MK LAND Holdings Berhad
(REG NO. 197801003984) (40970-H)

BUILD NURTURE GROW

ANNUAL REPORT 2019

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 following a reverse takeover of a Second Board manufacturing company.

M K Land Holdings Berhad has a diversified portfolio of projects, which include residential and commercial developments, hotels and resorts, a water theme park, an education arm and property investment.

The main property development projects are Damansara Perdana, Damansara Damai, Taman Bunga Raya in Selangor – and Klebang Putra, Meru Perdana and Gopeng in Perak.

M K Land Holdings Berhad is firmly entrenched as one of the key players in the property development industry under the helm and leadership of its Executive Chairman, Puan Hajah Felina Binti Tan Sri Datuk (Dr.) Haji Mustapha Kamal.

VISION

To be a reliable organisation that delivers quality products and services on a timely basis and within cost.

MISSION

To strive towards excellence in providing quality products and services through teamwork for the betterment of the organisation, society and nation.

CORE VALUES

Our endeavour, based on self-awareness, conscience, independent will and imagination, shall always be guided by correct principles and values.

BUILD. NURTURE. GROW.

BUILD is our core thrust, the main order of business – yet we are not just building homes and office spaces. We are building communities, building experiences, building trust, as well as building a healthy environment for work and living – M K Land is creating experiences for life.

NURTURE is what our customers want. Care is at the forefront of our customer management but going a step further, we want to nurture this fundamental relationship in the hope of building a strong foundation with our customers to last beyond their generation.

GROW is what we have set our goals on, not just what we aspire to do within the company but what we want to achieve in our developments – to create vibrant and sustainable communities that thrive in the spaces and amongst the landscape we provide – not just for this generation, but for the next.

TABLE OF CONTENTS

2 EXECUTIVE CHAIRMAN'S WELCOME NOTE

4 CORPORATE INFORMATION

5 5-YEAR FINANCIAL HIGHLIGHTS

5 CORPORATE STRUCTURE

6 BOARD OF DIRECTORS' PROFILE

11 MANAGEMENT TEAM

12 EVENT HIGHLIGHTS

14 MANAGEMENT DISCUSSION AND ANALYSIS

22 SUSTAINABILITY STATEMENT

32 CORPORATE GOVERNANCE OVERVIEW STATEMENT

41 AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

44 STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

47 FINANCIAL STATEMENTS

149 LIST OF MATERIAL PROPERTIES

153 ANALYSIS OF SHAREHOLDINGS

156 NOTICE OF ANNUAL GENERAL MEETING

COVER RATIONALE

Subsequent to our 2018 cover on Focusing on Core Values, we now move into 2019 with the theme

BUILD. NURTURE. GROW.

The theme is divided into three core elements which stand alone and simultaneously also forms an interlocking and progressive action plan. The corporate colours and text on the cover convey boldness in our foresight.

40th

Annual General Meeting of
M K Land Holdings Berhad

5 December 2019

10:00 a.m.

Sime Darby Convention Centre
1A, Jalan Bukit Kiara 1
Bukit Kiara
60000 Kuala Lumpur

Users are encouraged to consider the environmental impact before printing this report and, where printing is required, limit this to the relevant sections rather than the full report.

EXECUTIVE CHAIRMAN'S WELCOME NOTE

السلام عليكم ورحمة الله وبركاته

Dear Esteemed Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report for the Group for the financial year ended (FY) 30 June 2019. I am extremely grateful to Allah Almighty for His Blessings in enabling me to helm the Group amidst the continuous challenging property market.

EXECUTIVE CHAIRMAN'S WELCOME NOTE

The people-friendly Budget 2020 announced recently will help spur the growth of the property industry sector as the policies give more incentives for home-owners, investors and developers. As an example, the Government's measures to promote access to affordable homes are further exemplified in the proposed Rent-To-Own (RTO) financing scheme, paired with stamp duty exemption, which allows a first-time home buyer (for products below RM500,000) to rent the home for up to five years if they cannot afford the 10% deposit. There is also the proposal to improve the treatment of Real Property Gains Tax (RPGT) on disposal of properties. These proposals, and more, lend an optimistic look to the property industry sector as a whole.

M K Land Holdings Berhad, since the late 1990s, has been one of key players in the affordable housing market, mainly in the states of Selangor and Perak, and will continue to remain steadfast in its mission to assist the Government in providing more affordable housing to cater to mainly the B40 and M40 categories.

On our niche high-end development products, we will continue with future planning and will launch these when the market condition is right. The affordable housing development in Meru Perdana (Perak), Taman Bunga Raya (Selangor) and soon, in Gopeng (Perak), have garnered keen interest from the market. In this aspect, M K Land will continue to play its role as a community developer, taking opportunities arising from the country's national development strategies and policies and God willing, will contribute to the economic growth of the country and at the same time, allow the Malaysian people an opportunity to own their own homes at affordable rates, especially those in the lower income bracket.

Over the last year, with the support of the Board of Directors as well as the Management, we have developed a more disciplined and prudent approach towards our business in making more sustainable choices, with the future in mind. Despite these challenging times, we continue to deliver positive results for the financial year.

Indeed, M K Land Holdings has weathered a few economic downturns. We are confident, InshaAllah, that we have the right tools and the right team to meet the shareholders' expectations and deliver what the rakyat needs as we endeavour to deliver our products on time, within cost and with quality.

Given the increasingly competitive environment, our people are key and integral to the Group's growth. Hence, we continue to equip our employees with the necessary skills and expertise through training as this is paramount to our success. We are also focussed on risk management to further maximise our strengths and mitigate the challenges, in our bid to maintain our competitive edge and continue to drive performance.

I would like to take this opportunity to express my heartfelt gratitude to the Group's shareholders, investors and business partners for their full trust and support throughout these two decades. To my fellow Board Members, I would like to express my heartfelt appreciation for your continuous support and guidance. To the Management and staff, my deepest thanks for your effort, dedication, teamwork and commitment that have enabled us to remain resilient.

Moving forward, we will continue with our aspiration to grow and maximise shareholder's returns as we continue to build communities and be a force to be reckoned with, InshaAllah.

'TOGETHER WE MAKE IT HAPPEN'

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

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

Ms Anita Chew Cheng Im
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 *(LS 0009656)*
Mr Yeap Kok Leong *(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	1.7.2014 to 30.6.2015	1.7.2015 to 30.6.2016	1.7.2016 to 30.6.2017	1.7.2017 to 30.6.2018 (Restated)	1.7.2018 to 30.6.2019
Revenue	488,316	295,063	192,360	176,271	172,120
Profit before tax	73,029	32,164	38,037	48,270	29,299
Profit after tax	53,963	16,328	18,133	27,317	6,341
Total assets	1,933,957	1,794,279	1,648,977	1,564,089	1,664,441
Net assets	1,164,582	1,156,818	1,174,951	1,191,984	1,198,370
Shareholders' fund	1,164,582	1,156,818	1,174,951	1,191,984	1,198,370
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)	4.5	1.4	1.5	2.3	0.5
Net assets per share (RM)	0.97	0.96	0.98	0.99	0.99

Note:

The financial statements for FY2019 and FY2018 (Restated) are prepared in accordance with Malaysian Financial Reporting Standards (MFRS). The financial statements of the previous financial years (FY2015 to FY2017) were prepared in accordance with Financial Reporting Standards (FRS) in Malaysia.

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

From Left To Right

1. Pn Hjh Felina Binti Tan Sri Datuk (Dr.) Hj Mustapha Kamal | 2. Ms Anita Chew Cheng Im
3. YBhg Dato' Tan Choon Hwa @ Esther Tan Choon Hwa | 4. Mr Lau Shu Chuan
5. Pn Hjh Juliana Heather Binti Ismail

BOARD OF DIRECTORS' PROFILE

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

Executive Chairman

Aged
48

Appointed on
29 August 2017

Pn Hjh Felina holds a Bachelor of Business Degree. She also sits on the Board 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, the Founder of M K Land Holdings Berhad.

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 2019.

BOARD OF DIRECTORS' PROFILE

MR LAU SHU CHUAN

Executive Director

Aged 59

Appointed on 1 February 2017

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 interest 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 five years and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2019.

PN HJH JULIANA HEATHER BINTI ISMAIL

Senior Independent Non-Executive Director
Chairman of Nomination Committee
Chairman of Remuneration Committee
Audit & Risk Management Committee Member

Aged 61

Appointed on 21 December 2009

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, until 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 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 2019.

BOARD OF DIRECTORS' PROFILE

MS ANITA CHEW CHENG IM

Independent Non-Executive Director
Chairman of Audit & Risk Management Committee
Nomination Committee Member
Remuneration Committee Member

Aged 52

19

Appointed on
19 February 2009

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 sits on the Boards of Notion Vtec Berhad, Yi-Lai Berhad and K-One Technology Berhad. She also sits on the Board of Fortress Minerals Limited, a company listed on the Singapore Stock Exchange.

Ms Anita 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 2019.

YBHG DATO' TAN CHOON HWA @ ESTHER TAN CHOON HWA

Independent Non-Executive Director
Audit & Risk Management Committee Member
Nomination Committee Member
Remuneration Committee Member

Aged 69

26

Appointed on
26 September 2017

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 organisation and is today still an active International Board member representing the Asia Pacific region.

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.

She is an auditor of various companies with activities ranging from manufacturing, associations, retailing, construction, development, 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.

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, Remuneration Committee of the Company. She also sits on the Board of Minda Global Berhad and is a member of the Audit and Risk Management Committee.

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 2019.

GROUP CHIEF EXECUTIVE OFFICER

MR K MOHANACHANDRAN A/L K R KUNJAN

Aged 59

Appointed on 1 February 2017

Mr Mohan graduated from Universiti Malaya, Kuala Lumpur with a Honours Degree in Civil Engineering.

He started his career in a soil investigation contracting company in 1983 before joining a building and civil works contractor working on the Royal Malaysian Air Force, Subang Base Project as well as the Penang Bridge Project. Subsequently, he started work with a reputable housing development company in Taiping, Perak in 1986 and has been involved in the property development industry ever since.

Mr K Mohanachandran a/l K R Kunjan does not hold any directorship in other public companies and listed issuers. He has no conviction for offences within the past 5 years. He also has not had any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2019.

He 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.

Skills & Experience

Honours Degree in Civil Engineering, Universiti Malaya, Kuala Lumpur

DEPUTY CHIEF OPERATING OFFICER

TN HJ KAMARULZAMAN BIN ABU BAKAR

Aged 56

Appointed on 1 March 2019

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 28 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 5 years. He also has not had any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2019.

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.

Skills & Experience

Hotel and Catering Management, Institut Teknologi MARA

MANAGEMENT TEAM

MR K MOHANACHANDRAN A/L K R KUNJAN
Group Chief Executive Officer

TN HJ KAMARULZAMAN BIN ABU BAKAR
Deputy Chief Operating Officer

TN HJ ZULKIPLI BIN SIDIN
Group Senior General Manager (Taman Bunga Raya, Langkawi and Cyberjaya)

PN NORIDA BINTI ABU KASSIM
Senior General Manager (Ipoh Projects)

MR CHARLES DUNCAN
Senior General Manager (Damansara Perdana)

TN HJ MUSTAFA KAMAL BIN HAWARI
Senior General Manager (Damansara Damai)

TN HJ AZHAR BIN OTHMAN
Head of Group Strategic Planning, Business Development and Corporate Services

PN ELYA WIRDATI BINTI MD NASIR
Acting Head, Leisure & Education

TN HJ ZULKIFLI BIN MOHD ISA
Head of Shared Services

MR FRANKIE CHAI AH HIN
Financial Controller

PN ALIZA BINTI AHMAD TERMIZI
Company Secretary

EVENT HIGHLIGHTS

15 NOVEMBER 2018

M K Land received two honours – People's Choice Award and Best Residential Landed Development for Rafflesia@Hill – at the iProperty Development Excellence Awards 2018 at Majestic Hotel, Kuala Lumpur.

24 NOVEMBER 2018

Residensi Suasana@Damai Topping Off Ceremony by nine buyers of the property in Damansara Damai.

1 DECEMBER 2018

New Waterpark Attractions at Bukit Merah Laketown Resort – The Crazee Cone, Racer Slide and the Family Water Adventure.

6 DECEMBER 2018

M K Land's 39th Annual General Meeting held at Sime Darby Convention Centre.

15 JANUARY 2019

Gopeng affordable homes Ground Breaking Ceremony by Perak Chief Minister, Dato' Seri Ahmad Faizal Bin Dato' Azumu.

19 JANUARY 2019

Opening of the Rumah Selangorku Sales Gallery in Taman Bunga Raya, Bukit Beruntung by Advisor to M K Land, YBhg Tan Sri Datuk (Dr.) Haji Mustapha Kamal Bin Haji Abu Bakar. Also in attendance is Hulu Selangor Member of Parliament, YB Puan June Leow Hsiad Hui.

26 JANUARY 2019

The Kayak Exploration Race at Tasik Bukit Merah, organised by Bukit Merah Laketown Resort.

EVENT HIGHLIGHTS

12&23 FEBRUARY 2019

The Chinese New Year celebration was held at Bukit Merah Laketown Resort on 12 February 2019 for the Northern region. For the Central region, the celebration was held at the Rafflesia Sales Gallery, Damansara Perdana on 23 February 2019. These two events were opened to stakeholders and residents as well as staff.

15 FEBRUARY 2019

The Down Syndrome children are very close to Executive Chairman, Pn Hjh Felina Binti Tan Sri Datuk (Dr.) Haji Mustapha Kamal's, heart. She has taken the home under her wing and M K Land has hired a 24-hour physio therapist to see to the children's rehabilitation. The children are often brought to the resorts under the Group for treats from their daily normal routine.

16 FEBRUARY 2019

Group Chief Executive Officer, Mr K Mohanachandran, handed scrolls to 186 graduates from Lake View College (LVC) at the Convocation ceremony held at Dewan Sebarau, Bukit Merah Laketown Resort.

2 MAY 2019

Member of Parliament for Hulu Selangor, YB Puan June Leow Hsiad Hui, and Group Chief Executive Officer of M K Land, Mr K Mohanachandran officiated a new road at Taman Bunga Raya, Bukit Beruntung which is known as Jajaran Baharu Persiaran Bunga Raya.

24 JUNE 2019

Executive Chairman, Pn Hjh Felina Binti Tan Sri Datuk (Dr.) Haji Mustapha Kamal launched Emerald 6 at Meru Perdana, a development by Zaman Teladan Sdn Bhd, in conjunction with the Aidilfitri open house celebration.

20-21 JULY 2019

More than 200 students from the Kerian District, Perak, had the opportunity to be part of the Education Programme under M K Land. Apart from hiring capable teachers and motivators, focus was given to each and every student by a pool of volunteers from M K Land to keep the children motivated right up to exam day.

MANAGEMENT DISCUSSION AND ANALYSIS

We made a commendable improvement in the sales performance of our property division in the financial year 2019 (“**FY2019**”) achieving total sales of RM207.7 million, surpassing the previous year’s performance by 77% mainly through our aggressive efforts in monetising the completed inventories as well as launching of new affordable home product in Central region to support the Government’s initiatives to increase more home-ownership in the market.

MR K. MOHANACHANDRAN A/L K.R. KUNJAN
Group Chief Executive Officer

The leisure segment registered a slight decrease in revenue performance by 2% mainly due to the cessation of revenue recognised from Taiping Golf Resort (“**TGR**”) and the Taiping Golf & Country Club (“**TGCC**”) pursuant to the completion of the Sale & Purchase Agreement dated 8 May 2017 in respect of the disposal of the nine land parcels in Taiping, Perak including TGR and TGCC lands.

The education segment also recorded a decrease in revenue by 10% due to a drop in number of students by 10% as there was an increase in graduate students in the FY2019 as compared to the previous financial year.

During FY2019, we embarked into executing our 5-year (FY2019-FY2023) strategic business plan roadmap in stages to further strengthen our position in the market by maximising our resources through several strategies such as active landbank management, developing continuous product launches in new projects as well as new phases in the existing landbank, exploring new potential areas for future growth and continuous improvement in the efficiency of our operations.

SEGMENTAL REVIEW

PROPERTY DEVELOPMENT

The property market continued to remain soft and challenging coupled with consumers’ cautious spending habit and firmer bank policies. However, it is showing an upbeat momentum, albeit at a slow rate, mainly resulting from the relaxation and flexibility of several incentives announced by the Government in respect of the house ownership campaign to increase home ownership in the country.

The property development segment remains the major contributor to the Company’s earnings with the Central region being the main revenue driver contributing about 69% or RM102 million of the Company’s total development revenue in FY2019. The property revenue would have been higher to reflect the significant increase of the property sales achieved in FY2019 of RM207.7 million against RM117.4 million in FY2018, however, due to the requirements under the MFRS 15, part of the revenue recognised will have to be brought forward to the next financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, we have made aggressive efforts in clearing the completed inventories especially from our projects in the Central region, namely, Damansara Perdana and Damansara Damai, through various sales and marketing activities.

We also launched our first Rumah SelangorKu, an affordable home project in Taman Bunga Raya in January 2019, and managed to lock in sales of approximately RM38.1 million of which the potential revenue from such sales will only be recognised upon the fulfilment of revenue recognition criteria under MFRS 15.

In the North, in our development in Meru Perdana we continued with the launch of new phases of our medium range residential houses. Further to that, we also inked a Development Rights Agreement ("**DRA**") with Menteri Besar Incorporated, Perak ("**MB Inc Perak**") on 30 November 2018 to jointly develop a mixed development project involving a total gross area of 219.3 acres in Kampar and Kinta, Perak. The entire development land will be developed via M K Land's subsidiary namely, Naluri Majujaya Sdn Bhd with shareholdings of 85% and 15% owned by M K Land and MB Inc, Perak respectively. This new collaboration increases our development portfolio within the Northern region with an additional estimated Gross Development Value ("**GDV**") of approximately RM700 million to be developed over the next 15 years.

Presently, the Group's remaining landbank stands at about 4,800 acres, with a potential GDV of RM16 billion. Setting to unlock the value of the available landbank, we are currently in the midst of revising the masterplans of our major development including Damansara Perdana, Bukit Merah Laketown and Bandar Technopolis Perdana (formerly known as Lembah Beriah). Upon completion of the said exercise, we will actively explore opportunities to develop the landbank through our own resources or in collaboration with reputable parties.

Presently, the Group's remaining landbank stands at about 4,800 acres with a potential GDV of RM 16 billion.

ON-GOING PROJECTS – CENTRAL REGION

During the year under review, our property development in the Central region contributed about RM165.5 million of the segment's sales, representing 80% of the total Group property sales in FY2019. The sales performance in the Central region in FY2019 saw a 106% jump from FY2018 mainly contributed by our completed products in Damansara Perdana.

Damansara Perdana

Located within the Golden Triangle of Petaling Jaya, our 792-acre Damansara Perdana ("**DP**") is the Group's flagship development offering mixed high-end products comprising condominiums, semi-detached houses as well as commercial units. Our completed projects in DP, namely, Armanee Terrace Condominium (residential) and Metropolitan Square (serviced condominium and commercial) saw encouraging sales in FY2019 with units almost fully sold following our efforts to monetise the existing inventories, especially in DP, through various marketing initiatives.

MANAGEMENT DISCUSSION AND ANALYSIS

In DP, we have taken an effort to create a sense of belonging among our home purchasers by piloting a DP Community Garden where we identified a plot of land dedicated for the residents to carry out their gardening activities. We set up a vegetables and herbs nursery and the first Community Garden activity was held in April 2019. This platform not only serves as a gathering point for the residents, but also provides some space for the residents to produce their home grown fruits and vegetables.

CHALLENGES & STRATEGY

In view of the oversupply of houses costing more than RM1.0 million in the market and the stiff competition in this product category, we are very cautious in launching new products as well as new phases of our on-going project in DP, namely, Rafflesia. We will only be launching the subsequent phases of Rafflesia once the take up for our completed inventory is encouraging and the market sentiment for high-end residential products improves.

We believe that the expected completion of the Damansara – Shah Alam Highway (“**DASH**”) by 2020, will increase the housing demand within DP as DASH will enhance the connectivity between Kuala Lumpur, Petaling Jaya, Subang Jaya and Shah Alam, thus, creating a larger catchment market.

We take cognisance that DP’s current masterplan requires further revision, taking into consideration the presence of DASH, that has somehow impacted the planning of the township. As such, we have undertaken the revitalisation exercise of the DP masterplan to bring the township to a new level that provides an improved planning landscape overall. We have engaged an urban planning consultant and together with various stakeholders, including consultants, contractors, residents, and the business community within DP, held a series of workshops with regards to finalising the revitalisation plan for DP.

Damansara Damai

Damansara Damai is a matured township and the next sought after location for many homeowners due to its strategic location and good road network that is accessible to various main highways such as the 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).

