



# GuocoLand (Malaysia) Berhad

A Member of the Hong Leong Group

ANNUAL REPORT 2018



# CONTENTS

---

## CORPORATE SECTION

- 03** • Company Profile / **05** • Corporate Information / **06** • Board of Directors  
**09** • Key Senior Management / **11** • Notice of Annual General Meeting  
**15** • Statement Accompanying Notice of Annual General Meeting  
**16** • Board Audit & Risk Management Committee Report  
**20** • Corporate Governance Overview, Risk Management and Internal Control Statement  
**33** • Group Financial Highlights / **34** • Chairman's Statement  
**37** • Management's Discussion and Analysis / **45** • Sustainability Statement

## FINANCIAL SECTION

- 60** • Directors' Report / **67** • Statement by Directors / **67** • Statutory Declaration  
**68** • Independent Auditors' Report / **73** • Income Statements  
**74** • Statements of Comprehensive Income / **75** • Statements of Financial Position  
**77** • Statements of Changes in Equity / **79** • Statements of Cash Flows  
**83** • Notes to the Financial Statements

- **Other Information**
- **Form of Proxy**







# COMPANY PROFILE

GuocoLand (Malaysia) Berhad, listed on the Main Market of Bursa Malaysia Securities Berhad, is the property arm of Hong Leong Group. The Company is an established property developer in developing community centric residential townships as well as innovative commercial and integrated development projects in Malaysia. GuocoLand Malaysia is a subsidiary of the Singapore-based GuocoLand Limited, the multi-award winning premier regional property player with established operations in Singapore, China, Malaysia and Vietnam.

GuocoLand Malaysia has a sizeable land bank for residential, commercial and industrial developments in the Greater Kuala Lumpur and Melaka. Among GuocoLand Malaysia's recent notable prime projects are Damansara City ("DC") – the award winning first integrated luxury development located in the prime neighbourhood of Damansara Heights, Emerald Rawang - a master planned township which comprises commercial and residential development in Rawang, Emerald Sepang – a residential township in Sepang, The Oval Kuala Lumpur – a unique luxury condominium in the heart of Kuala Lumpur City Centre as well as commercial developments namely, PJ City Corporate Hub in Petaling Jaya.

Our recently unveiled prominent development project is Emerald Hills, a freehold gated and guarded development which comprises terrace houses and lake front condominiums.

Apart from property development, GuocoLand Malaysia has a portfolio of property investment assets through Tower Real Estate Investment Trust which owns yield-accretive commercial buildings including Menara HLA and HP Towers in strategic locations in Kuala Lumpur City Centre and Damansara Heights. GuocoLand Malaysia also owns the newly opened DC Mall comprising retail and specialty dining space, Menara Guoco, the Grade A office tower and the 5-star Sofitel Kuala Lumpur Damansara, all located in DC.









# CORPORATE INFORMATION

---

## DIRECTORS

Mr Raymond Choong Yee How  
*(Chairman)*

YBhg Datuk Edmund Kong Woon Jun  
*(Group Managing Director)*

Mr Peter Ho Kok Wai

Encik Zulkiflee bin Hashim

Ms Patricia Chua Put Moy

---

## COMPANY SECRETARIES

Ms Chin Min Yann  
*(MAICSA 7034011)*  
Ms Lee Sow Yeang  
*(MAICSA 7020119)*

## AUDITORS

Messrs Ernst & Young  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
Tel : 03-7495 8000  
Fax : 03-2095 9076/78

## REGISTRAR

Hong Leong Share Registration  
Services Sdn Bhd  
Level 5, Wisma Hong Leong  
18 Jalan Perak  
50450 Kuala Lumpur  
Tel : 03-2164 1818  
Fax : 03-2164 3703

## REGISTERED OFFICE

Level 10, Wisma Hong Leong  
18 Jalan Perak  
50450 Kuala Lumpur  
Tel : 03-2164 1818  
Fax : 03-2164 2476

