth in the Notice of Meeting, please indicate with an “X” in the space provided below how you wish your votes to be cast on the ordinary resolution specified. If no specific direction as to the voting is given, the Proxy will vote or abstain at his/her discretion.

	RESOLUTIONS	FOR	AGAINST
1.	RESOLUTION 1		
2.	RESOLUTION 2		
3.	RESOLUTION 3		
4.	RESOLUTION 4		
5.	RESOLUTION 5		
6.	RESOLUTION 6		
7.	RESOLUTION 7		
8.	RESOLUTION 8		
9.	RESOLUTION 9		

____

Signature of shareholder(s)/Common Seal

Date:

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

NO OF SHARES		PERCENTAGE
Proxy 1	__________	%
Proxy 2	__________	%
		100%

Notes:

1. In view of the Coronavirus Disease 2019 (“Covid-19”) outbreak and as part of the safety measures, the 41st Annual General Meeting (“AGM”) of the Company will be conducted on **a virtual basis through live streaming from the Broadcast Venue and online remote voting** via Remote Participation and Voting facilities (“RPV”) which are available on Tricor Investor & Issuing House Services Sdn Bhd’s website at TIIH Online at https://tiih.online. Please follow the procedures provided in the Administrative Guide for the 41st AGM in order to register, participate and vote remotely via the RPV.

2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the 41st AGM in person at the Broadcast Venue on the day of the meeting.

3. Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the 41st AGM via the RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its TIIH Online website at https://tiih.online. Please refer to Procedures for RPV in the Administrative Guide for the 41st AGM and take note of Notes (2) to (13) below in order to participate remotely via RPV.

4. For the purpose of determining a member who shall be entitled to attend and vote at the 41st AGM, the Company shall be requesting the Record of Depositors as at 30 November 2020. Only a depositor whose name appears on the Record of Depositors as at 30 November 2020 shall be entitled to participate in this AGM via RPV.

5. A member entitled to participate in this AGM via RPV is entitled to appoint not more than two proxies to participate in his stead. A proxy may but need not be a member of the Company and a proxy appointed to participate in this AGM via RPV shall have the same rights as the member to speak at a meeting.

6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy but not more than two proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

7. 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"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

8. Where a member or the authorised nominee or an exempt authorised nominee appoints two or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

9. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.

10. If the appointer is a corporation, this form must be executed under its common seal or under the hand of its attorney duly authorised and accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Proxy Form.

11. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd not less than forty-eight (48) hours before the time appointed for holding the 41st AGM, i.e. by 10.30 a.m. on Sunday, 6 December 2020 or adjourned 41st AGM at which the person named in the appointment proposes to vote:

    (i) In Hard Copy Form
    In the case of an appointment made in hard copy form, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd 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, the Customer Service Centre at Unit G-3, Ground Floor Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

Stamp

The Company Secretary
M K LAND HOLDINGS BERHAD
(REG NO. 197801003984) (40970-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

    (ii) By Tricor Online System (TIIH Online)
    In the case of an appointment made via email mean, the proxy form can be electronically submitted to the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd via TIIH Online (applicable to individual shareholders only). The website to access TIIH Online is https://tiih.online (Kindly refer to the Administrative Guide for the 41st AGM).

12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

13. For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company at 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

M K LAND Holdings Berhad
(REG NO. 197801003984) (40970-H)

REQUEST FORM
Annual Report 2020

To: The Registrar

Please send to me/us a printed copy of the 2020 Annual Report of M K Land Holdings Berhad.

Name of Shareholder: ______________________________

NRIC/ Company No.: ______________________________

CDS Account No.: ______________________________

Address: ______________________________

Telephone No.: ______________________________

Date: ______________________________

____
Signature of Shareholder

Contact Details of M K Land Holdings Berhad for a printed copy of the 2020 Annual Report:

SHARE REGISTRARS
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD (197101000970) (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur

Tel	:	03 - 2783 9299
Fax	:	03 - 2783 9222
Email	:	is.enquiry@my.tricorglobal.com
Contact Person	:	Ms Ros Sakila Binti Bahari (e-mail: Sakila@my.tricorglobal.com)

You may also submit your request on-line via the Share Registrars' website by following the simple steps below:

Step 1 - go to http://my-etricor.com/
Step 2 - Click at the "Investor Services" link on the top menu to go to the Investor Services Centre
Step 3 - Select the "Services" link on the top menu.
Step 4 - Choose the type of service by selecting "Request for Annual Report"
Step 5 - Key in the company name in full, i.e. M K Land Holdings Berhad, to search
Step 6 - Complete the on-line request form
Step 7 - Click the "Submit" button to submit the request

PROPERTY SALES OFFICE

DAMANSARA PERDANA SALES OFFICE
Damansara Perdana Sales Gallery,
No. 1, Jalan PJU 8/12,
Bandar Damansara Perdana,
47820 Petaling Jaya,
Selangor Darul Ehsan.
t : +603 7733 0303
f : +603 7732 6021

RESIDENSI SUASANA@DAMAI SALES GALLERY

Jalan PJU 10/2B,
Damansara Damai,
47830 Petaling Jaya,
Selangor Darul Ehsan.
t : +603 6157 1900
f : +603 6157 1360

MERU PERDANA SALES OFFICE

No. 39 & 41, Laluan Meru Perdana II,
Taman Meru Perdana 2,
Jalan Jelapang - Chemor,
31200 Chemor,
Perak Darul Ridzuan.
t : +605 525 3077
f : +605 525 3307

TAMAN BUNGA RAYA

No. 1 Persiaran Bunga Raya,
Taman Bunga Raya,
Bukit Beruntung,
48300 Rawang,
Selangor Darul Ehsan.
t : +603 6028 1878
f : +603 6028 1857

SEGI OBJEKTIF

Bukit Merah Laketown,
Jalan Bukit Merah,
34400 Semanggol,
Perak Darul Ridzuan.
t : +605 890 8080
f : +605 890 8083

RESORT SALES OFFICE

HOTEL & RESORTS SALES OFFICE

No. 15-1, Jalan PJU 8/5H,
Damansara Perdana Business Centre,
Bandar Damansara Perdana,
47820 Petaling Jaya,
Selangor Darul Ehsan.
t : +603 7724 1282 / 7724 1317
f : +603-7724 1317

BUKIT MERAH LAKETOWN RESORT

Jalan Bukit Merah.
34400 Semanggol,
Perak Darul Ridzuan.
t : +605 890 8888
f : +605 890 8000

OMBAK VILLA LANGKAWI
KUALA MELAKA INN

Lot 78 Jalan Kuala Muda,
Padang Matsirat, 07100 Langkawi,
Kedah Darul Aman.
t : +604 955 8181
f : +604 955 8881

EDUCATION

LAKE VIEW COLLEGE

Jalan Bukit Merah,
34400 Semanggol,
Perak Darul Ridzuan.
t : +605 890 8084
f : +605-890 8212

M K LAND HOLDINGS BERHAD (REG NO. 197801003984) (40970-H)
No. 19, Jalan PJU 8/5H, Perdana Business Centre,
Bandar Damansara Perdana, 47820 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.

+603-7726 8866
+603-7727 9007
www.mkland.com.my