Our on-going project in Damansara Damai, namely, Residensi Suasana @ Damai launched in July 2016, has a sales take-up of 100% and 80%, for Tower A and B, respectively. Residensi Suasana @ Damai is our latest high-rise condominium development comprising 3 towers, particularly, Tower A, B and C, with a total of 780 units and a GDV of approximately RM408 million.

The condominium features units with built-up ranging from 1,015 sqft to 1,451 sqft, and is expected to be fully completed by 2022. To date, the construction progress for both Towers A and B is on track and slated for completion, by December 2019 and September 2020, respectively. In view of the positive response for Tower A and B, we have opened Tower C units for sale. Residensi Suasana is the choice of potential buyers due to its strategic location, which is approximately 700 metres from the new MRT 2 station at Damansara Damai, that is expected to be completed by 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

We held several customer engagement activities in FY2019 with the Damansara Damai community as well as stakeholders. Activities included 'gotong-royong' with the Police, the Joint Management Bodies of the respective parcels as well as with the residents and school children.

CHALLENGES & STRATEGY

In view of the growing population and the traffic conditions in Damansara Damai, Majlis Bandaraya Petaling Jaya ("**MBPJ**") has completed the construction of an alternative egress from the township leading to the NKVE Sg Buloh toll which is expected to be opened for use by the public by end of 2019. In addition to that, we have been in discussion with MBPJ to implement a one-way traffic system for the Ring Road in Damansara Damai to further help ease the traffic congestion during peak hours.

Our priority for FY2020 is to focus on clearing our completed inventories in Damansara Damai. We are in the process of preparing to launch the final phase of our Armanee Condominium units (Block D) when the property market improves. The RM533.0 million high-rise condominium, which will be launched by middle 2020 offers condominium units with average built ranging from 1,030 sqft to 2,024 sqft, priced from RM600,000.

Taman Bunga Raya

The Rumah Selangor Ku ("**RSKu**") is our latest affordable homes products in the Central region. We launched 109 units of affordable homes under Phase 1A of the RSKu's first phase, namely, Iris in January 2019. Iris comprises double-storey terrace houses having three plus one bedrooms with built-up of 1,015 sqft priced at RM250,000.00 each.

The 419 units of Iris has a GDV of RM107.3 million and Phase 1A comprising 109 units has sold out. Due to the positive response, we have opened 101 units of Iris, Phase 1C for registration too. Iris is expected to be completed by 2021.

We believe that apart from the affordable selling price, the attractive design equipped with facilities such as surau, community hall, playground and ample parking space, supported by the strategic location, are among the main factors contributing to the quick sales of this product.

The total number of units to be developed under RSKu is 1,385 with a total GDV of RM333 million with an estimated overall development period of seven years.

In addition to that, we will be offering a mid-market mix development project other than the RSKu, which will consist of 757 houses and 72 commercial units at a competitive price. This will bring the total new units to be constructed in Taman Bunga Raya, including RSKu to 2,214 units.

We are targeting to launch the first product to open market, namely, Sakura (Phase 2A) which will feature 68 units of double storey terrace house with an estimated GDV of RM25.3 million, by end of 2019.

CHALLENGES & STRATEGY

In the past, we faced difficulty in attracting the participation of commercial banks to provide end-financing to our potential purchasers due to the marketability factor of the Taman Bunga Raya location. However, with the introduction of new products in Taman Bunga Raya i.e. the RSKu and the open market product, we managed to secure several local banks to our financing panel for our future development in Taman Bunga Raya.

MANAGEMENT DISCUSSION AND ANALYSIS

ON-GOING PROJECTS – NORTHERN REGION

The property development in the Northern region has contributed about 20% of the total Group property sales in FY2019, and our product in Meru Perdana is the major contributor in FY2019, contributing RM22.6 million or 54% of the total sales in the Northern region.

Meru Perdana

First launched in 2009, Meru Perdana development is located along the main Jelapang – Chemor road in Ipoh, Perak. The residential development is developed in two phases, particularly, Phase 1 and 2, with a GDV of RM439 million. In FY2019, we saw a positive take up of our completed inventories (both residential and commercial units) as compared to FY2018.

We managed to lock in sales of RM3.1 million in FY2019 against RM0.9 million in FY2018 following our aggressive efforts in clearing the completed inventories.

The major contributor for Meru Perdana sales in FY2019 came from the 63-unit double-storey terrace houses, namely, Cattleya, that was launched in May 2019 with an estimated GDV of RM22.6 million. Cattleya contributed 61% or RM13.9 million of the sales value for Meru Perdana in FY2019. Slated for completion by 2021, Cattleya features built-up sizes ranging from 1,842 sqft to 1,911 sqft, with selling price from RM377,000.

We plan to launch a few more double-storey terrace houses in Meru Perdana in early 2020 to accommodate the increasing demand for this type of product in the Ipoh market.

Klebang Putra

Klebang Putra is another of our matured residential townships that sits on a 240-acre parcel of land in Ipoh, that was first launched in 2003. Also developed in two phases, the first phase of the residential units in Klebang Putra has been fully sold.

The most recent product in Klebang Putra is the Emerald 6 comprising 139 double-storey terrace houses which was launched in June 2019, following the success of the previous five phases of similar product. The concept for Emerald 6 is 'bigger and affordable' offering a minimum built-up area of 1,570 sqft with selling price from RM287,000. Emerald 6 is expected to be completed by 2021.

Upon the completion of Meru Perdana and Klebang Putra in the next five years, the entire development will comprise of 4,502 housing units with an estimated population of 22,000 people.

Gopeng

The execution of the Development Rights Agreement ("**DRA**") executed with MB Inc Perak in November 2018 provides us with an opportunity to continue our involvement in the State with the development of about 2,000 residential units priced between RM70,000 to RM300,000 per unit.

This will include 1,100 affordable terrace houses in line with the aspiration of the Perak State Government to provide housing for the needy.

Gopeng is set to be the new growth centre for the Kinta District and we estimate that there will be about 11,000 residents living here once the said development is completed.

LEISURE

The leisure segment, which comprises the Group's resorts, recorded a drop in revenue from RM23.4 million in FY2018 to RM22.9 million in FY2019. The drop of 2% or RM507,000 is mainly due to cessation of our business, namely, Taiping Golf Resort and Taiping Golf & Country Club, both located in Taiping, Perak. Although the average occupancy rate remains unchanged, the average room rate marked a steady improvement, from RM240.50 in FY2018 to RM248.10 in FY2019, mainly due to higher rates offered especially for our Ombak Villa hotel during the Langkawi International Maritime & Aerospace Exhibition held in March 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Our resorts in Langkawi continue to remain the major revenue contributor in the leisure segment in FY2019, contributing RM13.3 million, representing 58% of the overall revenue of the Group's leisure segment.

Bukit Merah Resort Laketown ("**BMLR**") in Perak saw a slight improvement in revenue contribution of RM8.5 million in FY2019 as compared to RM8.4 million in FY2018 mainly due to increase in visitors in view of the introduction of several new waterpark attractions in December 2018.

The majority of our guests continue to be Malaysians with steadily growing foreign guests, mostly from the Middle East, China, India and Singapore.

Moving forward, our focus will be to increase our marketing and awareness efforts targeting the leisure market from overseas, especially the Middle East, China, India and ASEAN focusing on Singapore, Indonesia and Thailand markets, while penetrating the local market potentials especially for BMLR, where we will be promoting attractive rates via bundle pricing subject to the seasons.

In addition, we will focus to strengthen our MICE (meetings, incentives, conventions and exhibitions) market from various customer base, especially the Government agencies and Government linked companies for corporate functions and seminars. Moreover, Ombak Villa and Kuala Melaka Inn in Langkawi have been selected to be two of the official hotels for the most significant upcoming event, namely, the Asia-Pacific Economic Cooperation ("**APEC**") 2020 that will take place in December 2019.

Continuous maintenance and refurbishment works are carried out regularly at our respective resorts to ensure positive customer experience and satisfaction. On the marketing front, we continue to put effort in strengthening our marketing platforms, especially the social media base through Instagram, Whatsapp, Facebook, vlogs and many more.

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 variety of facilities with the waterpark being the main attraction, the only ex-situ conservation centre for orang utans in Peninsular Malaysia and the unique Eco Park with its educational walk-in enclosures, where you can experience nature up close.

MANAGEMENT DISCUSSION AND ANALYSIS

Bukit Merah Laketown Resort offers a variety of accommodation all at one location. From hotel rooms to resort homes and luxury "kampung" style chalets by the lake. For the more adventurous, you can even try out a camping holiday at the lakeside camping ground.

In late 2018, we undertook several upgrading works to the existing attractions, as well as introduced three new attractions namely, the Family Splash Adventure, Racer Slides and Crazee Cone, to attract more new visitors to the Park as well as provide variety for our regular customers.

EDUCATION

In our education arm, Lake View College ("**LVC**"), we continuously improve the learning and teaching systems in line with the requirements of the current job market.

In February 2019, we held the 6th LVC Convocation to confer Diplomas to 186 graduates who have completed their diploma programmes in the following courses accredited by the Malaysian Qualification Agency ("**MQA**"):

- Diploma in Nursing
- Diploma in Occupational Safety & Health
- Diploma in Environmental Health
- Diploma in Hotel Management

Apart from the abovementioned courses, LVC presently also offers two new courses namely, Diploma in Tourism Management and Diploma in Business Management.

To date, more than 1,500 students have graduated from LVC whereby many of them have been offered jobs in Malaysia as well as foreign countries such as Singapore, Canada and Saudi Arabia even before they completed their studies at LVC.

LVC is in the process of obtaining the relevant approvals to offer the Diploma in Culinary Arts, as a new course to the existing list of seven programmes. We continue to provide short courses, approved under the Human Resources Development Fund and Occupational, Safety and Health ("**OSH**") related programmes, to further improve our revenue stream in the education segment.

We believe that the current programmes offered in LVC are relevant to the market needs as we managed to be listed in the List of Top 20 Courses in Malaysia with High Job Demand in the Future research conducted by Eduspiral Consultant Services and 12 Most Sought-After Jobs in Malaysia for 2019 based on The Annual Critical Occupation List 2018/2019 report by TalentCorp Malaysia and the Institute of Labour Market Information and Analysis.

In addition to that, the Middlesex University London has recently given its acceptance to the graduates of Diplomas in Hotel Management, Environmental Health and Occupational Safety & Health (OSH), particularly the OSH graduates to pursue degree programmes in OSH in the said university. Such acceptance brings LVC programmes to be on par with the standard of the university.

FINANCIAL PERFORMANCE REVIEW

The Group's revenue decreased by 2% amidst a challenging business environment in FY2019. The Group posted a pre-tax profit of RM29 million, which is 40% lower than RM48 million recorded in FY2018. The lower pre-tax profit is mainly due to a one-off gain of RM67 million in the previous year from the sale of nine parcels of land in Perak by a subsidiary. The Group's profit after tax for FY2019 stood at RM6 million, a 77% decrease from RM27 million in the previous year, mainly due to additional tax provision of RM13 million by a subsidiary for prior years' tax.

Our statement of financial position remains healthy with the Group's total cash and bank balances standing at RM47 million. Although this is a decrease of 20% compared with RM59 million in FY2018, it is mainly due to the increase in cash used to repay bank borrowings. Our gearing ratio as at FY2019 remains low at 4.0%.

Given our financial position, we will be able to fund our planned development activities in the coming year.

MANAGEMENT DISCUSSION AND ANALYSIS

KNOWN RISKS

We are fully cognisant that, in our businesses, we are exposed to various risks that may impact the Group's performance financially or operationally.

The external factors such as consumers' affordability, stringent bank borrowing policies as well as increasing oversupply of properties in the market leads to a strong competition risk in the industry. Along with this, our leisure business is also exposed to the consumers' spending behaviour with the rising cost of living and the potential drop in foreign tourist arrivals in Malaysia.

In order to mitigate these risks, M K Land continues to strengthen our presence in the property market by enhancing the branding of the existing products, especially in the Central region, as well as offering affordable homes complemented with attractive designs, strategic location and ample facilities.

As for our education segment, the increasing number of players entering the education market poses a challenge to attract new students to improve the revenue growth in the segment. In view of that, we have introduced new courses such as the Diploma in Culinary Arts and maintain our recurring income derived from rental of college facilities to government agencies.

We are exploring new landbank for development in other states through joint development agreements with the landowners while divesting non-strategic lands to improve our cashflow position. As for people risk, we are aware of the cost of losing the right staff and hiring the right people. We will manage this through our human capital planning initiatives.

STRATEGY & PROSPECTS

M K Land aspires to be the preferred developer in the various markets we are in, as well as providing quality services in its hospitality and education services via its long-term business strategies:

Long-Term Business Strategies

- ACTIVE LAND BANK MANAGEMENT
- CONTINUOUS PIPELINE OF PROJECTS ON EXISTING LANDBANK
- EXPANSION INTO NEW MARKETS
- OPERATIONAL EFFICIENCY

All these are underpinned by our Human Capital Improvement Initiatives as well as prudent financial management.

In view of the soft property market, we will be cautious in launching new projects especially in the high-end category, however, we remain optimistic in achieving our targets. We will continue to support in delivering more affordable houses in the near term, and in addition to launching of subsequent RSKu in the Central region, we will also be launching the sales of affordable homes in the Northern region. In line with this, depending on market conditions, we are set to launch the following developments (including new phases of existing projects) the near future:

Armanee Condominium in Damansara Damai, Selangor

GDV of RM553 million

Sakura (Phase 2A) in Taman Bunga Raya, Selangor

GDV of RM25.3 million

Balsa and Cattleya 2 in Meru Perdana, Ipoh, Perak

GDV of RM75.3 million

Upon the completion of our major masterplan exercise, M K Land will be in a position to offer a variety of residential products to the market to meet the consumers' budget and needs.

As for the resorts, we will continue to work closely with various travel agencies and overseas agents to create awareness and presence in the domestic and foreign markets as well as restrategise our sales and marketing efforts whilst at the same time, focusing on operational efficiency and the training and development of our staff.

In the education segment, we will introduce several new programmes to attract more students as well as focus on cost saving efforts to optimise the profitability of the segment. LVC will continuously be exploring new programmes to fulfil the needs of the market in line with the Malaysia IR4.0. At the same time, efforts are being made with various professional bodies to enhance and value add our educational programmes in tandem with industry requirements.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

M K Land Holdings Berhad ("M K Land" or "the Group") is pleased to present our second Sustainability Statement for the financial year ended 30 June 2019. 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:

1. ECONOMIC
2. ENVIRONMENTAL
3. EDUCATION AND SOCIAL
4. ETHICAL WORKPLACE

REPORTING SCOPE AND METHODOLOGY

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

The reporting cycle is done on an annual basis and is in accordance with the principal guidelines of Bursa Malaysia's Sustainability Reporting Guide.

This sustainability statement covers activities carried out during the reporting period, 1 July 2018 to 30 June 2019.

SUSTAINABILITY IN M K LAND

M K Land is committed to develop and grow sustainability into areas of Economic, Environmental, Education and Social as well as Ethical Workplace practices across all its business and operations.

M K Land endeavours to move 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 is two-prong: to create sustainable practices within the Group for profitability; as well as to create a culture of sustainability within the Group and the community, with emphasis on integrating the environmental, social and governance considerations into decision-making and the delivery of outcomes.

SUSTAINABILITY STATEMENT

GOVERNANCE STRUCTURE

The Board of Directors sets the tone in driving M K Land's sustainability strategies and goals.

Headed by the Group Chief Executive Officer, the Senior Management Team is then responsible for the formulation and oversight of sustainability strategies, policies and procedures, covering various aspects of the operation.

The various Heads of Departments are then expected to expedite these initiatives into action in all facets of operation at all sectors in M K Land's property development, leisure and education arm.

As the sustainability practice is still at its inception stage in M K Land, a formal working group will be established to manage and monitor the implementation of the various initiatives outlined whilst developing more practices. The working group will also be responsible to gather performance data for measurement which will be reported in M K Land's third Sustainability Statement.

SUSTAINABILITY STRATEGY ("4E") AREAS:

1. ECONOMIC SUSTAINABILITY

Economic sustainability is essential in gaining the confidence of investors, stakeholders and the public. The Group incorporates all economic sustainability practices into all functions and processes, which includes: strategic planning, sustainable planning, human resource planning and development planning.

2. ENVIRONMENTAL SUSTAINABILITY

The Group is committed to identify, manage and minimise the environmental impact of business operations and at the same time, encourage best practices throughout the Group in this matter. The Group is committed in promoting environment stewardship in property development, leisure and education sector by establishing the concept of sustainability and embedding the culture into our value chain.

3. EDUCATION AND SOCIAL SUSTAINABILITY

Education focuses on the need to provide the opportunity for the community surrounding the developments to further enhance their human capital growth. Our education arm provides a platform for the community to gain expertise in various areas to facilitate their migration into the workforce, which may include the Group.

Social sustainability focuses on the development of programmes and processes that promote social interaction and cultural enrichment. This is further enhanced by our corporate social responsibility practices which emphasise in building projects of value for our customers, protecting the vulnerable, respecting social diversity and building camaraderie amongst the community.

4. ETHICAL WORKPLACE SUSTAINABILITY

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

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT

M K Land is continually engaged with our stakeholders throughout the financial year as part of our sustainability assessment process. Our key stakeholders are those who are influenced by our business operations, in all areas of property development, leisure and education. Their concerns and interest regarding our business practices influence the direction of the Group. Each stakeholder group has their own areas of interests and some might have overlapping interests. We continue to maintain an open channel of communication to ensure that their concerns are addressed.

An example of the various efforts that we have done include development briefings to the local business owners, engaging the local authorities through sports and community events, partake in tourism briefings on various local and international platforms and others.

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 meetings • 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 • Open Days and public 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)
Government, Regulators and Authorities	Very important	• Dialogues, meetings and discussions • Emails and letters • Attend 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, Companies Act, Income Tax Act, Strata Title Act, Housing Development Act etc.
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

SUSTAINABILITY STATEMENT

Stakeholders	Priority	Methods of Engagement	Areas of Engagement
Communities	Important	• Community engagements, outreach programmes and events • Corporate social responsibility activities • Strategic partnership (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 • Townhall meetings • Employee events (e.g. annual dinner, family day, Sports Club activities) • Employee e-portal (ESS) • Safety trainings	• 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	• Reputation and publicity • Creating awareness • Communication of corporate news • Crisis communication
Industry Associations	Less important	• Information exchange • Seminars and events • Networking sessions • Award recognition opportunities	• Environmental, building, financial and social issues in the industry • Latest products, services and listings of vendors • In depth understanding of new acts and regulations relevant to operations

MATERIAL SUSTAINABILITY MATTERS

Taking the approach to identify the Group's 4E material sustainability matters is key to achieving our ambition and realising our corporate vision and mission. Prioritising each material matter based on its level of importance to our operations as well as our stakeholders enables us to identify the key focus areas that we will be able to meaningfully address and improve moving forward.

ECONOMIC SUSTAINABILITY	ENVIRONMENTAL SUSTAINABILITY	EDUCATION & SOCIAL SUSTAINABILITY	ETHICAL WORKPLACE SUSTAINABILITY
Ethics and Conduct Corporate Governance and Compliance Economic Performance and Product Quality Risk Management	Management of Water, Energy, Waste and Resources Preservation and Rehabilitation of the Environment (Clean, Green & Lush rule)	Human Capital through Education Corporate Social Responsibility ("CSR")	Ethics and Conduct Engaged and Informed Human Capital Training and Sports for Development

SUSTAINABILITY STATEMENT

ECONOMIC SUSTAINABILITY

ETHICS AND CONDUCT

This code of conduct is simply summarised as doing the right thing even when no one is watching. The Code of Conduct covers the following: human rights, health and safety, environment, company assets, exclusive service, integrity and professionalism, personal appearance, confidential information and compliance obligations.

We expect all employees to uphold professional conduct throughout their employment at the Group. As a service provider for the property development, leisure and education industry, our employees are expected to perform to the best of their abilities, be accountable for their actions and decisions when liaising with all stakeholders.

To effectively manage this, the Group has outlined The Code of Conduct Policy, established to promote the corporate culture which engenders ethical conduct that permeates throughout the Group. The code, available in the M K Land Employee Handbook, represents the Group's expectations with respect to integrity, creating a corruption-free environment, avoidance of conflict of interest and nepotism and ensuring regulatory compliance. New employees are briefed on the code and its expectations during the Onboarding Exercise during their induction period.

We have also established the Whistle Blower Policy for all employees of the Group to have a professional responsibility to disclose any known malpractices and wrongdoings. This policy needs to meet the objectives of the relevant legislation and remain effective for the Group. Therefore, it is reviewed on an as and when basis by the Board.