## BOARD OF DIRECTORS

---

### **MR RAYMOND CHOONG YEE HOW**

*Chairman/Non-Executive/Non-Independent*

*Age 62, Male, Malaysian*

Mr Raymond Choong Yee How obtained a Bachelor of Science in Biochemistry (Honours) degree in 1979 and a Master of Business Administration in 1981 from the University of Otago, New Zealand. Mr Raymond Choong has over 30 years of experience in banking, of which 23 years were with Citibank in Malaysia. He had held various senior positions within the Citibank Group; the last being President and Chief Executive Officer of Citibank Savings Inc, Philippines. Mr Raymond Choong was the President & Chief Executive Officer of Hong Leong Financial Group Berhad from December 2005 to August 2015. He is currently the Group President & Chief Executive Officer of GuocoLand Limited which is listed on Singapore Exchange Securities Trading Limited and is the holding company of GuocoLand (Malaysia) Berhad (“GLM”).

Mr Raymond Choong was appointed to the Board of GLM on 1 September 2015 and subsequently the Chairman of the Board of GLM on 30 April 2018. He does not sit on any committee of GLM.

Mr Raymond Choong is a Director of Eco World International Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

---

### **YBHG DATUK EDMUND KONG WOON JUN**

*Group Managing Director/Non-Independent*

*Age 55, Male, Malaysian*

Datuk Edmund Kong Woon Jun graduated with a Bachelor of Architecture (Honours) from University of Wales Institute of Science and Technology (UWIST), Wales, United Kingdom in 1989. He is a corporate member of Pertubuhan Arkitek Malaysia (PAM).

Datuk Edmund Kong has more than 28 years of experience in property development and construction industry. He started his career as a Senior Architect in BEP Arkitek Sdn Bhd in charge of high-end property developments in year 1994. He served as the Director of Project and Product Planning of Perdana Parkcity Sdn Bhd from year 2003 to 2008, where he played a major role in the planning and designing of the township called Desa ParkCity, Kuala Lumpur. Prior to joining Tropicana Corporation Berhad (“Tropicana”), he joined TA Global Berhad in April 2008 as the Director of Planning & Design and was then promoted to Chief Operating Officer in August 2008. With his experience in township master planning, he was actively involved in concept master plan and product design for the projects under his supervision. He was appointed as an Executive Director of Tropicana on 1 March 2011 and was promoted to Deputy Group Managing Director on 1 March 2013. On 14 March 2014, he was promoted to the position of Group Managing Director. He was also a Director of Tropicana Golf & Country Resort Berhad, a wholly-owned subsidiary of Tropicana.

Datuk Edmund Kong was appointed as the Group Managing Director of GLM on 4 January 2016. He does not sit on any committee of GLM.

He is a Director and the Chairman of GLM REIT Management Sdn Bhd, the Manager of Tower Real Estate Investment Trust which is listed on the Main Market of Bursa Securities.



## BOARD OF DIRECTORS

cont'd

### MR PETER HO KOK WAI

*Non-Executive Director/Independent*

*Age 59, Male, Malaysian*

Mr Peter Ho Kok Wai is a Member of the Malaysian Institute of Accountants (MIA), Fellow of The Institute of Chartered Accountants in England and Wales (ICAEW), and Member of The Malaysian Institute of Certified Public Accountants (MICPA).

Mr Peter Ho forged his early career with Everett Pinto & Co., a central London Firm of Chartered Accountants, and qualified as a Chartered Accountant in 1984. Subsequently, in 1987, Mr Peter Ho joined KPMG Kuala Lumpur ("KPMG KL") where he progressed to Head of Department in 1992. He was transferred to KPMG Ipoh in 1993 to head the branch and was admitted as Partner in 1995. He was transferred back to KPMG KL in 2005 where he had, at various times, headed the Audit Technical Committee, Audit Function and Marketing Department. He has more than 30 years of auditing experience in a wide range of companies including public listed companies and multinationals, with particular emphasis in manufacturing, distribution and financial services. Mr Peter Ho retired from KPMG in December 2014.

Mr Peter Ho was appointed to the Board of GLM on 20 August 2015. He is the Chairman of the Board Audit & Risk Management Committee and Nominating Committee of GLM.