CORPORATE GOVERNANCE AND COMPLIANCE

In keeping in line with best practices in corporate governance and compliance matters, we assure our stakeholders and investors of our compliance with Malaysia's regulations by adhering to all laws and regulations. Our business operations are governed, among others, by 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 Education Policy
- Malaysian Qualifications Agency Act

A more detailed description is disclosed in the Corporate Governance Overview Statement of this Annual Report.

ECONOMIC PERFORMANCE AND PRODUCT QUALITY

Standard Operating Procedures (SOPs) - M K Land has a set of Standard Operating Procedures and Policies to ensure that all procedures and processes are transparent which improves competition and reduces the possibility of unfairness, especially in tender processes and awarding of contracts.

Procurement – M K Land places a priority on sourcing locally-made products where possible to support the local suppliers to further improve the Malaysian economy. By sourcing locally, M K Land also minimises its carbon footprint by reducing imported goods from international suppliers which would require additional transport, which in turn utilises additional fuel and adds to the release of additional carbon emissions.

Quality in Service – To maintain quality, we have adopted the Quality Assessment System in Construction (QLASSIC). This system, introduced by the Construction Industry Development Board (CIDB), aims to assess the level of quality of construction work of a given project based on an acceptable industry standard. It measures and evaluates the workmanship quality of a building construction work based on the Construction Industry Standard (CIS 7:2014). M K Land has set up the Quality Independent Audit Team (QIAT) and monitors the quality of construction by scheduled inspections to the worksites to assist and guide the technical team in achieving QLASSIC standards with a minimum requirement of a 70% score.

SUSTAINABILITY STATEMENT

Senior Management Team – Emphasis is placed upon hiring the senior management team from the local community. This aims to provide opportunities for qualified Malaysians to hold senior leadership positions within the Group. As Malaysians, we understand better the diversity in culture, values and traditions that exist within the diaspora of Malaysia. Generally, the local talent pool also has an overall better understanding of the business and customer needs in Malaysia.

M K Land's focus on affordable housing is also a testament to our economic sustainability practices by supporting the Malaysian government in providing homes for the Malaysian people, especially in the B40 category.

The Group's economic performance is covered extensively in the Management Discussion and Analysis section of this Annual Report.

RISK MANAGEMENT

M K Land is committed to the continuous development of an effective enterprise risk management policy and framework. The Risk Management Policy outlines the policies, 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 more detailed description is disclosed in the Corporate Governance Overview Statement of this Annual Report.

ENVIRONMENTAL SUSTAINABILITY

MANAGEMENT OF ENERGY, WATER, WASTE AND RESOURCES

M K Land is aware of the environmental impact that arises from our development and services activities. Therefore, we are committed to reducing our environmental footprint by reducing our energy and water consumption and creating, where possible, nature-aligned developments.

Because our monitoring system is still at its infancy, we are starting to record and monitor our consumption and will be disclosing a comparative measure in the third Sustainability Statement. For now, we have created a culture of reminders within the Group as well as notices by the Human Resource Department to conserve energy, especially if taking long breaks from the office or work stations. We also practice these reminders at our leisure sector amongst guests as well as at our education sector amongst staff and students. Our ongoing initiatives also include immediate reporting of water leaks when spotted to safeguard water consumption in all our business sectors, whether at worksites, corporate offices, sales galleries, resorts or the college.

Unutilised land banks have been leased out to solar farming to promote better use of the land instead of keeping the land bank idle. This, in turn, also gives the Group recurring income as a result.

Managing the waste output at all our sites remains a challenge for the Group. We have taken the initial steps to remind about recycling waste and disposal responsibilities, be it ours or our contractors. On the corporate level, we encourage the use of recycled paper for general paperwork such as for photocopying and internal memorandums, double-sided printing for documents and using scrap paper for notes. Further reminders are also given to minimise paper usage by communicating through emails or online channels, furthering our commitment to reduce waste. At the Group's leisure properties, natural materials like throwaway wood is reused to create decoration or turned into functional items to further reduce waste and encourage upcycling.

The Group's staff carbon footprint has also been reduced as well as carbon emissions from driving by substituting weekly physical meetings at sites with Skype calls which allows seamless discussion and evaluation of ideas as well as to generate action plans.

SUSTAINABILITY STATEMENT

PRESERVATION AND REHABILITATION OF THE ENVIRONMENT

'CLEAN, GREEN AND LUSH'

Our golden rule above captures our commitment to preserving the environment. We have remained true to this in the past projects and all the future planning on the drawing board for our development projects take into cognisance the surrounding nature and greenery that forms the main part of each development project.

It is our objective to maintain sustainable features to facilitate a cohesive environment between the community and the surrounding nature. Water and green elements form a major part of all developments on the drawing board, and these same features will also be included in our affordable housing developments.

Lembah Beriah and Damansara Perdana in the last year have sustainably managed to elevate its environment by developing a community garden. Some of the vegetables grown at Lembah Beriah's 'Ladang Kontan' is used by Bukit Merah Laketown Resort in their daily menu. Damansara Perdana's community garden has become an attraction for the community to not only obtain vegetables but to educate the children on the different types of vegetables grown.

The integration of nature into the development is also a feature in the latest Suasana@Damansara Damai project where the high-rise development is built to uplift the residential aesthetics within the green lung of Damansara Damai, where there are four urban parks surrounding the development. We have recently begun to run, through our Corporate Social Responsibility activities, partnering programmes with various Non-Governmental Organisations and the local municipality to encourage the community and neighbouring schools to be involved in green programmes.

At all sites, indoor offices and galleries, the working environment is strictly smoke-free and vape-free.

EDUCATION AND SOCIAL SUSTAINABILITY

CORPORATE SOCIAL RESPONSIBILITY (CSR)

M K Land believes strongly in its corporate social responsibility practices and in early 2019, a working committee was set up under the auspices of the Executive Chairman herself to oversee the activities carried out. Focussing on the future generation is important to the Group. This is reflected in our education programmes run through the provision of tuition and motivational camps at primary level to the surrounding communities of our developments, both in the Northern and Central regions. This financial year, two schools benefitted from this programme – SK Alor Pongsu in Perak and SK Kuala Teriang in Langkawi. The focus was on Standard 6 students sitting for their UPSR examination, consisting mostly of those from marginalised communities.

Results before and after their first two terms were recorded as follows:

SK Alor Pongsu – **80** Standard 6 Students

SK Kuala Teriang – **103** Standard 6 Students

SK Alor Pongsu: Improvement (%)	SK Alor Pongsu: Mid-term exam May 2019 (%)	SK Alor Pongsu: First term exam March 2019 (%)	Subject	SK Kuala Teriang: First term exam March 2019 (%)	SK Kuala Teriang: Mid-term exam May 2019 (%)	SK Kuala Teriang: Improvement (%)
+5.00	87.50	82.50	BM Pemahaman	72.00	96.00	+24.00
-5.00	71.25	76.25	BM Penulisan	66.00	91.30	+25.30
+6.25	43.75	37.50	BI Pemahaman	57.30	57.00	-0.30
+5.00	38.75	33.75	BI Penulisan	38.00	59.00	+21.00
+2.50	36.25	33.75	Matematik	27.00	49.00	+22.00
+7.50	62.50	55.00	Sains	47.00	69.00	+22.00

SUSTAINABILITY STATEMENT

Motivational talks were also given by some members of the senior management team to Standard 6 students of both SK Bkt Lanjan at Damansara Perdana and SK Damansara Damai 1 at Damansara Damai before their UPSR Trial examination.

An appreciation event for construction workers was also held in Damansara Damai early 2019 to offer our gratitude, especially, to the foreign labourers, who have come from afar, leaving their families behind, to work at our project sites so that we can deliver our products on time, with quality and within cost. At this event, it was the M K Land management who served the workers their food.

The management also took on the responsibility of briefing the business community of Damansara Perdana and Damansara Damai on the various developments within the vicinity as well as the challenges faced in an effort to keep the community engaged with M K Land as part of our commitment to be the preferred 'community developer'.

Other initiatives by the Group include festive celebrations and Buka Puasa events with the underprivileged where Duit Raya was given to the children.

Talent Pool for the Community

In the Northern region, Lake View College (LVC) churns out a ready talent pool to serve the surrounding community at par with city standards. LVC produces marketable and employable graduates for the public and private sectors, especially in four areas of the industry: Nursing; Occupational Safety & Health, Environmental Health and Hotel Management.

ETHICAL WORKPLACE SUSTAINABILITY

EQUAL OPPORTUNITY

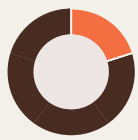
M K Land hires employees based on merit, experience in the industry, qualifications and skills. The gender distribution within the Group reflects diversity and equal opportunity. Please refer to the tables below:

Manpower Report (as at 30 June 2019) (%)

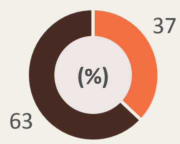
GENDER	PROPERTY DEVELOPMENT %	LEISURE %	EDUCATION %	TOTAL %
Female	41	32	67	37
Male	59	68	33	63

Period of Employment (%)

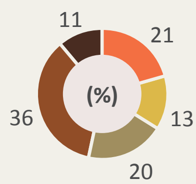
YEARS OF SERVICE	PROPERTY DEVELOPMENT %	LEISURE %	EDUCATION %	TOTAL %
16 - > 20 years	31	15	0	21
11 - 15 years	13	13	18	13
6 - 10 years	13	24	27	20
1 - 5 years	27	41	42	36
Less than 1 year	16	7	12	11



4 out of 5 Board members are women



Female Male

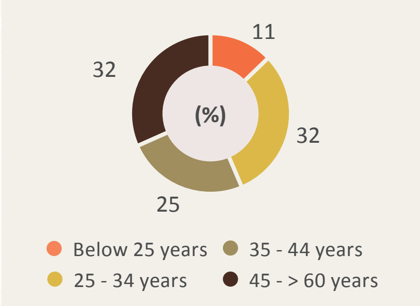


16 - > 20 years
1 - 5 years
11 - 15 years
Less than 1 year
6 - 10 years

SUSTAINABILITY STATEMENT

Age of Employees (%)

AGE	PROPERTY DEVELOPMENT %	LEISURE %	EDUCATION %	TOTAL %
Below 25 years	3	17	0	11
25 - 34 years	27	34	39	32
35 - 44 years	28	23	27	25
45 - > 60 years	41	26	33	32



Despite the notable gender gap of female to male ratio percentage of 63:37, we hold firmly to our principle by hiring employees who are qualified for the various job positions based on their qualifications, experience, knowledge and skills, regardless of gender.

ENGAGED AND INFORMED HUMAN CAPITAL

As an equal opportunity employer, it is also imperative to attract and retain a talent pool who best fit the nature of the work, and who can assimilate with the values of the Group, regardless of gender or background. Employees are kept engaged and informed through emails and a quarterly internal newsletter as well as through different workgroups on online platforms.

Two townhall sessions were also conducted in the last financial year on the Group's future plans.

M K Land is also committed in providing a healthy and safe working environment and is proud to announce zero workplace accidents in the last financial year.

The Group also maintains a zero tolerance policy towards any form of harassment and discrimination.

Our employees are also appraised by the management, with emphasis on those who have Key Performance Indicators (KPIs) clearly identifiable. Their achievements are reviewed and evaluated and those who meet their targets will be rewarded and those who do not perform will be given the necessary support needed to achieve their future targets. In the effort to promote a fair and equal opportunity to all employees, the challenge is in rewarding those in the 'service' departments who do not have measurable KPIs.

SUSTAINABILITY STATEMENT

TRAINING AND SPORTS FOR DEVELOPMENT

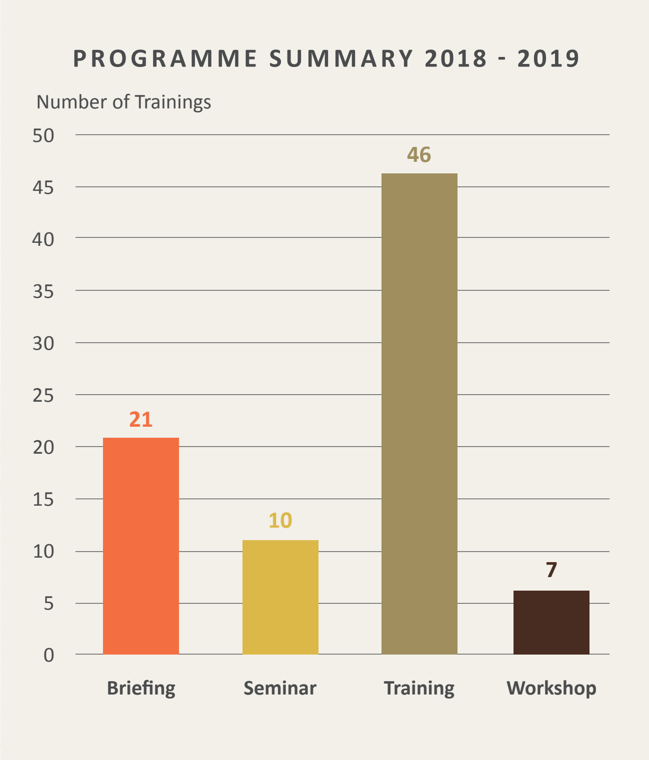
We empower our full-time employees to promote a healthy and harmonious workplace. Besides given the opportunity to receive staff discounts on properties and resort stays and dining (based on the Group's terms and conditions reflected in the Employee Hand Book), M K Land also promotes camaraderie through the Sports Club for better teamwork, overall health and to build loyalty.

Employees are also encouraged to undertake professional and personal development through Group-funded training that enhances skills and understanding. About 84 sessions on courses, briefings and inductions were conducted in the last financial year, an average of 12 activities per month.

Induction training, or the Onboarding Exercise, is conducted for new employees by informing them of the origins and history of the Group as well as familiarising them with the Group's culture and working place as well as colleagues in the department.

The Group Human Resource department allocates training programmes for corporate-related topics such as Financial Planning or Business Administration programmes as well as basic computer skills as refresher courses. Training programmes were offered to employees with the aim of improving employee performance, overcome competency gaps and develop new management, communication, writing or technical skills.

We believe that training programmes set the pace for the Group, moving forward, to continuously strive to achieve best practices and meet national standards.



CONCLUSION

Despite monitoring of material sustainability matters still at inception stage, M K Land will move ahead with our sustainable journey as we continue to inculcate sustainability practices into our everyday business and operations routine.

We are still on a learning path and we endeavour to adopt best practices and form the sustainable working committee to progress with the agenda of the Group while protecting, sustaining and enhancing the resources that are needed for the future.

We adhere to the basic principle of sustainability to meet the needs of the present without compromising the ability of future generations to meet their own needs.

We will continue to improve sustainability into the areas of economic, environmental, education and social, as well as ethical workplace practices of M K Land Holdings Berhad.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Statement by the 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 2019 ("FY2019") is disclosed in the M K Land Corporate Governance Report ("Corporate Governance Report") for FY2019. 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 Directors ("**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**") as fundamental to fulfilling its responsibilities, which include protecting and enhancing shareholder 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 controls, 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 Group.

The Board considers that the Group has complied substantially with the principles and guidance as stipulated in the MCCG throughout the FY2019. The Board will endeavour to improve and enhance the corporate governance practices from time to time.

PRINCIPLE A – Board Leadership and Effectiveness

1 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 21 October 2019 to ensure it remains consistent with the Board's objective and responsibilities, and all the relevant standards of corporate governance under the MCCG.

The Board Charter can be found 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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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**"), Executive Director ("**ED**") and the Group Chief Executive Officer ("**GCEO**") 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 matters and risk management of the Group. The GCEO has overall management and executive responsibilities for the day-to-day business operations and the implementation of the Board's decisions.

The details of the roles and responsibilities of the Chairman, ED and GCEO 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 HOLDINGS BERHAD GROUP

The Board has delegated the Group's executive responsibilities for day-to-day business operations to the GCEO and the Board reviews the business performance of the Group quarterly. Management personnel are delegated with specific roles and functions as assigned by the GCEO. 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 each month by the GCEO 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 years had been tabled to the Board for deliberation and approval in June 2019.

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 committee is guided by clearly defined TOR, the details of which could be found in the Company's website. The Board noted the decisions, recommendations and issues deliberated by the Board Committees through the minutes of these Board Committees. The composition and key functions of the Board Committees are summarised as follows:

(A) ARMC

The ARMC, comprising wholly Independent Non-Executive Directors ("**INED**"), is responsible to assist in providing oversight on the Group's financial reporting, disclosure, regulatory compliance, risk management and monitoring of internal control processes within the Group. The ARMC reviews the quarterly results, unaudited and audited financial statement, internal and external audit reports, related party transactions as well as risk management.

(B) NC

The NC consists exclusively of INED. The key functions of the NC include nomination of new Directors, 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 and Board Committees as a whole, and the contribution of each individual Director as well as identify candidates to fill Board vacancies, and nominating them for approval by the Board.

(C) RC

The RC, which comprises entirely of INED, is primarily responsible for recommending to the Board the remuneration of Executive Chairman, ED and GCEO in all forms, drawing external advice, if necessary.

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 of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**MMLR**") and other relevant laws and regulations. The Company Secretaries also assist the Board and Board Committees to function effectively and in accordance with their TOR and best practices and ensuring adherence to the existing Board 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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 both External and Internal Auditors of the Company and any other independent professional advisers, at the Company's expense.

INDEPENDENT DIRECTORS

The INED 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 INED do not receive performance based remuneration or share based incentives from the Company.

For FY2019, the NC reviewed and assessed the performance and independence of all the INED, 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 years, based on the criteria as set out in Paragraph 1.01 of the Main Market Listing Requirements ("**MMLR**"). 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 40th 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 INED 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 meets regularly on a quarterly basis. Additional or special Board meetings may be 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 dealings in shares by the directors or affected persons and directors' circular resolutions, reports on the Group's financial statements, operations, any relevant corporate developments and proposals.

In addition, there is a schedule of matters reserved for the Board's deliberation and decision, including among others, to review, evaluate, adopt and approve the policies and strategic plans for the Company and the Group. The Board will ensure that the strategic plans of the Company and 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 FY2019, a total of eleven Board meetings and Board Committees' meetings were held, and the attendance is disclosed in Practice 5.1 of the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

	ATTENDANCE IN MEETING			
	BODM	ARMC	NC	RC
Hjh Felina Binti Tan Sri Datuk (Dr.) Hj Mustapha Kamal	7/11	-	-	-
Lau Shu Chuan	11/11	-	-	-
Hjh Juliana Heather Binti Ismail	11/11	6/6	2/2	3/3
Anita Chew Cheng Im	11/11	6/6	2/2	3/3
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	9/11	6/6	2/2	3/3

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

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 pertaining to the MMLR and statutory provisions or new regulations and accounting standards imposed by the relevant authorities.

Annually, an In-house Directors' Training is organised after the training needs of the Directors have reviewed by NC and the Board.

The training(s) attended by the Directors during the financial year under review is disclosed in Practice 5.1 of the MCCG.

DIRECTOR	COURSE
Hjh Felina Binti Tan Sri Datuk (Dr.) Hj Mustapha Kamal	Corporate Liability provision under the MACC Amendment Act 2018 Briefing on Developmental Concepts and Design.
Lau Shu Chuan	Corporate Liability provision under the MACC Amendment Act 2018 Briefing on Developmental Concepts and Design.
Hjh Juliana Heather Binti Ismail	Corporate Liability provision under the MACC Amendment Act 2018 Briefing on Developmental Concepts and Design.
Anita Chew Cheng Im	Corporate Liability provision under the MACC Amendment Act 2018 Briefing on Developmental Concepts and Design.
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	Corporate Liability provision under the MACC Amendment Act 2018 Briefing on Developmental Concepts and Design.

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 shareholder's 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 22 to 31 of this Annual Report.

CODE OF CONDUCT

The Company had on 21 October 2018 reviewed the Code of Conduct for Directors and Senior Management relating to ethical practices. 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 responsibilities and duties throughout the organisation.

The Board will periodically review the Code of Conduct and this Code of Conduct 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Group has in place a Whistleblowing Policy which serves as a channel in relation to whistleblowing at work place 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 to the Senior Independent Director and/or the Head of Human Resources of the Company and may raise concerns of non-compliance to them.

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

2 Board Composition

COMPOSITION OF THE BOARD OF DIRECTORS

The Board's composition is well balanced with one Executive Chairman, one ED and three INED. 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 9 of this Annual Report.

The present composition of the Board is in compliance with Paragraph 15.02 of the MMLR 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 years. Based on the review of the Board's composition and assessment of individual Directors, the Board is satisfied that the current INED are able to exercise independent and objective judgement and act in the best interests of the Company even though one of them has served the Board for more than nine 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. The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, 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 MMLR, the activities of the NC in respect of FY2019 are summarised as follows:

- review of the appointment of new Directors;
- 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;
- recommending Directors who are retiring and being eligible for re-election;
- reviewed the performance of the ARMC and its members;
- reviewed the revised TOR, Board Diversity Policy, Directors Independence Policy; and
- recommended to the Board, the changes in 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. Any new appointment to the Board shall always be based on merit, capability, experience, skill-sets and integrity.

3 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.

The RC to review and recommend to the BOD on the remuneration of Chairman, ED and GCEO after taking into account the market rates and the performance of the Chairman, ED and GCEO and the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The RC had three meetings during the financial year under review. All members of the RC attended the said meetings.

At the coming 40th AGM, the Board shall seek shareholders' approval for Directors' fees, meeting allowances and benefits for the financial year ending 30 June 2020.

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

The profile of the Senior Management personnel are disclosed on pages 10 to 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 of 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 amongst others, oversee the Group's and Company'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 and the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards in Malaysia.

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 approval are prepared in accordance with the provisions of the Companies Act 2016, the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards 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, ARMC is also responsible to review the nature, scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors, to oversee and monitor the Group internal audit functions, review any related party transactions, 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 is set out in pages 41 to 43 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 FY2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 has 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 included 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 perform an annual assessment on the quality of the audit which encompassed the performance and calibre of the External Auditors and their independence, objectivity and professionalism. The assessment process involves identifying the areas of assessment, setting the minimum standards and devising tools to obtain the relevant data. The areas of assessment include among others, the External Auditors' calibre, quality processes, audit team, audit scope, audit communication, 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 the 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 have provided the declaration in their annual audit plan presented to the ARMC of the Company.

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

During the financial year, the amount of statutory audit and non-audit fees paid/payable to the External Auditors by the Company and the Group respectively for FY2019 were as follows:

	COMPANY		**GROUP**	
	FY2019 RM'000	**FY2018 RM'000**	**FY2019 RM'000**	**FY2018 RM'000**
Statutory audit fees paid/payable to:				
• BDO PLT	**90**	90	**398**	380
• Affiliation of BDO Malaysia	-	-	-	
Non-audit fee paid/payable to:				
• BDO PLT	**10**	10	**10**	15
• Affiliation of BDO Malaysia	-	-	-	-
TOTAL	**100**	100	**408**	395

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 CONTROLS AND RISK MANAGEMENT

The Board acknowledges their responsibility to maintain a sound system of internal controls covering not only financial controls but also operational and compliance as well as risk management. This 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'

CORPORATE GOVERNANCE OVERVIEW STATEMENT

investments and the Group's assets. The Board seeks regular assurance on the continuity and effectiveness of the internal controls system through independent review by the internal and external auditors.

During FY2019, the Directors continued to review the effectiveness of our system and internal control risk management. These reviews included an assessment of internal controls, and, in particular, financial, operational and compliance controls, and risk management and their effectiveness, supported by management assurance of the maintenance of controls reports from the Internal Audit Department and outsourced Internal Auditors, as well as the external auditor on matters identified in the course of its statutory audit work.

The details of the Enterprise Risk Management ("**ERM**") framework are disclosed in the Statement on Risk Management and Internal Control in the following section of 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 communication are through the quarterly announcements on financial results to Bursa Securities, relevant 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, Terms of Reference 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 business and operations of the Group and to make informed investment decisions.

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 effective communication with and constructive feedback from the shareholders. At each AGM, the Board presents the progress and performance of the Company'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, Chairman of ARMC, Chairman of NC and RC, ED as well as the GCEO will be present to respond to shareholders' questions, if required at the AGM. Other Directors present will also respond when required. 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 previous 39th AGM held on 6 December 2018 were voted by way of a poll in accordance with Paragraph 8.29A(1) of the MMLR. 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.

The Chairman will announce the poll results of the forthcoming 40th AGM with details on the number of votes cast for and against for each resolution and the respective percentage on the same day to Bursa Securities. The presentation at the AGM will also be made available on the Company's website.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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, 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 at the Company's website: www.mkland.com.my.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors dated 21 October 2019.

ADDITIONAL COMPLIANCE INFORMATION

1 Compliance with the Code

The Board considers that the Group has complied substantially with the principles and recommendations as stipulated in the MCCG 2017 throughout the financial year 2018. The Board will endeavour to improve and enhance the procedures from time to time.

2 Corporate Social Responsibility

The Group plays an ongoing role in catering to the needs of the communities by placing an important focus on corporate social responsibility.

This financial year saw continued action under the auspices of the Executive Chairman in seeing to the underprivileged. Flea markets were set up through donations of pre-loved items from the staff across the Peninsula and break fast events during Ramadhan were held this year to give a chance for the orphans to feel as though they were choosing their own clothes for Hari Raya, instead of being given the clothes.

Realising that education is important for the future and adhering to the proverb of striking the iron while it is hot, the Group organised motivational talks to Standard 6 school children in the Central region by our very own Senior Management Team, imparting core values for the children and the importance of studying hard. As per last financial year, the Group completed two motivational talks at Sekolah Kebangsaan Bukit Lanjan and Sekolah Kebangsaan Damansara Damai (1).

In the Northern region, the Group has embraced a few 'sekolah angkat' within the development areas in order to help the students, especially in sub-urban area at primary school level. The two schools selected are Sekolah Kebangsaan Alor Pongsu at Bagan Serai, Perak, and Sekolah Kebangsaan Kuala Teriang, Langkawi Kedah to help increase the students' performance at UPSR level. Volunteers from amongst the staff were also involved as facilitators in this programme.

3 Workplace Diversity

The Board and Management are committed to embracing 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 2019 is summarised as follows:

RACE/ETHNIC	MALAY	CHINESE	INDIAN	OTHERS
Male	407	16	35	7
Female	246	14	12	1
Total	**653**	**30**	**47**	**8**

AGE GROUP	NO. OF EMPLOYEES
Below 30 years old	195
Between 31 to 50 years old	403
Above 50 years old	140
Total	**738**

4 Utilisation of Proceeds Raised from Corporate Proposal

There was no corporate proposal to raise funds during FY2019.

5 Material Contracts

There were no material contracts entered into by the Group and its subsidiaries involving the Directors' and major shareholders' interests, either subsisting at the end of FY2019 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 FY2019.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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 2019, six (6) ARMC meetings were held and the details of the attendance of each member of the Committee are tabulated below:

NAME	NO. OF MEETINGS ATTENDANCE
Ms Anita Chew Cheng Im ("**Chairman**")	6/6
YBhg Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	5/6
Pn Hjh Juliana Heather Binti Ismail	6/6

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

(1) FINANCIAL REPORTING

In complying with Bursa Securities' requirements on financial reporting, the ARMC reviewed the audited financial statements for the financial year ended 30 June 2019 at the ARMC Meeting held on 17 October 2019 and reviewed the quarterly reports for the financial year under review at its meetings held on 27 November 2018, 25 February 2019, 27 May 2019 and 26 August 2019.

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 Malaysia Securities Berhad ("**Listing Requirements**").

The annual audited financial statements for the financial year ended ("**FYE**") 30 June 2019 had been reviewed and discussed with the External Auditors on 17 October 2019 and was put forward to the Board of Directors for approval on 21 October 2019. The audited financial statements are prepared in compliance with its accounting policies, applicable accounting standards and the Listing Requirements.

The Committee also emphasises 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 Listing Requirements and the Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers.

(2) EXTERNAL AUDITORS

The ARMC having satisfied with BDO PLT's ("**BDO**") performance, competency and audit independence, has recommended to the Board on the re-appointment of BDO as external auditors for the financial year ending 30 June 2020. The Audit Team is being headed by Mr Law Kian Huat.

For the financial year under review, BDO had confirmed that they are 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 2019, BDO has declared their independence in accordance with the By-Laws (on Professional Ethics, Conducts and Practice) of the Malaysian Institute of Accountants.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

On 27 May 2019, the ARMC reviewed the audit planning for 2019 and recommended it to the Board for approval. The audit plan places emphasis among others, on the material contingent liabilities and litigations, revenue recognition, assets valuation and accounting estimates. The ARMC is satisfied that there are no related party or conflict of interest transactions or processes during the financial year.

The ARMC had two private meetings with BDO without the presence of the management on 27 May 2019 and 26 August 2019. The Chairman of the ARMC then conveyed to the management, the issues raised by BDO towards continuous improvements in finance function, tax planning and mitigation strategies, human resources requirement in the finance department and financial reporting developments. The management has given their assurance that the matters will be addressed and adhered to.

(3) INTERNAL AUDIT

During the financial year under review, the Internal Auditors conducted a series of audit assignments. The Internal Audit assignments are designed to review and assess the procedures, systems and controls on whether they are adequate and effective to meet the requirements of:

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

For the financial year under review, ARMC are satisfied with the findings of the material shortcomings highlighted. The corrective actions proposed by the ARMC was adhered to by the Management and follow-up reports have also been reported to the ARMC.

Amongst the audit assignments carried out by the internal auditors during the financial year under review were:

i. Review of adequacy of standard operating procedures for property on feasibility study and property maintenance of Property Division;
ii. Review of adequacy of insurance coverage for M K Land Group;
iii. Review of adequacy of development planning on future planning and new launches and licence of Saujana Triangle Sdn Bhd;
iv. Review of maintenance and insurance for assets used at Bukit Merah Laketown Resort ("**Leisure Division**");
v. Review of payment cycle (contractor and consultant) of Residensi Suasana @ Damai project and Taman Bunga Raya project;
vi. Review on the effectiveness of billing maintenance at One Damansara Condominium; and
vii. Review of Training Department.

(4) INTERNAL AUDIT FUNCTION

The Group has an Internal Audit Department, complemented 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') audit each business sectors, identifying and evaluating the risk factors on a continuous basis and report directly to the ARMC. The approved annual Internal Audit Plan is designed to cover every entity across all level of operations within the Group.

The principle role of the Internal Auditors is to provide the ARMC with reports on the state of internal controls and the risks associated with the operating entities within the Group and the extent of compliance of such entities within the Group's established policies and procedures.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The cost incurred for the internal audit function of the Group for the financial year ended 30 June 2019 was approximately RM254,286 (2018: RM295,054).

(5) RISK MANAGEMENT

The Risk Management Working Committee 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 business risk profile reports for the following entities were evaluated by the Risk Management Department and presented to the ARMC for approval:

1) Saujana Triangle Sdn Bhd
   - Group Marketing
   - Group Strategic Planning Department
   - Property Management
   - Credit Control
   - Finance

2) Shared Services Division
   - Management Information System (MIS) Department
   - Administration Department
   - Legal Department
   - Q-lassic Department
   - Liaison Department
   - Land Matters Department
   - Human Resource Department

3) Internal Audit Department

(6) RELATED PARTY TRANSACTIONS

The ARMC has reviewed and noted that there was a Related Party Transaction by way of its wholly-owned subsidiary, Ritma Mantap Sdn Bhd, which entered into a Development Rights Agreement with Menteri Besar Incorporated (Perak) for a Proposed Development of, among others, affordable housing, on 30 November 2018, which the announcement was made to Bursa Malaysia Securities Berhad on 5 December 2018.

(7) STATEMENT OF RISK MANAGEMENT & INTERNAL CONTROL

The ARMC reviewed the Statement of Risk Management and Internal Controls and made recommendations to the Board for inclusion in the 2019 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 21 October 2019.

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 systems throughout the Group in ensuring the 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 ("**MCCG**").

RESPONSIBILITY OF THE BOARD

The Board acknowledges its responsibility to establish an effective risk management and sound internal control framework 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 systems and internal control measures are designed to manage instead of eliminating the risks of failure to achieve the business objectives. Thus, such risk management and systems 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 systems. However, the Management has been empowered to ensure proper management of business risks which include the identification, evaluation and periodical review of Group's risks profiles. The Management is also being entrusted to ensure sound internal control systems are being implemented at all levels of the Group.

In order to provide the required assurance towards ensuring risks are within acceptable Group's risk appetite, the Management with the assistance of the Risk Management Department, shall conduct periodical review on all business risks profile, all the identified risks and provide mitigation measures, so as to manage the identified risks, and, where possible, to mitigate the impact of those risks to the Group.

In addition, in order to ensure sound internal controls are implemented in the Group, the Management, with the assistance of the Internal Audit Department, shall conduct periodical review, report any weaknesses identified and provide recommendations as to avoid recurrence of any shortcomings. Proper and timely follow-up shall also be carried out in ensuring required corrective actions are been taken to resolve all issues previously highlighted during the audit review.

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

PLANNING, MONITORING AND REPORTING

All business segments on annual basis are required to prepare their business plans and budgets. These documents, particularly the respective budgets, shall be thoroughly discussed with the Senior Management team, and subsequently presented to the Board for deliberation prior to obtaining Board approval.

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

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

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

POLICIES

The Group's internal policies are properly documented in ensuring compliance with the internal controls, prevailing laws, rules and regulations.

In ensuring the relevancy of the policies, such policies shall be reviewed annually.

INTERNAL AUDIT FUNCTION

The internal control aspect of the Group is being continuously monitored by the Internal Audit Department and NGL Tricor Governance Sdn Bhd, an independent external firm. Both internal audit entities are led by Chartered/Professional Member of The Institute of Internal Auditors Malaysia ("**IIAM**"). Internal auditors from both entities shall conduct periodic audits with emphasis on risk-based areas, where weaknesses highlighted are rectified. Both entities report direct to the Audit and Risk Management Committee ("**ARMC**") on a quarterly basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The internal auditors shall prepare an Annual Internal Audit Plan ("**Audit Plan**") which include the scope of work to be audited during the financial year. The Audit Plan shall be deliberated and approved by the ARMC.

Once approved, the audit reviews shall be carried out by the internal auditors of both entities. From each audit review, the internal auditors shall highlight any findings which have an impact on the effectiveness of the Group's internal controls.

Findings from the audit reviews shall be discussed with the key personnel of the respective companies under review. Their responses and all audit recommendations shall be incorporated in the Internal Audit Reports and submitted to the ARMC at each quarter or as and when required. The audits performed by the internal auditors during the financial year under review are listed under the Audit and Risk Management Committee Report.

All planned audits as per the Audit Plan have been conducted by the internal auditors of both entities. Apart from preparing the respective audit reports for each audit review, all recommendations and improvement actions to be taken by each company shall be closely monitored and reported to the ARMC accordingly.

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 ongoing 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 through 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 works closely with the Group's operational managers to continuously evaluate, review and monitor all identified risks through a formalized risk management strategies, policies and procedures.

The Board believes that the functions of internal control systems 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 activities contribute to good corporate governance and are integral to the achievement of business objectives;
- Risk management should be embedded into the day-to-day management processes and is extensively applied in decision making and strategic planning;
- Risk management processes applied should aim to take advantage of opportunities, manage uncertainties and minimise threats; and
- Regular reporting and monitoring activities which emphasise on accountability and responsibility aspects in managing risks.

The key risk identified during the financial year under review and the risk management approach are tabulated below:

NATURE & DESCRIPTION OF RISK	RISK MANAGEMENT APPROACH
Softening demand for properties	Currently, the Group eases this risk by focusing on providing affordable homes with the target group of middle-income earners.
Increasing cost of construction	The group has mitigated this risk through tenders for awarding works to contractors with good track record. The cost estimated were carried out for each project prior to tender. The Contract Department will then monitor any subsequent cost increase and exercise strict control over any variation order.
Non-performing consultants/contractors	The Group take the initiative in revising the procedures in assessing and monitoring the consultants /contractor's performance from time to time depending the type of projects.
Ineffective sales and marketing Plan	The Group had strengthened its Corporate Communication Departments while the Sales and Marketing Department constantly conducts market research and refine its marketing plans.
Compliance risk arising from change in laws and regulations	Keep up to date with changes in laws and regulations, monitor the deadlines, use of checklist, organise and attend trainings, review and update existing polices and procedures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

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

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

- Clearly defined objectives and terms of reference of the various Committees 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 have been adopted by the Group. The Board has a set of defined corporate values, which emphasise team work and ethical behaviour that have 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 that 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 provided to the Board on 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.

REVIEW BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control as required under 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.

Based on their procedures performed, 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 satisfied with the adequacy, effectiveness and integrity of the risk management framework and the internal control systems for the financial year. The Board continues to take pertinent measures where required, to enhance the Group's risk management framework and the internal control systems. The risk management framework and the internal control systems of the Group are regularly reviewed by the ARMC.

This statement is made in accordance with the resolution of the Board of Directors dated 21 October 2019.

FINANCIAL STATEMENTS

48 Directors' Report
53 Statement by Directors
53 Statutory Declaration
54 Independent Auditors' Report
58 Consolidated Statement of Profit or Loss and Other Comprehensive Income
59 Consolidated Statement of Financial Position
61 Consolidated Statement of Changes In Equity
62 Consolidated Statement of Cash Flows
64 Statement of Profit or Loss and Other Comprehensive Income
65 Statement of Financial Position
66 Statement of Changes In Equity
67 Statement of Cash Flows
68 Notes to the Financial Statements

DIRECTORS' REPORT

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 2019.

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 15 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	6,341	534
Attributable to:		
Owners of the parent	6,374	534
Non-controlling interest	(33)	-
	6,341	534

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend any payment of final dividend in respect of the financial year ended 30 June 2019.

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 2019, 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 24(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 24(a) to the financial statements.

DIRECTORS

The Directors who 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	
K. Mohanachandran a/l K.R. Kunjan	
Kamarulzaman bin Abu Bakar	(Appointed on 13 August 2018)
Zulkipli bin Sidin	(Appointed on 13 August 2018)
Abulais bin Walli Mohamed	(Appointed on 3 September 2018)
YBhg Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	(Appointed on 28 September 2018)
Mustafa Kamal bin Hawari	(Appointed on 8 October 2018)
YBhg Datuk Kasi a/l K. L. Palaniappan	(Ceased to be Director on 31 January 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 2019 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia.

DIRECTORS' REPORT

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 other than the transactions entered into in the ordinary course of business with companies in which the Directors of the Company have substantial financial interests as disclosed in Note 32 to the financial statements.

There were no arrangements 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' 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 Officers throughout the financial year.

The insurance premium paid by the Group during the financial year amounted to RM42,938 (2018: RM43,558).

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 have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

   (ii) to ensure that any current assets 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.

DIRECTORS' REPORT

(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 render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any 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.

SUBSIDIARIES

Details of subsidiaries are set out in Note 15 to the financial statements.

DIRECTORS' REPORT

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 2019 are disclosed in Note 8 to the financial statements.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership was converted to a limited liability partnership.

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
21 October 2019

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 58 to 148 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 2019 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
21 October 2019

STATUTORY DECLARATION

I, Chin Suan Yong (CA 20021), 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 58 to 148 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 21 October 2019

Chin Suan Yong

Before me,

INDEPENDENT AUDITORS' REPORT

To the members of M K Land Holdings Berhad (Incorporated in Malaysia)

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 2019 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 58 to 148.

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 2019, 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' *Code of Ethics for Professional Accountants* ("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 RM90.9 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 (Incorporated in Malaysia)

Key Audit Matters (cont'd.)

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

Audit procedures:

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. Contingent liabilities and 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. 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. Based on the legal opinion obtained from appointed solicitors, the Directors are of the view that there are grounds to disagree with the Notices of Assessment raised including the imposition of penalties. On 19 September 2018, the Shah Alam High Court had granted an order for a stay to STSB. The matter is now fixed for case management on 21 November 2019.

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 procedures:

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.

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.

INDEPENDENT AUDITORS' REPORT

To the members of M K Land Holdings Berhad (Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon (cont'd.)

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 the 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.

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.

INDEPENDENT AUDITORS' REPORT

To the members of M K Land Holdings Berhad (Incorporated in Malaysia)

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

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

(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, related safeguards.

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

Other Matters

As stated in Note 2.1 to the financial statements, M K Land Holdings Berhad adopted Malaysian Financial Reporting Standards on 1 July 2018 with a transition date of 1 July 2017. These Standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 30 June 2018 and 1 July 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended 30 June 2018 and related disclosures. We were not engaged to report on the restated comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 June 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2018 do not contain misstatements that materially affect the financial position as of 30 June 2019 and financial performance and cash flows for the financial year then ended.