Mr Peter Ho is a Director of Hong Leong Industries Berhad and Sapura Resources Berhad, companies listed on the Main Market of Bursa Securities. He is also a Director of HPMT Holdings Berhad, Allianz General Insurance Company (Malaysia) Berhad and Allianz Life Insurance Malaysia Berhad, all public companies.

### ENCIK ZULKIFLEE BIN HASHIM

*Non-Executive Director/Independent*

*Age 59, Male, Malaysian*

Encik Zulkiflee bin Hashim graduated with a Diploma in Credit Management from Institut Teknologi MARA (now known as Universiti Teknologi MARA).

Encik Zulkiflee has over 35 years' experience in the banking sector. He started his career with Citibank N.A. in 1979 and left his position as Vice President in November 1991. He then joined Deutsche Bank where he assumed the position of Deputy Managing Director from December 1991 to November 1997. In this capacity, he was responsible for Corporate Banking, International Trade Finance, Operations and Transaction Banking Services. From July 1998 to October 2011, Encik Zulkiflee was the Executive Director of Hong Leong Bank Berhad ("HLB"). He was HLB's Chief Operating Officer, Group Strategic Support from November 2011 to January 2015. During the tenure with HLB, he was given the responsibility to oversee various areas such as Branch and Banking Operations, Integrated Risk Management, Credit Management, Information Technology, Islamic Banking, Wholesale Operations, Retail Operations, Legal, Corporate Communications & Public Relations and Quality and Customer Experience.

Encik Zulkiflee was appointed to the Board of GLM on 4 December 2015. He is a member of the Board Audit & Risk Management Committee and Nominating Committee of GLM.



## BOARD OF DIRECTORS

cont'd

### MS PATRICIA CHUA PUT MOY

*Non-Executive Director/Independent*

*Age 62, Female, Malaysian*

Ms Patricia Chua Put Moy graduated with First Class Honours in Computational and Statistical Sciences from University of Liverpool, United Kingdom. She is a Member of the Malaysian Institute of Accountants (MIA) and The Institute of Chartered Accountants in England and Wales (ICAEW).

Ms Patricia Chua began her career in Ernst & Young, Liverpool and London, United Kingdom in October 1978. She subsequently served PricewaterhouseCoopers, Kuala Lumpur as Qualified Accountant in October 1982 prior to joining Genting Group where she served in various capacities, including as the Group Management Accountant, Head Office Personnel & Administration Manager, Senior Vice President of Corporate (Genting Sanyen) Human Resource and Information Technology and Member of the Remuneration & Compensation Committee for Genting Berhad/Resorts World Bhd/Asiatic Bhd.

Ms Patricia Chua was the Regional Project Advisor of Organization Renewal Inc. (Malaysia/Indonesia). She joined VXL Group from July 2004 to September 2005 and served as an Executive Director of Finance, Investment and Human Resource Division. She was the Associate Director of Tax and Advisory Business Development for PricewaterhouseCoopers, Beijing, China.

From October 2009 to July 2013, Ms Patricia Chua had held positions in Avery Dennison BV Hong Kong, Asia Pacific as a Human Resource Director; Paramount Corporation Berhad as the Special Project Director/Director of Business Services and Group Corporate Planner/Human Resource Director; and Kolej Damansara Utama, Petaling Jaya as Chief Executive Officer.

Ms Patricia Chua was appointed to the Board of GLM on 1 August 2016. She is a member of the Board Audit & Risk Management Committee and Nominating Committee of GLM.

She is a Director of Mattan Berhad, a public company.

#### Notes:

1. **Family Relationship with Director and/or Major Shareholder**  
None of the Directors has any family relationship with any other Directors and/or major shareholders of GLM.
2. **Conflict of Interest**  
None of the Directors has any conflict of interest with GLM.
3. **Conviction of Offences**  
None of the Directors has been convicted of any offences (excluding traffic offences) within the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2018.
4. **Attendance of Directors**  
Details of Board meeting attendance of each Director are disclosed in the Corporate Governance Overview, Risk Management and Internal Control Statement in the Annual Report.