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
02855/06/2020 J
Chartered Accountant

Kuala Lumpur
21 October 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2019

	Note	2019 RM'000	2018 RM'000 (Restated)
Revenue	4	**172,120**	176,272
Cost of sales	5	**(93,160)**	(87,157)
Gross profit		**78,960**	89,115
Other income	6	**67,184**	82,251
Administrative expenses		**(59,819)**	(52,324)
Selling and marketing expenses		**(6,804)**	(5,912)
Other expenses		**(45,975)**	(59,215)
Operating profit		**33,546**	53,915
Finance costs	7	**(4,247)**	(5,645)
Profit before tax	8	**29,299**	48,270
Tax expense	11	**(22,958)**	(20,953)
Profit for the financial year		**6,341**	27,317
Other comprehensive income, net of tax		**-**	-
Total comprehensive income		**6,341**	27,317
Profit attributable to:			
Owners of the parent		**6,374**	27,317
Non-controlling interest		**(33)**	-
		6,341	27,317
Earnings per share attributable to owners of the parent			
Basic (sen)	12	**0.5**	2.3
Diluted (sen)	12	**0.5**	2.3

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	13	**177,574**	177,560	188,298
Investment properties	14	**213,305**	149,460	149,020
Inventories	16	**781,923**	757,595	721,244
Other investments	17	**-**	-	-
Deferred tax assets	18	**10,044**	2,834	5,989
		1,182,846	1,087,449	1,064,551
Current assets				
Inventories	16	**268,777**	267,062	304,358
Trade receivables	19	**64,318**	49,045	130,060
Other receivables	20	**5,818**	22,991	7,703
Contract assets	21	**58,647**	34,954	36,665
Tax recoverable		**3,525**	6,566	11,116
Other financial assets	22	**33,830**	37,474	10,683
Cash and bank balances	23	**46,680**	59,370	76,349
		481,595	477,462	576,934
Total assets		**1,664,441**	1,564,911	1,641,485
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	24	**1,216,296**	1,216,296	1,216,296
Treasury shares	24(b)	**(1,904)**	(1,904)	(1,904)
Merger deficit	24(c)	**(39,441)**	(39,441)	(57,574)
Retained profits		**23,407**	17,033	7,849
		1,198,358	1,191,984	1,164,667
Non-controlling interest		**12**	-	-
Total equity		**1,198,370**	1,191,984	1,164,667
Non-current liabilities				
Borrowings	25	**16,319**	18,386	27,606
Deferred tax liabilities	18	**26,274**	14,833	13,838
Long term payable	27	**86,877**	71,826	69,617
		129,470	105,045	111,061

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019 (cont'd.)

	Note	30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Current liabilities				
Trade payables	28	**88,424**	63,636	60,197
Other payables	29	**98,148**	73,860	123,275
Contract liabilities	21	**67,404**	9,834	4,753
Provision for liabilities	30	**37,299**	70,922	141,703
Borrowings	25	**32,002**	44,169	27,250
Current tax liabilities		**13,324**	5,461	8,579
		336,601	267,882	365,757
Total liabilities		**466,071**	372,927	476,818
Total equity and liabilities		**1,664,441**	1,564,911	1,641,485

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 2019

	← Non-distributable		→	← Distributable →			
	Share capital RM'000 (Note 24)	Treasury shares RM'000 (Note 24(b))	Merger deficit RM'000 (Note 24(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 2018							
(as previously reported)	1,216,296	(1,904)	(39,441)	24,499	1,199,450	-	1,199,450
Effects of adoption of (Note 38):							
MFRS 9	-	-	-	(7,984)	(7,984)	-	(7,984)
MFRS 15	-	-	-	518	518	-	518
At 1 July 2018 (restated)	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 15(b))	-	-	-	-	-	**45**	**45**
At 30 June 2019	**1,216,296**	**(1,904)**	**(39,441)**	**23,407**	**1,198,358**	**12**	**1,198,370**
At 1 July 2017							
(as previously reported)	1,216,296	(1,904)	(57,574)	18,133	1,174,951	-	1,174,951
Effects of adoption of (Note 38):							
MFRS 9	-	-	-	(10,176)	(10,176)	-	(10,176)
MFRS 15	-	-	-	(108)	(108)	-	(108)
At 1 July 2017 (restated)	1,216,296	(1,904)	(57,574)	7,849	1,164,667	-	1,164,667
Profit for the financial year	-	-	-	27,317	27,317	-	27,317
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	27,317	27,317	-	27,317
Transfer to merger deficit account	-	-	18,133	(18,133)	-	-	-
At 30 June 2018	1,216,296	(1,904)	(39,441)	17,033	1,191,984	-	1,191,984

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 2019

	Note	2019 RM'000	2018 RM'000 (Restated)
Cash flows from operating activities			
Profit before tax		**29,299**	48,270
Adjustments for:			
Depreciation of property, plant and equipment	13	**6,095**	6,689
Fair value gain on investment properties	14	**(56,696)**	(440)
Gain on disposal of property, plant and equipment	6	**-**	(57,635)
Impairment losses on:			
- property, plant and equipment	13	**29**	-
- trade receivables	19(c)	**7,700**	26,113
- other receivables	20(b)	**4,700**	1,661
- contract assets	21(c)	**726**	1,691
Interest expense	7	**4,247**	5,645
Interest income	6	**(1,975)**	(1,376)
Reversal of impairment losses on:			
- trade receivables	19(c)	**(1,765)**	(5,727)
- other receivables	20(b)	**(81)**	(1,585)
- contract assets	21(c)	**(181)**	-
Write-down of inventories	16	**315**	611
Write off of property, plant and equipment	13	**18**	44
Operating (loss)/profit before working capital changes		**(7,569)**	23,961
Changes in working capital:			
Contract assets		**(24,237)**	19
Contract liabilities		**57,570**	5,081
Inventories		**(20,280)**	334
Receivables		**(8,655)**	45,266
Payables		**17,448**	(115,535)
Cash generated from/(used in) operations		**14,277**	(40,874)
Interest paid		**(4,418)**	(4,658)
Interest received		**1,975**	1,376
Taxes paid		**(9,773)**	(15,371)
Taxes refund		**1,950**	-
Net cash from/(used in) operating activities		**4,011**	(59,527)

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 2019 (cont'd.)

	Note	2019 RM'000	2018 RM'000 (Restated)
Cash flows from investing activities			
Acquisition of interest by non controlling interest	15(b)	**45**	-
Proceeds from disposal of property, plant and equipment		-	65,996
Purchase of property, plant and equipment	13(a)	**(5,921)**	(4,291)
Increase in placement of pledged fixed deposits and deposits more than 3 months		**(1,021)**	(2,244)
Withdrawal of/(Investment in) money market funds		**3,644**	(26,791)
Net cash (used in)/from investing activities		**(3,253)**	32,670
Cash flows from financing activities			
Drawdowns of borrowings		**12,242**	21,474
Repayments of borrowings		**(26,322)**	(14,556)
Net cash (used in)/from financing activities	25(c)	**(14,080)**	6,918
Net decrease in cash and cash equivalents		**(13,322)**	(19,939)
Cash and cash equivalents at beginning of financial year		**44,780**	64,719
Cash and cash equivalents at end of financial year	23	**31,458**	44,780

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2019

	Note	2019 RM'000	2018 RM'000 (Restated)
Revenue	4	**22,489**	19,078
Other income	6	**986**	32,946
Administrative expenses		**(16,186)**	(15,326)
Other expenses		**(5,910)**	(2,171)
Profit before tax	8	**1,379**	34,527
Tax expense	11	**(845)**	(4,221)
Profit for the financial year		**534**	30,306
Other comprehensive income, net of tax		**-**	-
Total comprehensive income		**534**	30,306

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	13	**400**	175	147
Investments in subsidiaries	15	**1,923,305**	1,923,305	1,923,305
Other investments	17	**-**	-	-
Deferred tax assets	18	**2,631**	1,985	6,302
		1,926,336	1,925,465	1,929,754
Current assets				
Other receivables	20	**22,615**	6,919	335,422
Tax recoverable		**302**	1,668	1,158
Other financial assets	22	**33,794**	37,439	10,648
Cash and bank balances	23	**525**	363	461
		57,236	46,389	347,689
Total assets		**1,983,572**	1,971,854	2,277,443
Equity and liabilities				
Equity attributable to owners of the Company				
Share capital	24	**1,216,296**	1,216,296	1,216,296
Treasury shares	24(b)	**(1,904)**	(1,904)	(1,904)
Merger reserve	24(c)	**636,856**	636,856	636,856
Retained profits		**111,641**	111,107	80,801
Total equity		**1,962,889**	1,962,355	1,932,049
Current liabilities				
Other payables	29	**20,683**	9,499	345,394
Total liabilities		**20,683**	9,499	345,394
Total equity and liabilities		**1,983,572**	1,971,854	2,277,443

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 2019

	← Non-distributable		→	← Distributable →	
	Share capital RM'000 (Note 24)	Treasury shares RM'000 (Note 24(b))	Merger reserve RM'000 (Note 24(c))	Retained profits RM'000	Total equity RM'000
At 1 July 2018 (as previously reported)	1,216,296	(1,904)	636,856	111,872	1,963,120
Effect of adoption of MFRS 9 (Note 38)	-	-	-	(765)	(765)
At 1 July 2018 (restated)	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**
At 1 July 2017 (as previously reported)	1,216,296	(1,904)	636,856	93,986	1,945,234
Effect of adoption of MFRS 9 (Note 38)	-	-	-	(13,185)	(13,185)
At 1 July 2017 (restated)	1,216,296	(1,904)	636,856	80,801	1,932,049
Profit for the financial year	-	-	-	30,306	30,306
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	30,306	30,306
At 30 June 2018	1,216,296	(1,904)	636,856	111,107	1,962,355

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 2019

	Note	2019 RM'000	2018 RM'000 (Restated)
Cash flows from operating activities			
Profit before tax		**1,379**	34,527
Adjustments for:			
Depreciation of property, plant and equipment	13	**73**	151
Impairment losses on amounts due from subsidiaries	20(c)	**2,381**	573
Reversal of impairment losses on amounts due from subsidiaries	20(c)	**-**	(32,680)
Interest income	6	**(983)**	(262)
Operating profit before working capital changes		**2,850**	2,309
Changes in working capital:			
Other receivables		**44**	100
Subsidiaries		**(18,121)**	7,809
Other payables		**513**	(1,995)
Cash (used in)/generated from operations		**(14,714)**	8,223
Interest received		**983**	262
Tax paid		**(125)**	(414)
Net cash (used in)/from operating activities		**(13,856)**	8,071
Cash flows from investing activities			
Purchase of property, plant and equipment	13(a)	**(298)**	(179)
Withdrawal/(Investment) of money market funds		**3,645**	(26,791)
Repayment from subsidiaries		**10,671**	18,801
Net cash from/(used in) investing activities		**14,018**	(8,169)
Net increase/(decrease) in cash and cash equivalents		**162**	(98)
Cash and cash equivalents at beginning of financial year		**363**	461
Cash and cash equivalents at end of financial year	23	**525**	363

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

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 15 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 2019 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 21 October 2019.

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.

These are the first financial statements of the Group and of the Company prepared in accordance with MFRSs and IFRSs and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia.

The Group and the Company have consistently applied the same accounting policies in its opening MFRSs and IFRSs statements of financial position at the transition date of 1 July 2017 and throughout all financial years presented, as if these policies had always been in effect. Comparative figures for the financial year ended 30 June 2018 in these financial statements have been restated to give effect to these changes, and Note 38 to the financial statements discloses the new MFRSs, amendments to MFRSs adopted during the financial year, the impact of the transition to MFRSs on the Group's and the Company's reported financial position, financial performance and cash flows for the financial year then ended.

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.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Basis of consolidation (cont'd.)

Business combinations (cont'd.)

Components of non-controlling interests in the acquire 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.

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 results 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

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 is 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 recognises such parts as individual assets with specific useful lives and depreciates 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%

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 2.6 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 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.

2.6 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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.

2.7 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Financial instruments (cont'd.)

(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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 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.

2.9 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, inflation rate, 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Impairment of financial assets (cont'd.)

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. 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. 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 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.

2.10 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.

2.11 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 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.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.11 Inventories (cont'd.)

(a) Land held for property development (cont'd.)

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.

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.13 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.

2.14 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.14 Employee benefits (cont'd.)

(c) Employee share option scheme (cont'd.)

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.

2.15 Leases

(a) Finance leases and hire purchase

Finance leases, which transfer to the Group and the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. 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 are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

(b) Operating leases

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(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.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.16 Revenue recognition

(a) Revenue from property development activities

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.

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.

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 months.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.16 Revenue recognition (cont'd.)

(c) Revenue from 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) Revenue from 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 months.

(e) Education services

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

(f) Management fees from subsidiaries

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

(g) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.17 Income taxes (cont'd.)

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.17 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

2.21 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.23 Contingent liabilities and contingent assets (cont'd.)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.24 Fair value measurements (cont'd.)

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.

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 policy

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.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

4. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Revenue from contracts with customers:				
Property development activities	**90,920**	146,087	**-**	-
Sale of completed properties	**57,050**	5,389	**-**	-
Resort operations	**12,862**	12,724	**-**	-
Sales of goods and services	**9,713**	10,395	**-**	-
Educational services	**1,254**	1,393	**-**	-
Management fees from subsidiaries	**-**	-	**22,489**	19,078
	171,799	175,988	**22,489**	19,078
Other revenue:				
Rental income	**321**	284	**-**	-
	172,120	176,272	**22,489**	19,078
Timing of revenue recognition:				
Products and services transferred over time	**105,036**	160,204	**22,489**	19,078
Products and services transferred at a point in time	**66,763**	15,784	**-**	-
Revenue from contracts with customers	**171,799**	175,988	**22,489**	19,078

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

5. COST OF SALES

	Group	
	2019 RM'000	2018 RM'000 (Restated)
Property development activities	**41,790**	68,501
Completed properties	**35,600**	3,737
Resort operations	**5,824**	5,500
Costs of goods and services	**8,708**	8,250
Educational services	**1,238**	1,169
	93,160	87,157

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

6. OTHER INCOME

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		(Restated)		**(Restated)**
Administrative fees received from sub-sales	**257**	169	**-**	-
Fair value gain on investment properties (Note 14)	**56,696**	440	**-**	-
Forfeiture income	**258**	324	**-**	-
Gain on disposal of property, plant and equipment	**-**	57,635	**-**	-
Interest income from deposits with licensed banks	**1,975**	1,376	**983**	262
Miscellaneous income	**809**	4,465	**3**	4
Rental income	**3,095**	2,990	**-**	-
Reversal of impairment losses on:				
- trade receivables (Note 19(c))	**1,765**	5,727	**-**	-
- other receivables (Note 20(b))	**81**	1,585	**-**	-
- amounts due from subsidiaries (Note 20(c))	**-**	-	**-**	32,680
- contract assets (Note 21(c))	**181**	-	**-**	-
Reduction of payables	**2,067**	7,540	**-**	-
Total	**67,184**	82,251	**986**	32,946

Interest income

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

7. FINANCE COSTS

	Group	
	2019	**2018**
	RM'000	**RM'000**
Interest expense on:		
- Borrowings	**4,418**	4,658
- Unwinding of interest	**1,824**	2,209
Less: Amount capitalised in property development costs (Note 16(d))	**(1,995)**	(1,222)
	4,247	5,645

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

8. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	Group		Company	
	2019 RM'000	**2018 RM'000 (Restated)**	**2019 RM'000**	**2018 RM'000 (Restated)**
Auditors' remuneration				
- statutory audit				
- current	**398**	380	**90**	90
- under provision in prior year	**20**	25	**20**	25
- non-statutory audit				
- current	**10**	15	**10**	10
- under provision in prior year	**-**	5	**-**	-
Depreciation of property, plant and equipment (Note 13)	**6,095**	6,689	**73**	151
Employee benefits expense (Note 9)	**41,940**	37,066	**13,334**	12,417
Impairment losses on:				
- property, plant and equipment (Note 13)	**29**	-	**-**	-
- trade receivables (Note 19(c))	**7,700**	26,113	**-**	-
- other receivables (Note 20(b))	**4,700**	1,661	**-**	-
- amounts due from subsidiaries (Note 20(c))	**-**	-	**2,381**	573
- contract assets (Note 21(c))	**726**	1,691	**-**	-
Rental expense:				
- subsidiaries	**-**	-	**542**	542
- others	**1,151**	542	**149**	157
Tax penalty (Note 31(a))	**5,876**	-	**-**	-
Write off of property, plant and equipment (Note 13)	**18**	44	**-**	-
Write-down of inventories (Note 16)	**315**	611	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Salaries, wages, bonuses and allowances	**34,050**	29,794	**11,065**	10,079
Contribution to defined contribution plan	**4,408**	4,200	**1,448**	1,632
Social security costs	**436**	417	**66**	75
Other staff benefits	**3,046**	2,655	**755**	631
	41,940	37,066	**13,334**	12,417

Included in employee benefits expense of the Group and of the Company is the Directors' remuneration amounting to RM3,976,000 (2018: RM3,549,000) as further disclosed in Note 10 to the financial statements.

10. DIRECTORS' REMUNERATION

	Group/Company	
	2019 RM'000	2018 RM'000
Executive:		
Salaries	**2,136**	2,028
Contribution to defined contribution plan	**495**	430
Allowances	**705**	437
Benefits-in-kind	**170**	170
	3,506	3,065
Non-Executive:		
Fees	**294**	350
Allowances	**176**	134
	470	484
Total	**3,976**	3,549

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

10. DIRECTORS' REMUNERATION (CONT'D.)

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	
	2019	**2018**
Executive Directors:		
RM1 - RM500,000	-	-
RM500,001 - RM1,000,000	-	-
RM1,000,001 - RM1,500,000	**1**	1
RM1,500,001 - RM2,000,000	-	-
RM2,000,001 - RM2,500,000	**1**	1
Non-Executive Directors:		
< RM50,000	-	-
RM50,001 - RM100,000	-	3
RM100,001 - RM150,000	**2**	2
RM150,001 - RM200,000	**1**	-
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	-	-
RM350,001 - RM400,000	-	-
RM400,001 - RM450,000	-	-
RM450,001 - RM500,000	-	-
> RM500,000	-	-

11. TAX EXPENSE

The major components of tax expense for the year ended 30 June 2019 and 30 June 2018 are:

	Group		Company	
	2019 RM'000	**2018 RM'000 (Restated)**	**2019 RM'000**	**2018 RM'000 (Restated)**
Current tax expense based on profit for the financial year:				
Current tax	**9,797**	9,814	**1,622**	552
Under/(Over)-provision in prior years	**8,930**	6,989	**(131)**	(648)
	18,727	16,803	**1,491**	(96)
Deferred tax (Note 18):				
Relating to increase/(reversal) of temporary differences	**6,822**	(1,382)	**(649)**	4,320
(Over)/Under-provision in prior years	**(2,591)**	5,532	**3**	(3)
	4,231	4,150	**(646)**	4,317
	22,958	20,953	**845**	4,221

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

11. TAX EXPENSE (CONT'D.)

The Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated taxable profits for the fiscal year.

Reconciliation between tax expense and accounting profit

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

	2019 RM'000	2018 RM'000 (Restated)
Group		
Profit before tax	**29,299**	48,270
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	**7,032**	11,585
Income not subject to tax	**(374)**	(12,119)
Expenses not deductible for tax purposes	**6,030**	5,548
Deferred tax assets not recognised	**5,961**	3,679
Utilisation of previously unrecognised deferred tax assets	**(2,030)**	(261)
Under-provision of income tax expense in prior years	**8,930**	6,989
(Over)/Under-provision of deferred tax in prior years	**(2,591)**	5,532
Tax expense for the year	**22,958**	20,953
Company		
Profit before tax	**1,379**	34,527
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	**331**	8,286
Income not subject to tax	**(235)**	(3,847)
Expenses not deductible for tax purposes	**877**	433
Over-provision of income tax expense in prior years	**(131)**	(648)
Under/(Over)-provision of deferred tax in prior years	**3**	(3)
Tax expense for the year	**845**	4,221

Tax savings of the Group is as follows:

	Group	
	2019 RM'000	2018 RM'000
Arising from utilisation of previously unrecognised tax losses	**2,030**	261

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

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	
	2019	**2018 (Restated)**
Profit attributable to owners of the parent (RM'000)	**6,374**	27,317
Weighted average number of ordinary shares in issue ('000)	**1,204,590**	1,204,590
Basic earnings per share (sen)	**0.5**	2.3

(b) Diluted

There is no dilutive effect on earnings per share as the Group does not have any potential dilutive ordinary shares as at the end of the reporting period.

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. 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	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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

13. 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 2018								
Cost								
At 1 July 2017	5,229	38,402	202,781	21,053	4,967	40,202	9,578	322,212
Additions	-	110	215	41	92	3,251	647	4,356
Disposals	-	(6,041)	(3,068)	-	-	(323)	(456)	(9,888)
Write off	-	-	-	(53)	(129)	(4,237)	(310)	(4,729)
At 30 June 2018	5,229	32,471	199,928	21,041	4,930	38,893	9,459	311,951
Accumulated depreciation and impairment losses								
At 1 July 2017	-	3,407	60,614	19,989	4,882	37,573	7,449	133,914
Depreciation charge for the year	-	607	3,496	554	54	1,440	538	6,689
Disposals	-	(1,089)	(115)	-	-	(323)	-	(1,527)
Write off	-	-	-	(48)	(129)	(4,197)	(311)	(4,685)
At 30 June 2018	-	2,925	63,995	20,495	4,807	34,493	7,676	134,391
Net carrying amount	5,229	29,546	135,933	546	123	4,400	1,783	177,560

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

13. 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					
At 30 June 2019	**-**	**51**	**349**	**-**	**400**
At 30 June 2018					
Cost					
At 1 July 2017	707	1,656	1,252	563	4,178
Additions	-	21	158	-	179
At 30 June 2018	707	1,677	1,410	563	4,357
Accumulated depreciation					
At 1 July 2017	706	1,602	1,162	561	4,031
Depreciation charge for the year	1	21	127	2	151
At 30 June 2018	707	1,623	1,289	563	4,182
Net carrying amount					
At 30 June 2018	-	54	121	-	175

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Purchase of property, plant and equipment	6,156	4,356	298	179
Financed by hire purchase (Note 25 (c))	(235)	(65)	-	-
Cash payments on purchase of property, plant and equipment	5,921	4,291	298	179

(b) Carrying amount of the Group's property, plant and equipment held under hire purchase are as follows:

	Group	
	2019 RM'000	2018 RM'000
Motor vehicles	286	121

(c) Carrying amount of the Group's property, plant and equipment pledged for borrowings as referred to in Note 25 to the financial statements are as follows:

	Group	
	2019 RM'000	2018 RM'000
Leasehold land and buildings	8,587	8,827

(d) Impairment losses on property, plant and equipment amounting to RM29,000 have been recognised during the financial year due to recoverable amounts of property, plant and equipment are lower than their carrying amounts.

(e) The Group has 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 has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 *Leases.*

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

14. INVESTMENT PROPERTIES

	Group	
	2019	**2018**
	RM'000	**RM'000**
At fair value		
At beginning of the year	**149,460**	149,020
Transferred from inventories (Note 16)	**7,149**	-
Fair value gain recognised in profit or loss (Note 6)	**56,696**	440
At end of the year	**213,305**	149,460
The following investment properties are held under lease terms:		
Leasehold land and buildings	**213,305**	149,460

(a) The amounts of direct expenses recognised in profit or loss during the financial year are as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Generating rental income	**113**	24
Non-generating rental income	**2,868**	2,830

(b) The fair value of investment properties of the Group are categorised as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2019				
Leasehold land and buildings	-	-	**213,305**	**213,305**
2018				
Leasehold land and buildings	-	-	149,460	149,460

(i) The fair values of the investment properties of the Group, which comprise land, office buildings and shoplots have been arrived at 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.

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019	**2018**
	RM'000	**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:

	Effective interest in equity (%)		
Name of company	**2019**	**2018**	**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, owner of hotel and golf course 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
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	Operator of golf club
Pujaan Pasifik Sdn. Bhd.	**100**	100	Operator of hotel

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows (cont'd.):

	Effective interest in equity (%)		
Name of company	**2019**	**2018**	**Principal activities**
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 and theme park and investment holding
Sumbangan Berkat Sdn. Bhd.	**100**	100	Operator of hotel
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**	-	Property development

The above subsidiaries are audited by BDO PLT.

(b) On 20 September 2018, 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.

On 27 September 2018, the issued and paid up ordinary share capital of NMSB has 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.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

16. INVENTORIES

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)
Non-current			
At cost:			
Land held for property development	(a)	**781,923**	757,595
Current			
At cost:			
Completed properties		**101,086**	126,551
Food, beverage, supplies and merchandise		**346**	383
		101,432	126,934
Property development costs	(b)	**106,005**	75,429
		207,437	202,363
At net realisable value:			
Completed properties		**61,340**	64,699
		268,777	267,062
Non-current		**781,923**	757,595
Current		**268,777**	267,062
		1,050,700	1,024,657

(a) Land held for property development

	Group 2019 RM'000	Group 2018 RM'000
At beginning of the year:		
Freehold land	**4,142**	1,399
Leasehold land	**264,172**	226,641
Development costs	**489,281**	493,204
	757,595	721,244
Cost incurred during the year:		
Leasehold land	**14,226**	-
Development costs	**2,396**	27,966
	16,622	27,966
Transfers from/(to):		
Investment properties (Note 14)	**(7,149)**	-
Property development cost	**14,855**	10,448
	7,706	10,448
Disposals	-	(2,063)
At end 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

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

16. INVENTORIES (CONT'D.)

(b) Property development costs

	Group	
	2019 RM'000	2018 RM'000 (Restated)
At beginning of the year:		
Freehold land	**19,338**	19,338
Leasehold land	**95,235**	95,235
Development costs	**1,959,130**	1,963,979
	2,073,703	2,078,552
Costs incurred during the year:		
Development costs	**112,139**	96,118
Costs recognised in profit or loss:		
At beginning of the year	**(1,998,274)**	(1,893,212)
Recognised during the year	**(59,819)**	(105,062)
At end of the year	**(2,058,093)**	(1,998,274)
Transfer:		
To completed properties	**(6,889)**	(90,519)
To land held for property development	**(14,855)**	(10,448)
	(21,744)	(100,967)
At end of the year	**106,005**	75,429

(c) The following properties and their related development expenditure are pledged as security for borrowings granted to the Group as disclosed in Note 25 to the financial statements:

	Group	
	2019 RM'000	2018 RM'000
Land held for property development:		
Leasehold land	**34,407**	33,882
Property development costs:		
Leasehold land	**92,239**	29,227
Completed properties	**47,425**	47,425
	174,071	110,534

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

16. INVENTORIES (CONT'D.)

(d) Included in the Group's development expenditure is the following cost incurred during the financial year:

	Group	
	2019 **RM'000**	**2018** **RM'000**
Interest expense capitalised (Note 7)	**1,995**	1,222

(e) During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM86,098,000 (2018: RM80,488,000).

(f) During the current financial year, the Group had written down inventories amounted RM315,000 (2018: RM611,000).

17. OTHER INVESTMENTS

	Group/Company	
	2019 **RM'000**	**2018** **RM'000**
Investment in bonds, fair value through other comprehensive income		
At beginning/end of the year	-	-

18. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2019 **RM'000**	**2018** **RM'000** **(Restated)**	**2019** **RM'000**	**2018** **RM'000** **(Restated)**
At beginning of the year (as previously reported)	**13,380**	10,629	**(1,743)**	(2,139)
Effects of adoption of (Note 38):				
MFRS 9	**(1,544)**	(2,746)	**(242)**	(4,163)
MFRS 15	**163**	(34)	-	-
At beginning of the year (restated)	**11,999**	7,849	**(1,985)**	(6,302)
Recognised in profit or loss (Note 11)	**4,231**	4,150	**(646)**	4,317
At end of the year	**16,230**	11,999	**(2,631)**	(1,985)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

18. DEFERRED TAX (CONT'D.)

(a) The deferred tax assets and liabilities are made up of the following (cont'd.):

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Presented after appropriate offsetting as follows:				
Deferred tax assets, net	**(10,044)**	(2,834)	**(2,631)**	(1,985)
Deferred tax liabilities, net	**26,274**	14,833	**-**	-
	16,230	11,999	**(2,631)**	(1,985)

(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 2018 (as previously reported)	4,019	8,265	3,107	15,391
Effects of adoption of (Note 38):				
MFRS 9	-	-	(558)	(558)
At 1 July 2018 (restated)	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
At 1 July 2017 (as previously reported)	3,138	8,993	3,328	15,459
Effects of adoption of (Note 38):				
MFRS 9	-	-	(1,493)	(1,493)
MFRS 15	-	-	(128)	(128)
At 1 July 2017 (restated)	3,138	8,993	1,707	13,838
Recognised in profit or loss	881	(728)	842	995
At 30 June 2018	4,019	8,265	2,549	14,833

18. 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:

	Tax losses and unabsorbed capital allowances RM'000	Provisions RM'000	Total RM'000
At 1 July 2018 (as previously reported)	-	(2,011)	(2,011)
Effects of adoption of (Note 38):			
MFRS 9	-	(986)	(986)
MFRS 15	-	163	163
At 1 July 2018 (restated)	-	(2,834)	(2,834)
Recognised in profit or loss	-	(7,210)	(7,210)
At 30 June 2019	-	(10,044)	(10,044)
At 1 July 2017 (as previously reported)	(1,123)	(3,707)	(4,830)
Effects of adoption of (Note 38):			
MFRS 9	-	(1,253)	(1,253)
MFRS 15	-	94	94
At 1 July 2017 (restated)	(1,123)	(4,866)	(5,989)
Recognised in profit or loss	1,123	2,032	3,155
At 30 June 2018	-	(2,834)	(2,834)

Deferred tax assets of the Company:

	Provisions RM'000
At 1 July 2018 (as previously reported)	(1,743)
Effects of adoption of MFRS 9 (Note 38)	(242)
At 1 July 2018 (restated)	(1,985)
Recognised in profit or loss	(646)
At 30 June 2019	(2,631)
At 1 July 2017 (as previously reported)	(2,139)
Effects of adoption of MFRS 9 (Note 38)	(4,163)
At 1 July 2017 (restated)	(6,302)
Recognised in profit or loss	4,317
At 30 June 2018	(1,985)

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

18. 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	
	2019 RM'000	2018 RM'000 (Restated)
Unutilised tax losses	**74,344**	50,378
Unabsorbed capital allowances	**41,635**	37,978
Other temporary differences	**(25,843)**	(14,598)
	90,136	73,758

Deferred tax assets of certain subsidiaries of the Company have not been recognised in respect of these items as it is not probable that future taxable profit of certain subsidiaries of the Company would be available against which the deductible temporary differences could be utilised. The unabsorbed business losses up to the year of assessment 2019 shall be deductible until year of assessment 2026. The unabsorbed business losses for year of assessment 2019 onwards will expire in seven (7) years.

19. TRADE RECEIVABLES

	Group	
	2019 RM'000	2018 RM'000 (Restated)
Third parties	**77,293**	56,699
Stakeholders' sum	**37,411**	36,865
	114,704	93,564
Less: Impairment losses	**(50,386)**	(44,519)
Trade receivables, net	**64,318**	49,045

(a) The Group's normal trade credit terms range from 14 to 90 days (2018: 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) 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.

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 to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

19. TRADE RECEIVABLES (CONT'D.)

(b) 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, inflation rate, 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.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and contract assets and appropriate forward looking information.

(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 2018 (as previously reported)	-	41,012	41,012
Effects of adoption of MFRS 9 (Note 38)	3,507	-	3,507
At 1 July 2018 (restated)	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
At 1 July 2017 (as previously reported)	-	16,572	16,572
Effects of adoption of MFRS 9 (Note 38)	7,865	-	7,865
At 1 July 2017 (restated)	7,865	16,572	24,437
Charge for the year	171	25,942	26,113
Reversal of impairment losses	(4,529)	(1,198)	(5,727)
Written off	-	(304)	(304)
At 30 June 2018	3,507	41,012	44,519

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	
	2019 RM'000	2018 RM'000
Maximum exposure	**64,318**	49,045
Collateral obtained	**(10,169)**	(10,437)
Net exposure to credit risk	**54,149**	38,608

The above collaterals are letters of undertaking from financial institutions for properties sold and letter of guarantee from local authorities for educational services.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

19. TRADE RECEIVABLES (CONT'D.)

(e) Ageing analysis of the trade receivables is as follows:

Group	2019 Gross RM'000	2019 Impaired RM'000	2019 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**

Group	2018 Gross RM'000	2018 Impaired RM'000	2018 Total RM'000
Current	42,722	(217)	42,505
1 to 30 days past due	5,729	(403)	5,326
31 to 60 days past due	1,383	(579)	804
More than 60 days past due	43,730	(43,320)	410
	50,842	(44,302)	6,540
	93,564	(44,519)	49,045

(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.

20. OTHER RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Other receivables				
Advances to contractors	**13,503**	13,503	**-**	-
Deposits	**5,506**	4,925	**203**	206
Due from subsidiaries	**-**	-	**25,771**	7,650
Prepayments	**400**	893	**-**	-
Sundry receivables	**14,871**	28,054	**29**	70
	34,280	47,375	**26,003**	7,926
Less: Impairment losses	**(28,462)**	(24,384)	**(3,388)**	(1,007)
Other receivables, net	**5,818**	22,991	**22,615**	6,919

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

20. OTHER RECEIVABLES (CONT'D.)

(a) Total other receivables, net of prepayments are classified as financial assets measured at amortised cost.

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 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 the other receivables and amounts due from subsidiaries.

It requires management to exercise significant judgement in determining the probability of default by other receivables, amounts due from subsidiaries, appropriate forward looking information and significant increase in credit risk.

(b) The reconciliation of movements in allowance for impairment accounts in other receivables is as follows:

	Group			
	12-month	Lifetime		Total
	ECL allowance RM'000	ECL allowance RM'000	Credit impaired RM'000	allowance RM'000
At 1 July 2018 (as previously reported)	-	-	20,145	20,145
Effects of adoption of MFRS 9 (Note 38)	4,239	-	-	4,239
At 1 July 2018 (restated)	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
At 1 July 2017 (as previously reported)	-	-	19,887	19,887
Effects of adoption of MFRS 9 (Note 38)	4,966	-	-	4,966
At 1 July 2017 (restated)	4,966	-	19,887	24,853
Charge for the year	858	-	803	1,661
Reversal of impairment losses	(1,585)	-	-	(1,585)
Written off	-	-	(545)	(545)
At 30 June 2018	4,239	-	20,145	24,384

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.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

20. OTHER RECEIVABLES (CONT'D.)

(c) Movements in the impairment allowance for amounts due from subsidiaries are as follows:

	Company			
	12-month	Lifetime		Total
	ECL allowance	ECL allowance	Credit impaired	allowance
	RM'000	RM'000	RM'000	RM'000
At 1 July 2018 (as previously reported)	-	-	-	-
Effects of adoption of MFRS 9 (Note 38)	1,007	-	-	1,007
At 1 July 2018 (restated)	1,007	-	-	1,007
Charge for the year	2,381	-	-	2,381
At 30 June 2019	3,388	-	-	3,388
At 1 July 2017 (as previously reported)	-	-	15,766	15,766
Effects of adoption of MFRS 9 (Note 38)	17,348	-	-	17,348
At 1 July 2017 (restated)	17,348	-	15,766	33,114
Charge for the year	573	-	-	573
Reversal of impairment losses	(16,914)	-	(15,766)	(32,680)
At 30 June 2018	1,007	-	-	1,007

(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.

21. CONTRACT ASSETS/LIABILITIES

	Group	
	2019	2018
	RM'000	RM'000
		(Restated)
Contract assets		
Property development activities	**60,974**	36,736
Less: Impairment losses	**(2,327)**	(1,782)
	58,647	34,954
Contract liabilities		
Property development activities	**66,708**	8,952
Education services	**283**	288
Resort operation	**413**	594
	67,404	9,834

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

21. 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	
	2019 RM'000	2018 RM'000
Within 1 year	48,753	882
Between 1 and 4 years	18,651	8,952
	67,404	9,834

(b) The amount of RM881,000 (2018: RM1,927,000) recognised in contract liabilities at the beginning of the financial year has been recognised as revenue for the financial year ended 30 June 2019.

(c) Impairment for contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 19(b) to the financial statements.

The reconciliation of movements in allowance for impairment accounts in contract assets is as follows:

	Group Lifetime ECL allowance	
	2019 RM'000	2018 RM'000
At beginning of financial year (as previously reported)	-	-
Effects of adoption of MFRS 9 (Note 38)	1,782	91
At beginning of financial year (restated)	1,782	91
Charge for the year	726	1,691
Reversal of impairment losses	(181)	-
At 30 June 2019	2,327	1,782

22. OTHER FINANCIAL ASSETS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fair value through profit or loss financial assets				
Money market funds and trust funds	33,830	37,474	33,794	37,439

Placement in funds are classified as at 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.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

23. CASH AND BANK BALANCES

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Cash on hand and at banks	**40,893**	54,604	**525**	363
Deposits with licensed banks	**5,787**	4,766	**-**	-
Cash and bank balances	**46,680**	59,370	**525**	363
Less: Deposits with licensed banks for more than 3 months	**(4,061)**	(3,970)	**-**	-
Deposits with licensed banks pledged for bank guarantee facilities	**(1,726)**	(796)	**-**	-
Bank overdrafts (Note 25)	**(9,435)**	(9,824)	**-**	-
Cash and cash equivalents	**31,458**	44,780	**525**	363

(a) Included in cash and bank balances of the Group are:

	Group	
	2019	2018
	RM'000	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)	**32,267**	44,112
Deposits with licensed banks pledged for bank guarantee facilities	**1,726**	796

(b) The weighted average effective interest rates of deposits as at reporting date were as follows:

	Group	
	2019	2018
	%	%
Licensed banks	**3.2**	3.2

(c) The weighted average effective maturity of deposits as at reporting date were as follows:

	Group	
	2019	2018
	Days	Days
Licensed banks	**118**	62

23. CASH AND BANK BALANCES (CONT'D.)

(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.

24. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	2019 ’000	2018 ’000	2019 RM’000	2018 RM’000
Ordinary shares				
Issued and fully paid				
At beginning/end of the year	**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) 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

24. SHARE CAPITAL (CONT'D.)

(a) Employee Share Option Scheme ("ESOS") (cont'd.)

The salient features of the ESOS are as follows (cont'd.):

(vi) 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.

(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 RM'000
At 30 June 2019/30 June 2018	(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 2019, 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	
	2019 RM'000	2018 RM'000
At 1 July	**(39,441)**	(57,574)
Transfer from retained earnings	-	18,133
At 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 in the Company's shares at an issue price of RM1.45 per share.

The difference between the fair value of the shares in 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

24. SHARE CAPITAL (CONT'D.)

(c) Merger (deficit)/reserve (cont'd.)

(ii) Merger reserve

	Company RM'000
At 30 June 2019/30 June 2018	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.

25. BORROWINGS

	Group	
	2019 RM'000	2018 RM'000
Short term borrowings		
Secured:		
Term and bridging loans	**22,496**	34,315
Hire purchase payables (Note 26)	**71**	30
Bank overdraft (Note 23)	**9,435**	9,824
	32,002	44,169
Long term borrowings		
Secured:		
Term and bridging loans	**16,044**	18,247
Hire purchase payables (Note 26)	**275**	139
	16,319	18,386
Total borrowings		
Term and bridging loans	**38,540**	52,562
Hire purchase payables (Note 26)	**346**	169
Bank overdraft (Note 23)	**9,435**	9,824
	48,321	62,555

(a) The weighted average interest rates of borrowings during the financial year are as follows:

	Group	
	2019 %	2018 %
Bank overdraft	**7.7**	7.7
Term and bridging loans	**7.9**	7.8

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

25. BORROWINGS (CONT'D.)

(b) The secured borrowings of the Group are secured by certain assets of the Group as disclosed in Notes 13 and 16 to the financial statements.

(c) Reconciliation of liabilities arising from financing activities:

	Group	
	2019 RM'000	2018 RM'000
At beginning of the year	**52,731**	45,748
Cash flows	**(14,080)**	6,918
Non cash changes:		
Additions to property, plant and equipment which was financed by hire purchase (Note 13(a))	**235**	65
At end of the year	**38,886**	52,731

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.

(d) Information on financial risks of borrowings is disclosed in Note 33(b) to the financial statements.

26. HIRE PURCHASE PAYABLES

	Group	
	2019 RM'000	2018 RM'000
Minimum lease payments:		
Not later than 1 year	**88**	34
Later than 1 year but not later than 2 years	**88**	35
Later than 2 years but not later than 5 years	**210**	122
	386	191
Less: Future finance charges	**(40)**	(22)
Present value of finance lease liabilities	**346**	169
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	**71**	30
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	**275**	139
	346	169

The effective interest rate of the hire purchase during the year was 5.14% (2018: 4.84%) per annum.

27. 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	Total RM'000	Under one year RM'000	One to five years RM'000	Over five years RM'000
Unsecured				
2019				
Land cost payable	**86,877**	**-**	**926**	**85,951**
2018				
Land cost payable	71,826	-	-	71,826

The long term payable is discounted at the rate of 7.8% (2018: 7.0%).

28. TRADE PAYABLES

	Group	
	2019 RM'000	2018 RM'000 (Restated)
Third parties	**45,997**	20,575
Retention sums	**42,427**	43,061
	88,424	63,636

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2018: 30 to 90 days).

Information on financial risks of trade payables is disclosed in Note 33(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

29. OTHER PAYABLES

		Group		Company	
		2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Other payables					
Due to Directors	(a)	**738**	779	**738**	779
Sundry payables		**30,275**	16,317	**277**	130
Other accruals	(b)	**43,511**	34,228	**8,997**	8,590
Deposits and amount refundable to purchasers		**2,406**	1,273	**-**	-
Due to subsidiaries	(c)	**-**	-	**10,671**	-
Amount due to a company in which Directors have interests	(a)	**-**	45	**-**	-
Amount due to a State Government		**21,218**	21,218	**-**	-
		98,148	73,860	**20,683**	9,499

(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 are gratuities provided for former executive Directors amounted to RM5,464,800 (2018: RM5,464,800).

(c) Due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and payable within the next twelve (12) months.

Other payables are classified as financial liabilities measured at amortised cost.

Information on financial risks of other payables is disclosed in Note 33(b) to the financial statements.

30. PROVISION FOR LIABILITIES

	Group	
	2019 RM'000	2018 RM'000 (Restated)
Cost to complete		
At beginning of the year	**70,922**	141,703
Reversal during the year, net of addition	**(16,297)**	(30,295)
Utilisation during the year	**(17,326)**	(40,486)
At end of the year	**37,299**	70,922

Provision for cost to complete represents the present obligation for property development, infrastructure and land cost relating to properties sold.

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 has 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

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 a 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 judgement) 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 have been made by the management in the current financial year.

(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.

31. CONTINGENT LIABILITIES - UNSECURED (CONT'D.)

(b) Saujana Triangle Sdn. Bhd. ("STSB") vs. Inland Revenue Board ("IRB") (cont'd.)

STSB disagreed with the assessment raised by the IRB and has 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 has 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 has 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.

On 29 August 2017, the Court of Appeal has granted an interim stay on the IRB's Notices of Assessment where a case management is scheduled on 14 September 2017 and a hearing may be fixed.

On 6 September 2017, the IRB has 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 has 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 have 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 21 November 2019.

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:

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

31. CONTINGENT LIABILITIES - UNSECURED (CONT'D.)

(c) Corporate Guarantees (cont'd.)

	Company	
	2019 RM'000	2018 RM'000
Unsecured corporate guarantees given to licensed banks for facilities granted to:		
- subsidiaries - limit of guarantee	**154,600**	154,600
Amount utilised	**47,975**	62,386

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	
	2019 RM'000	2018 RM'000
(Income)/Expense:		
Rental of premises payable to subsidiaries	**542**	542
Management fees from subsidiaries	**(22,489)**	(19,078)

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Salaries and other emoluments	**5,040**	7,297	**4,819**	7,297
Defined contribution plan	**686**	952	**657**	952

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

(b) Compensation of key management personnel (cont'd.)

Included in the total key management personnel compensation are:

	Group/Company	
	2019 RM'000	2018 RM'000
Directors' remuneration		
- executive	**3,506**	3,065
- non-executive	**470**	484
	3,976	3,549

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.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparts 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 is represented by the carrying amount of each financial assets.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity and cash flows risks

Liquidity and cash flows risks 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 risks 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 risks 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 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
2019				
Financial liabilities:				
Trade payables	**88,424**	**-**	**-**	**88,424**
Other payables	**98,148**	**-**	**-**	**98,148**
Borrowings	**34,813**	**15,506**	**3,869**	**54,188**
Long term payable	**-**	**5,500**	**91,940**	**97,440**
Total undiscounted financial liabilities	**221,385**	**21,006**	**95,809**	**338,200**
2018				
Financial liabilities:				
Trade payables	63,636	-	-	63,636
Other payables	73,860	-	-	73,860
Borrowings	47,575	16,172	5,147	68,894
Long term payable	-	-	76,940	76,940
Total undiscounted financial liabilities	185,071	16,172	82,087	283,330

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity and cash flows risks (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
2019				
Financial liabilities:				
Other payables/Total undiscounted financial liabilities	**20,683**	-	-	**20,683**
2018				
Financial liabilities:				
Other payables/Total undiscounted financial liabilities	9,499	-	-	9,499

(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.

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:

	Group	
Profit after tax	**2019 RM'000**	**2018 RM'000**
- Increase by 0.25% (2018: 0.25%)	**(92)**	(118)
- Decrease by 0.25% (2018: 0.25%)	**92**	118

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

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	19
Other receivables	20
Contract assets	21
Cash and bank balances	23
Borrowings	25
Long term payable	27
Trade payables	28
Other payables	29
Contract liabilities	21

The carrying amounts of these financial assets and liabilities are reasonably 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 loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair values 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 these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements 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.

34. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

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).

Non-financial instruments

The fair value of the investment properties as at 30 June 2019 and 30 June 2018 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	
	2019	**2018**
	RM'000	**RM'000**
Not later than one (1) year	**5,734**	2,839
Later than one (1) year and not later than five (5) years	**13,288**	7,343
Later than five (5) years	**9,987**	13,688
	29,009	23,870

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

35. OPERATING LEASE COMMITMENTS (CONT'D.)

(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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Not later than one (1) year	**738**	94	**633**	578
Later than one (1) year and not later than five (5) years	**166**	49	**34**	566
	904	143	**667**	1,144

36. CAPITAL MANAGEMENT

The primary objective of the capital management of the Group and of the Company is 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 2019 and 2018.

The Group monitors capital using a gearing ratio, which is total borrowings divided by total equity. The gearing ratios as at 30 June 2019 and 2018 were as follows:

	Group	
	2019 RM'000	2018 RM'000 (Restated)
Total borrowings (Note 25)	**48,321**	62,555
Total equity	**1,198,370**	1,191,984
Gearing ratio	**4%**	5%

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, golf course and theme parks;

(iii) Investment holding - investment 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 2019

37. SEGMENT INFORMATION (CONT'D.)

	Property Development		Leisure		Investment Holding		Education		Elimination		Consolidated	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Revenue												
External	**147,970**	151,476	**22,875**	23,393	**21**	10	**1,254**	1,393	**-**	-	**172,120**	176,272
Inter-segment	**-**	-	**-**	-	**23,329**	19,931	**-**	-	**(23,329)**	(19,931)	**-**	-
Total revenue	**147,970**	151,476	**22,875**	23,393	**23,350**	19,941	**1,254**	1,393	**(23,329)**	(19,931)	**172,120**	176,272
Results												
Interest income from deposit with licensed bank	**992**	1,114	**-**	-	**983**	262	**-**	-	**-**	-	**1,975**	1,376
Reversal of impairment losses on:												
- trade receivables	**1,606**	5,398	**21**	143	**-**	-	**138**	185	**-**	-	**1,765**	5,726
- other receivables	**81**	1,585	**-**	-	**-**	-	**-**	-	**-**	-	**81**	1,585
- contract assets	**181**	-	**-**	-	**-**	-	**-**	-	**-**	-	**181**	-
Net reversal of accrued liquidated ascertained damages	**400**	4,172	**-**	-	**-**	-	**-**	-	**-**	-	**400**	4,172
Reduction of payables	**2,003**	6,000	**64**	1,508	**-**	-	**-**	89	**-**	(57)	**2,067**	7,540
Depreciation of property, plant and equipment	**5,343**	5,941	**399**	300	**73**	151	**40**	57	**240**	240	**6,095**	6,689
Interest expense	**3,740**	5,184	**4**	4	**503**	514	**-**	-	**-**	(57)	**4,247**	5,645
Write-down of inventories	**315**	611	**-**	-	**-**	-	**-**	-	**-**	-	**315**	611
Write-down of property, plant and equipment	**-**	44	**-**	-	**-**	-	**18**	-	**-**	-	**18**	44

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

37. SEGMENT INFORMATION (CONT'D.)

	Property Development		Leisure		Investment Holding		Education		Elimination		Consolidated	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Results (cont'd.)												
Impairment losses on:												
- property, plant and equipment	**-**	-	**-**	-	**-**	-	**29**	-	**-**	-	**29**	-
- trade receivables	**7,628**	25,562	**58**	278	**-**	-	**14**	272	**-**	-	**7,700**	26,112
- other receivables	**4,517**	1,661	**183**	-	**-**	-	**-**	-	**-**	-	**4,700**	1,661
- contract assets	**726**	1,691	**-**	-	**-**	-	**-**	-	**-**	-	**726**	1,691
Segment profit/(loss) before tax	**41,939**	53,122	**(10,947)**	(5,791)	**1,061**	2,553	**(2,515)**	(1,993)	**(239)**	379	**29,299**	48,270
Tax expense	**21,538**	20,754	**100**	11	**1,378**	246	**-**	-	**(58)**	(58)	**22,958**	20,953
Assets:												
Additions of non-current assets	**5,234**	3,775	**587**	347	**298**	179	**37**	55	**-**	-	**6,156**	4,356
Segment assets	**1,891,289**	2,433,182	**7,981**	2,548	**2,017,318**	2,442,600	**715**	1,795	**(2,252,862)**	(3,315,214)	**1,664,441**	1,564,911
Segment liabilities	**1,147,092**	1,275,854	**37,154**	17,648	**37,981**	474,185	**3,587**	2,292	**(759,743)**	(1,397,052)	**466,071**	372,927

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

37. SEGMENT INFORMATION (CONT'D.)

Additions to non-current assets consist of the following:

	Group	
	2019 RM'000	2018 RM'000
Property, plant and equipment	**6,156**	4,356

38. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs

(a) New MFRSs adopted during the financial year

The Group and the Company being transitioning entities as defined by the Malaysian Accounting Standards Board ("MASB"), have applied the MFRS Framework during the financial year ended 30 June 2019. Accordingly, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

In adopting the new MFRS Framework, the Group and the Company applied the transition requirements in MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. In addition to the adoption of the new MFRS Framework, the following new MFRSs and Amendments to the MFRSs issued by MASB were adopted by the Group and the Company during the financial year:

Title	Effective Date
Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
Amendments to MFRS 4 *Applying MFRS 9* Financial Instruments *with MFRS 4* Insurance Contracts	See MFRS 4 Paragraphs 46 and 48

(b) Explanation of transition to MFRSs

The Group and the Company adjusted amounts previously reported in the financial statements that were prepared in accordance with the previous FRS Framework. In preparing the opening statements of financial position at 1 July 2018 with transition date of 1 July 2017, an explanation on the impact arising from the transition from FRSs to MFRSs on the financial position, financial performance and cash flows of the Group and the Company is set out as follows:

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

38. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(b) Explanation of transition to MFRSs (cont'd.)

(i) Reconciliation of statements of profit or loss and other comprehensive income for the financial year ended 30 June 2018:

Group	Note	Previously reported under FRSs RM'000	Effects of adoption of MFRS 9 RM'000	Effects of adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Revenue	vi	181,878	-	(5,606)	176,272
Cost of sales	vi	(88,302)	-	1,145	(87,157)
Gross profit		93,576	-	(4,461)	89,115
Other income	v	76,138	6,113	-	82,251
Administrative expenses		(52,324)	-	-	(52,324)
Selling and marketing expenses	vi	(10,448)	-	4,536	(5,912)
Other expenses	v, vi	(57,244)	(2,719)	748	(59,215)
Operating profit		49,698	3,394	823	53,915
Finance costs		(5,645)	-	-	(5,645)
Profit before tax		44,053	3,394	823	48,270
Tax expense	v, vi	(19,554)	(1,202)	(197)	(20,953)
Profit for the financial year		24,499	2,192	626	27,317
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		24,499	2,192	626	27,317
Profit attributable to:					
Owners of the parent		24,499	2,192	626	27,317
Non-controlling interest		-	-	-	-
		24,499	2,192	626	27,317
Earnings per share attributable to owners of the parent					
Basic (sen)		2.3	-	-	2.3
Diluted (sen)		2.3	-	-	2.3

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

38. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(b) Explanation of transition to MFRSs (cont'd.)

(i) Reconciliation of statements of profit or loss and other comprehensive income for the financial year ended 30 June 2018 (cont'd.):

Company	Note	Previously reported under FRSs RM'000	Effects of adoption of MFRS 9 RM'000	Effects of adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Revenue		19,078	-	-	19,078
Other income	v	16,032	16,914	-	32,946
Administrative expenses		(15,326)	-	-	(15,326)
Other expenses	v	(1,598)	(573)	-	(2,171)
Operating profit		18,186	16,341	-	34,527
Finance costs		-	-	-	-
Profit before tax		18,186	16,341	-	34,527
Tax expense	v	(300)	(3,921)	-	(4,221)
Profit for the financial year		17,886	12,420	-	30,306
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		17,886	12,420	-	30,306

(ii) Reconciliation of statements of financial position:

Group 1 July 2017	Note	Previously reported under FRSs RM'000	Effects of adoption of MFRS 9 RM'000	Effects of adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Assets					
Non-current assets					
Property, plant and equipment		188,298	-	-	188,298
Land held for property development	vi	721,244	-	(721,244)	-
Investment properties		149,020	-	-	149,020
Inventories	vi	-	-	721,244	721,244
Other investments		-	-	-	-
Deferred tax assets	v, vi	4,830	1,253	(94)	5,989
		1,063,392	1,253	(94)	1,064,551

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

38. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(b) Explanation of transition to MFRSs (cont'd.)

(ii) Reconciliation of statements of financial position (cont'd.):

Group 1 July 2017	Note	Previously reported under FRSs RM'000	Effects of adoption of MFRS 9 RM'000	Effects of adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Current assets					
Property development costs	vi	182,995	-	(182,995)	-
Inventories	vi	118,326	-	186,032	304,358
Trade receivables	v, vi	173,447	(7,865)	(35,522)	130,060
Other receivables	v	12,669	(4,966)	-	7,703
Contract assets	v, vi	-	(91)	36,756	36,665
Tax recoverable		11,116	-	-	11,116
Other financial assets		10,683	-	-	10,683
Cash and bank balances		76,349	-	-	76,349
		585,585	(12,922)	4,271	576,934
Total assets		1,648,977	(11,669)	4,177	1,641,485
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital		1,216,296	-	-	1,216,296
Treasury shares		(1,904)	-	-	(1,904)
Merger deficit		(57,574)	-	-	(57,574)
Retained profits	v, vi	18,133	(10,176)	(108)	7,849
Total equity		1,174,951	(10,176)	(108)	1,164,667
Non-current liabilities					
Borrowings		27,606	-	-	27,606
Deferred tax liabilities	v, vi	15,459	(1,493)	(128)	13,838
Long term payable		69,617	-	-	69,617
		112,682	(1,493)	(128)	111,061
Current liabilities					
Trade payables	vi	97,381	-	(37,184)	60,197
Other payables	vi	81,418	-	41,857	123,275
Contract liabilities	vi	-	-	4,753	4,753
Provision for liabilities	vi	146,716	-	(5,013)	141,703
Borrowings		27,250	-	-	27,250
Current tax liabilities		8,579	-	-	8,579
		361,344	-	4,413	365,757
Total liabilities		474,026	(1,493)	4,285	476,818
Total equity and liabilities		1,648,977	(11,669)	4,177	1,641,485

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

38. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(b) Explanation of transition to MFRSs (cont'd.)

(ii) Reconciliation of statements of financial position (cont'd.):

Group 30 June 2018	Note	Previously reported under FRSs RM'000	Effects of adoption of MFRS 9 RM'000	Effects of adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Assets					
Non-current assets					
Property, plant and equipment		177,560	-	-	177,560
Land held for property development	vi	757,595	-	(757,595)	-
Investment properties		149,460	-	-	149,460
Inventories	vi	-	-	757,595	757,595
Other investments		-	-	-	-
Deferred tax assets	v, vi	2,011	986	(163)	2,834
		1,086,626	986	(163)	1,087,449
Current assets					
Property development costs	vi	69,875	-	(69,875)	-
Inventories	vi	190,731	-	76,331	267,062
Trade receivables	v, vi	86,112	(3,507)	(33,560)	49,045
Other receivables	v	27,230	(4,239)	-	22,991
Contract assets	v, vi	-	(1,782)	36,736	34,954
Tax recoverable		6,566	-	-	6,566
Other financial assets		37,474	-	-	37,474
Cash and bank balances		59,370	-	-	59,370
		477,358	(9,528)	9,632	477,462
Total assets		1,563,984	(8,542)	9,469	1,564,911
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital		1,216,296	-	-	1,216,296
Treasury shares		(1,904)	-	-	(1,904)
Merger deficit		(39,441)	-	-	(39,441)
Retained profits	v, vi	24,499	(7,984)	518	17,033
Total equity		1,199,450	(7,984)	518	1,191,984
Non-current liabilities					
Borrowings		18,386	-	-	18,386
Deferred tax liabilities	v	15,391	(558)	-	14,833
Long term payable		71,826	-	-	71,826
		105,603	(558)	-	105,045

38. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(b) Explanation of transition to MFRSs (cont'd.)

(ii) Reconciliation of statements of financial position (cont'd.):

Group 30 June 2018	Note	Previously reported under FRSs RM'000	Effects of adoption of MFRS 9 RM'000	Effects of adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Current liabilities					
Trade payables	vi	96,609	-	(32,973)	63,636
Other payables	vi	70,174	-	3,686	73,860
Contract liabilities	vi	-	-	9,834	9,834
Provision for liabilities	vi	42,518	-	28,404	70,922
Borrowings		44,169	-	-	44,169
Current tax liabilities		5,461	-	-	5,461
		258,931	-	8,951	267,882
Total liabilities		364,534	(558)	8,951	372,927
Total equity and liabilities		1,563,984	(8,542)	9,469	1,564,911

Company 1 July 2017	Note	Previously reported under FRSs RM'000	Effects of adoption of MFRS 9 RM'000	Effects of adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Assets					
Non-current assets					
Property, plant and equipment		147	-	-	147
Investments in subsidiaries		1,923,305	-	-	1,923,305
Other investments		-	-	-	-
Deferred tax assets	v	2,139	4,163	-	6,302
		1,925,591	4,163	-	1,929,754
Current assets					
Other receivables	v	352,770	(17,348)	-	335,422
Tax recoverable		1,158	-	-	1,158
Other financial assets		10,648	-	-	10,648
Cash and bank balances		461	-	-	461
		365,037	(17,348)	-	347,689
Total assets		2,290,628	(13,185)	-	2,277,443

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

38. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(b) Explanation of transition to MFRSs (cont'd.)

(ii) Reconciliation of statements of financial position (cont'd.):

Company 1 July 2017	Note	Previously reported under FRSs RM'000	Effects of adoption of MFRS 9 RM'000	Effects of adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital		1,216,296	-	-	1,216,296
Treasury shares		(1,904)	-	-	(1,904)
Merger reserve		636,856	-	-	636,856
Retained profits	v	93,986	(13,185)	-	80,801
Total equity		1,945,234	(13,185)	-	1,932,049
Current liabilities					
Other payables		345,394	-	-	345,394
Total liabilities		345,394	-	-	345,394
Total equity and liabilities		2,290,628	(13,185)	-	2,277,443

Company 30 June 2018	Note	Previously reported under FRSs RM'000	Effects of adoption of MFRS 9 RM'000	Effects of adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Assets					
Non-current assets					
Property, plant and equipment		175	-	-	175
Investments in subsidiaries		1,923,305	-	-	1,923,305
Other investments		-	-	-	-
Deferred tax assets	v	1,743	242	-	1,985
		1,925,223	242	-	1,925,465

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

38. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(b) Explanation of transition to MFRSs (cont'd.)

(ii) Reconciliation of statements of financial position (cont'd.):

Company 30 June 2018	Note	Previously reported under FRSs RM'000	Effects of adoption of MFRS 9 RM'000	Effects of adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Current assets					
Other receivables	v	7,926	(1,007)	-	6,919
Tax recoverable		1,668	-	-	1,668
Other financial assets		37,439	-	-	37,439
Cash and bank balances		363	-	-	363
		47,396	(1,007)	-	46,389
Total assets		1,972,619	(765)	-	1,971,854
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital		1,216,296	-	-	1,216,296
Treasury shares		(1,904)	-	-	(1,904)
Merger reserve		636,856	-	-	636,856
Retained profits	v	111,872	(765)	-	111,107
Total equity		1,963,120	(765)	-	1,962,355
Current liabilities					
Other payables		9,499	-	-	9,499
Total liabilities		9,499	-	-	9,499
Total equity and liabilities		1,972,619	(765)	-	1,971,854

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

38. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(b) Explanation of transition to MFRSs (cont'd.)

(iii) Reconciliation of statements of cash flows:

Group 30 June 2018	Note	Previously reported under FRSs RM'000	Effects of adoption of MFRS 9 RM'000	Effects of adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Cash flows from operating activities					
Profit before tax	v, vi	44,053	3,394	823	48,270
Adjustment for non-cash items	v	(20,915)	(3,394)	-	(24,309)
Operating profit before working capital changes		23,138	-	823	23,961
Changes in working capital	vi	(64,012)	-	(823)	(64,835)
Cash used in operations		(40,874)	-	-	(40,874)
Interest paid		(4,658)	-	-	(4,658)
Interest received		1,376	-	-	1,376
Taxes paid		(15,371)	-	-	(15,371)
Net cash used in operating activities		(59,527)	-	-	(59,527)
Net cash from investing activities		32,670	-	-	32,670
Net cash from financing activities		6,918	-	-	6,918
Net decrease in cash and cash equivalents		(19,939)	-	-	(19,939)
Cash and cash equivalents at beginning of financial year		64,719	-	-	64,719
Cash and cash equivalents at end of financial year		44,780	-	-	44,780

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

38. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(b) Explanation of transition to MFRSs (cont'd.)

(iii) Reconciliation of statements of cash flows (cont'd.):

Company 30 June 2018	Note	Previously reported under FRSs RM'000	Effects of adoption of MFRS 9 RM'000	Effects of adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Cash flows from operating activities					
Profit before tax	v	18,186	16,341	-	34,527
Adjustment for non-cash items	v	(15,877)	(16,341)	-	(32,218)
Operating profit before working capital changes		2,309	-	-	2,309
Changes in working capital		5,914	-	-	5,914
Cash generated from operations		8,223	-	-	8,223
Interest received		262	-	-	262
Tax paid		(414)	-	-	(414)
Net cash generated from operating activities		8,071	-	-	8,071
Net cash used in investing activities		(8,169)	-	-	(8,169)
Net decrease in cash and cash equivalents		(98)	-	-	(98)
Cash and cash equivalents at beginning of financial year		461	-	-	461
Cash and cash equivalents at end of financial year		363	-	-	363

Notes to reconciliation

(iv) Transition from FRS Framework to MFRS Framework

The Group and the Company elected to apply the optional exemption to apply the requirements of MFRS 123 *Borrowing Costs* from the date of transition to MFRSs. Hence, the Group and the Company did not restate the borrowing costs component that was capitalised in the carrying amounts of inventories under the previous FRS 123 *Borrowing Costs*.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

38. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(b) Explanation of transition to MFRSs (cont'd.)

(v) Adoption of MFRS 9

MFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces FRS 139 *Financial Instruments: Recognition and Measurement.*

(a) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and

- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

- The Available-For-Sale ("AFS"), Held-To-Maturity ("HTM") and Loans and Receivables ("L&R") financial asset categories were removed.

- A new financial asset category measured at Amortised Cost ("AC") was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.

- A new financial asset category measured at Fair Value Through Other Comprehensive Income ("FVTOCI") was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in FRS 139 for the classification of financial liabilities.

However, under FRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

(i) Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and

(ii) The remaining amount of change in the fair value is presented in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

38. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(b) Explanation of transition to MFRSs (cont'd.)

(v) Adoption of MFRS 9 (cont'd.)

(b) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group and the Company by replacing the incurred loss approach of FRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

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 and the Company expect 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 original effective interest rate of the assets.

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, inflation rate, 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 other expenses in the statements of profit or loss. On confirmation that the trade receivable and contract assets will not be collectable, 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. 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 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

38. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(b) Explanation of transition to MFRSs (cont'd.)

(v) Adoption of MFRS 9 (cont'd.)

(c) Reclassification of the financial assets and financial liabilities of the Group and the Company are as follows:

	Classification	
Group	**Existing under FRS 139**	**New under MFRS 9**
Financial assets		
Other investments	HTM	FVTOCI
Trade receivables	L&R	AC
Other receivables	L&R	AC
Other financial assets	FVTPL	FVTPL
Cash and bank balances	L&R	AC
Financial liabilities		
Borrowings	OFL	AC
Long term payable	OFL	AC
Trade payables	OFL	AC
Other payables	OFL	AC
Provision for liabilities	OFL	AC
Company		
Financial assets		
Other investments	HTM	FVTOCI
Other receivables	L&R	AC
Other financial assets	FVTPL	FVTPL
Cash and bank balances	L&R	AC
Financial liabilities		
Other payables	OFL	AC

HTM	Held-To-Maturity
L&R	Loans And Receivables
AC	Amortised Cost
FVTOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit and Loss
OFL	Other Financial Liabilities

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

38. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(b) Explanation of transition to MFRSs (cont'd.)

(vi) Adoption of MFRS 15

MFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces FRS 118 *Revenue*, FRS 111 *Construction Contracts*, FRS 201(2004) *Property Development Activities* and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

In applying MFRS 15 retrospectively, the Group applied the following practical expedients:

(a) For completed contracts, contracts that begin and end within the same annual reporting period were not restated;

(b) For completed contracts that have variable consideration, rather than estimating variable consideration amounts in the comparative reporting periods, transaction price at the date the contract was completed was used; and

(c) For all reporting period presented before the date of initial application, the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the revenue is expected to be recognised need not be disclosed.

The MFRS 15 adjustments are mainly due to:

(a) It had deferred the recognition of the revenue from property development activities where it was not able to determine the probability that it would be able to collect the consideration to which it will be entitled and if the entity does not have enforceable right to payment for performance completed to date;

(b) Sales related expenses had been capitalised and expensed by reference to the progress towards complete satisfaction of the performance obligation;

(c) Purchasers' costs borne by the Group in securing contracts with customers would be accounted for as a reduction against the gross development value of the projects;

(d) Reclassification of excess of revenue earned over the billings on property development contracts to contract assets;

(e) Reclassification of excess of billings over revenue earned on property development contracts, advances receipt from customers to contract liabilities; and

(f) Reclassification of land held for property development and property development costs to inventories.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019

38. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

(c) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company. The Group and the Company intend to adopt these Standards, if applicable, when they become effective.

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
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
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

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 2019 (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	254,534
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		30/6/19*	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		30/6/19*	3,500
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		30/6/19*	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	61,676
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	84,450
Lot No. 3897, No. Hakmilik 27004 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	51,262
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	71,417
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		30/6/19*	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

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 2019 (RM'000)
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	5,893
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	13,160
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	13,567
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	7,280
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	120,566
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.		30/6/19*	37,570
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.	20	30/6/19*	1,988
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.	22	30/6/19*	52,911
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.	22	30/6/19*	21,171
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.	20	30/6/19*	24,464
PT 1514 & PT 1515, H.S.(D) KN 1744 & KN 1745 (part), PN 220212 - PN 220235 [Lot 7946 - Lot 7954 (PT1511 - PT1512 & PT1516 - PT1519)] & 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	92,082
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.		30/6/19*	15,700

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 2019 (RM'000)
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.		30/6/19*	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
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	10	2/12/02	14,604
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	17	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	17	11/9/02	7,086
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	17	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.	6	11/9/02	37,616
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.	19	30/6/19*	3,700
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.	19	30/6/19*	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.		30/6/19*	1,350

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 2019 (RM'000)
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.	19	30/6/19*	3,700
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.	19	30/6/19*	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.	19	30/6/19*	3,650

ANALYSIS OF SHAREHOLDINGS

ANALYSIS BY SIZE OF HOLDINGS AS AT 30/09/2019

The total number of issue shares of the Company stands at RM1,204,589,984 ordinary shares, with voting rights of 1 vote per ordinary shares.

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 – 99	345	3.338	5,615	0.000
100 – 1,000	1,523	14.737	1,109,079	0.091
1,001 – 10,000	4,300	41.610	25,435,626	2.106
10,001 – 100,000	3,527	34.130	127,461,808	10.557
100,001 – 60,363,078 (*)	636	6.154	291,746,725	24.165
60,363,079 and above (**)	3	0.029	761,502,731	63.076
TOTAL	10,334	100.000	1,207,261,584	100.000

REMARKS:
* – LESS THAN 5% OF ISSUED SHARES
** – 5% AND ABOVE OF ISSUED SHARES

LIST OF TOP 30 HOLDERS AS AT 30/09/2019
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

NO.	NAME	HOLDINGS	%
1	MKN HOLDINGS SDN BHD	479,096,585	39.684
2	KASI A/L K L PALANIAPPAN	190,844,815	15.808
3	PB TRUSTEE SERVICES BERHAD EMKAY TRUST	91,561,331	7.584
4	URUSHARTA JAMAAH SDN BHD	31,526,500	2.611
5	GOH CHOON KIM	8,798,600	0.728
6	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TUNG AH KIONG (E-KLG)	7,924,500	0.656
7	UNG YOKE HONG	7,333,900	0.607
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH HOCK CHAI	4,198,000	0.347
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR OOI PENG CUAN (PBCL-0G0102)	4,000,000	0.331
10	CHANG KENG ONN	3,688,000	0.305
11	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR CHUMPON CHANTHARAKULPONGSA @ CHAN TEIK CHUAN	3,500,000	0.289
12	KHO POH SING	2,700,000	0.223
13	MK LAND HOLDINGS BERHAD SHARE BUY BACK ACCOUNT	2,671,600	0.221

ANALYSIS OF SHAREHOLDINGS

NO.	NAME	HOLDINGS	%
14	CHAN HAI MING	2,665,800	0.220
15	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KASI A/L K L PALANIAPPAN	2,320,000	0.192
16	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOON TUAN SIN	2,285,900	0.189
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHEE HIAN BOON @ CHEE AH DECK	2,107,000	0.174
18	FEDERLITE HOLDINGS SDN BHD	2,061,600	0.170
19	YEO EN SENG	2,010,000	0.166
20	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS SMALL CAP EQUITY FUND, LLC	1,947,500	0.161
21	LIM SENG CHEE	1,851,000	0.153
22	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KIAM HSUNG	1,816,300	0.150
23	SHAMEER SDN BHD	1,710,000	0.141
24	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAH SIEW SEONG	1,700,000	0.140
25	CHIN KIAN FONG	1,693,600	0.140
26	MAH SIEW SEONG	1,680,000	0.139
27	GOH KENG CHENG	1,663,000	0.137
28	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	1,600,000	0.132
29	CHENG CHIN HENG	1,589,900	0.131
30	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHONG HUT HOO (M01)	1,400,000	0.115

ANALYSIS OF SHAREHOLDINGS

INFORMATION ON DIRECTORS HOLDINGS AS AT 30/09/2019

		DIRECT NO. OF SHARES HELD		INDIRECT NO. OF SHARES HELD	
NO.	NAME	HOLDINGS	%	HOLDINGS	%
1	HJH FELINA BINTI TAN SRI DATUK (DR.) HJ MUSTAPHA KAMAL	-	-	-	-
2	LAU SHU CHUAN	-	-	-	-
3	HJH JULIANA HEATHER BINTI ISMAIL	-	-	-	-
4	ANITA CHEW CHENG IM	-	-	-	-
5	DATO' TAN CHOON HWA @ ESTHER TAN CHOON HWA	-	-	-	-
		-	-	-	-

INFORMATION ON CHIEF EXECUTIVE WHO IS NOT A DIRECTOR AS AT 30/09/2019

		DIRECT NO. OF SHARES HELD		INDIRECT NO. OF SHARES HELD	
NO.	NAME	HOLDINGS	%	HOLDINGS	%
1	K MOHANACHANDRAN A/L K R KUNJAN	-	-	-	-

INFORMATION ON SUBSTANTIAL HOLDERS' HOLDINGS AS AT 30/09/2019

		DIRECT NO. OF SHARES HELD		INDIRECT NO. OF SHARES HELD	
NO.	NAME	HOLDINGS	%	HOLDINGS	%
1	MKN HOLDINGS SDN BHD	479,096,585	39.77	-	-
2	DATUK KASI A/L K L PALANIAPPAN	193,844,815	16.04	-	-
3	TAN SRI DATUK (DR.) HJ MUSTAPHA KAMAL BIN HJ ABU BAKAR	82,405,198	6.84	479,096,585*	39.77
4	PN 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.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 40th Annual General Meeting of the Company will be held at the Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, Bukit Kiara, 60000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur on Thursday, 5 December 2019, at 10.00 a.m. for the following purposes:

A G E N D A

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of the Directors and Auditors thereon. — Please refer to Explanatory Note 1

2. To re-elect the following Directors who are retiring pursuant to Article 77 of the Constitution of the Company and being eligible, have offered themselves for re-election:

   (a) Pn Hjh Felina Binti Tan Sri Datuk (Dr.) Hj Mustapha Kamal — Resolution 1 (Please refer to Explanatory Note 2)

   (b) Mr Lau Shu Chuan — Resolution 2 (Please refer to Explanatory Note 2)

3. To approve the payment of Directors' fees of RM294,000 in respect of the financial year ended 30 June 2019. — Resolution 3 (Please refer to Explanatory Note 3)

4. To approve the payment of Directors' remuneration (other than Directors' fees) of up to RM250,000 for the period from 6 December 2019 until the conclusion of the next annual general meeting of the Company. — Resolution 4 (Please refer to Explanatory Note 3)

5. To re-appoint BDO PLT, the retiring auditors for the financial year ending 30 June 2020 and to authorise the Board of Directors to fix the remuneration of auditors. — Resolution 5 (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:

6. **PROPOSED CONTINUATION IN OFFICE AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR**

   "THAT Pn Hjh Juliana Heather Binti Ismail has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be continued to act as an Independent Non-Executive Director of the Company." — Resolution 6 (Please refer to Explanatory Note 5)

NOTICE OF ANNUAL GENERAL MEETING

7. **PROPOSED CONTINUATION IN OFFICE AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR**

"THAT Ms Anita Chew Cheng Im has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be continued to act as an Independent Non-Executive Director of the Company."

Resolution 7
(Please refer to Explanatory Note 5)

8. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

"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 ten per centum (10%) of the total number of the issued share (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.

Resolution 8
(Please refer to Explanatory Note 6)

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."

9. **SPECIAL RESOLUTION**
PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

"THAT the Constitution of the Company be altered by deleting the existing Constitution in its entirety and substituting thereof with a new Constitution as set out in Appendix I of the Annual Report as attached herewith AND THAT the same be hereby adopted as the Constitution of the Company.

Special Resolution
(Please refer to Explanatory Note 7)

AND THAT the Directors of the Company be and are hereby authorised to assent to any conditions, modifications and/or amendments as may be required by the relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the proposed adoption of new Constitution."

10. To transact any other ordinary business of which due notice shall have been given.

By order of the Board

ALIZA BINTI AHMAD TERMIZI (LS 0009656)
YEAP KOK LEONG (MAICSA 0862549)
Secretary

Petaling Jaya
31 October 2019

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. For the purpose of determining a member who shall be entitled to attend and vote at the 40th AGM, the Company shall be requesting the Record of Depositors as at 27 November 2019. Only a depositor whose name appears on the Record of Depositors as at 27 November 2019 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.

2. A member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at a meeting.

3. Where a member 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.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the 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.

5. 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.

6. 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.

7. 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 Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

8. If the appointer is a corporation, this form shall 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.

EXPLANATORY NOTES

1. **EXPLANATORY NOTE 1**

   <u>To receive the Audited Financial Statements for the financial year ended 30 June 2019</u>

   This agenda item is meant for discussion only as under the provision of Section 340(1)(a) of the Companies Act 2016 ("the Act"), the audited financial statements do not require a formal approval of the shareholders. Hence, this resolution will not be put forward for voting.

NOTICE OF ANNUAL GENERAL MEETING

2. **EXPLANATORY NOTE 2**

To re-elect Pn Hjh Felina Binti Tan Sri Datuk (Dr.) Hj Mustapha Kamal and Mr Lau Shu Chuan who are retiring pursuant to Article 77 of the Constitution of the Company and being eligible, have offered themselves for re-election.

Article 77 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 are subject to retirement by rotation in accordance with Article 77 of the Constitution are Pn Hjh Felina Binti Tan Sri Datuk (Dr.) Hj Mustapha Kamal (Executive Chairman) and Mr Lau Shu Chuan (Executive Director).

For the purpose of determining the eligibility of the Directors to stand for re-election at the 40th 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 2018/2019; 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 Article 77 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 Corporate Governance Overview Statement.

3. **EXPLANATORY NOTE 3**

Directors' Fees and Remuneration

Section 230(1) of the Act 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 agreed that the shareholders' approval shall be sought at the 40th AGM on the following:

- Resolution 3 To approve the payment of Directors' fees of RM294,000 in respect of the financial year ended 30 June 2019 ("FYE 2019").
- Resolution 4 To approve the payment of Directors' remuneration (other than Directors' fees) of up to RM250,000 for the period from 6 December 2019 until the conclusion of the next AGM of the Company ("the Relevant Period").

Directors' fees

The Remuneration Committee ("RC") has reviewed the Directors' fees and recommended to the Board the Directors' fees for the FYE 2019. 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

NOTICE OF ANNUAL GENERAL MEETING

Directors' remuneration (other than Directors' fees)

The Directors' remuneration (other than Directors' fees) comprises allowances and other emoluments payable to the INEDs of the Board and Board Committees. The current remuneration is 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 remuneration (other than Directors' fees) for the INED, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of INED involved in these meetings. The estimated amount of RM250,000 for the Relevant Period is derived from estimated attendance for about 10 Board meetings held during the Relevant Period.

Payment of the INED's remuneration (other than Directors' fees) will be made by the Company as and when incurred if the proposed Resolution 4 has been passed at the 40th AGM.

The Board is of the view that it is just and equitable to pay the Directors' remuneration (other than Directors' fees) as and when incurred, particularly after INEDs have discharged their duties, responsibilities and rendered their services to the Company throughout the Relevant Period.

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 40th AGM are disclosed in the Corporate Governance Overview Statement of the Annual Report for FYE 2019.

On 2 January 2019, BDO Malaysia had converted its legal entity status from conventional partnership pursuant to Partnership Act 1961 to limited liability partnership pursuant to Section 29 of the Limited Liability Partnerships Act 2012 ("LLP Act") ("Conversion"). Accordingly, BDO Malaysia had been registered in the name of BDO PLT. PLT is an abbreviation of "Perkongsian Liability Terhad", which means limited liability partnership. Following the Conversion, the Partners of BDO serving the Company and its subsidiaries ("Group") remain unchanged.

Pursuant to Section 36 of the LLP Act, the agreements already made by the Group with BDO Malaysia shall continue to be in force as if BDO PLT were a party to the agreements. Hence, all engagement letters signed between the Group and BDO Malaysia before the Conversion shall remain in force until they are superseded or amended.

5. **EXPLANATORY NOTE 5**

Proposed continuation in office as an Independent Non-Executive Director

The NC has assessed the independence of Pn Hjh Juliana Heather Binti Ismail and Ms Anita Chew Cheng Im, who served as an INED of the Company for a cumulative term of more than nine years and recommended them to continue to act as an INED of the Company as they have shown that:

NOTICE OF ANNUAL GENERAL MEETING

(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 the 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 has 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 8 is proposed to seek a renewal of general authority pursuant to Sections 75 and 76 of the Act, if passed, it 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 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 39th AGM held on 6 December 2018 and which will lapse at the conclusion of the 40th 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.

7. **EXPLANATORY NOTE 7**

Special Resolution - Proposed Adoption of New Constitution of the Company

The Special Resolution, if passed, will align the Constitution of the Company with the provisions of the Act which came into force on 31 January 2017, the requirements of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad and the prevailing statutory and regulatory requirements as well as to provide clarity and consistency with the amendments that arise from the Act and MMLR.

Please refer to the Proposed Adoption of the New Constitution Statement of the Company dated 31 October 2019 for further information.

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FORM OF PROXY

MK LAND Holdings Berhad
(REG NO. 197801003984) (40970-H)

CDS account no. of authorised nominee

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 40th Annual General Meeting of the Company to be held at Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, Bukit Kiara, 60000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur on Thursday, 5 December 2019 at 10.00 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.	SPECIAL RESOLUTION		

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

NO OF SHARES	PERCENTAGE
Proxy 1______________	%
Proxy 2______________	%
	100%

____

Signature of shareholder(s)/Common Seal

Date:

NOTES:

1. For the purpose of determining a member who shall be entitled to attend and vote at the 40th AGM, the Company shall be requesting the Record of Depositors as at 27 November 2019. Only a depositor whose name appears on the Record of Depositors as at 27 November 2019 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.
2. A member entitled to attend and vote at this meeting is entitled to appoint a proxy/(proxies or attorney) or authorised representative to attend and vote in its stead. A proxy may but need not be a member of the Company and a proxy appointed to attend, speak and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the 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.
6. Where a member or the authorised nominee or an exempt authorised nominee appoints two (2) or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. The instrument appointing a proxy or 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 Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South,No.8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
8. If the appointer is a corporation, this form shall be executed under its common seal or under the hand of its officer or attorney duly authorised.
9. If this Proxy Form is signed under the hands of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be 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 Authorisation Document or 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.

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

PROPERTY SALES OFFICE

DAMANSARA PERDANA SALES OFFICE

Damansara Perdana Sales Gallery,
No. 1, Jalan PJU 8/12,
Bandar Damansara Perdana,
47820 Petaling Jaya,
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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.
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

MK HOTELS & 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

BUKIT MERAH LAKETOWN RESORT

Jalan Bukit Merah.
34400 Semanggol,
Perak Darul Ridzuan.
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OMBAK VILLA LANGKAWI
KUALA MELAKA INN

Lot 78 Jalan Kuala Muda,
Padang Matsirat, 07100 Langkawi,
Kedah Darul Aman.
t : +604 955 8181
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EDUCATION

LAKE VIEW COLLEGE

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