## KEY SENIOR MANAGEMENT

---

### **MR LEE WEE KEE**

*Executive Director, Projects*

*Age 53, Male, Malaysian*

Mr Lee Wee Kee holds a Bachelor of Engineering (Honours) degree in Civil Engineering from University of Malaya. He is a Graduate Member of The Institution of Engineers and The Board of Engineers, Malaysia.

Mr Lee possesses more than 28 years' experience in property development and project management. He has worked within the Hong Leong Group for about 20 years, starting as Project Engineer until he reached the position of General Manager. He has extensive experience in township and condominium projects as well as integrated commercial developments.

From 2010 to 2013, Mr Lee joined Tropicana Corporation Berhad as the Senior General Manager in charge of projects in Tropicana Golf and Country Resort and Tropicana Indah Resort. Prior to re-joining GLM as the Executive Director, Projects on 18 July 2016, Mr Lee was with Wing Tai Malaysia Berhad as Executive Director (Property Division) in charge of the group's property development and investment business in Malaysia.

In GLM, Mr Lee heads the Project Management team, Design & Planning Department and Costs & Contracts Department overseeing all development projects.

---



## KEY SENIOR MANAGEMENT

cont'd

---

**MR LOI KOK MUN**  
*Chief Financial Officer*  
*Age 48, Male, Malaysian*

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

Mr Loi has more than 20 years of experience in finance and accounting, corporate finance, strategic planning, management and audit, risk management and assessment gained through his working experience in various public listed and private companies of a variety of industries.

In 2003, he joined Eastern & Oriental Berhad where he served for 7 years, starting as Senior Manager until he was promoted to General Manager of Corporate & Investments. Subsequently in 2011, he served as the General Manager, Finance of Wing Tai Malaysia Berhad for 3 years. From 2014 to 2015, he was the General Manager, Finance & Accounts of Bukit Kiara Properties Sdn Bhd. He then joined GLM for a year until 2016 as the Group Financial Controller. Mr Loi joined PRG Holdings Berhad in 2016 as the Chief Financial Officer and subsequently re-designated to Director of Corporate Planning in April 2017. In June 2018, he left PRG Holdings Berhad to join GLM as the Chief Financial Officer.

---

**Notes:**

- 1. Family Relationship with Director and/or Major Shareholder**  
None of the Key Senior Management has any family relationship with any other Directors and/or major shareholders of GLM.
- 2. Conflict of Interest**  
None of the Key Senior Management has any conflict of interest with GLM.
- 3. Conviction of Offences**  
None of the Key Senior Management has been convicted of any offences (excluding traffic offences) within the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2018.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Ninety-fourth Annual General Meeting (“AGM”) of GuocoLand (Malaysia) Berhad (“Company”) will be held at the Auditorium, Ground Floor, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Wednesday, 21 November 2018 at 10.00 a.m. in order:

1. To lay before the meeting the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 30 June 2018.
2. To declare a final single tier dividend of 2 sen per share for the financial year ended 30 June 2018 to be paid on 13 December 2018 to members registered in the Record of Depositors on 28 November 2018. *(Resolution 1)*
3. To approve the payment of Director Fees of RM474,220 (2017: RM492,055) for the financial year ended 30 June 2018 to be divided amongst the Directors in such manner as the Directors may determine and Directors’ Other Benefits of up to an amount of RM31,000 from the 94th AGM to the 95th AGM of the Company. *(Resolution 2)*
4. To re-elect the following Directors:
  - (a) Mr Raymond Choong Yee How *(Resolution 3)*
  - (b) Encik Zulkiflee bin Hashim *(Resolution 4)*
5. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration. *(Resolution 5)*

## **SPECIAL BUSINESS**

As special business, to consider and, if thought fit, pass the following motions:

6. **Ordinary Resolution**  
**Authority To Directors To Allot Shares**

“THAT subject to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company’s Constitution and approval of the relevant governmental regulatory authorities, if required, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016 to allot shares in the Company, grant rights to subscribe for shares in the Company, convert any security into shares in the Company, or allot shares under an agreement or option or offer at any time and from time to time, 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 issued and allotted, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so allotted on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

*(Resolution 6)*



## NOTICE OF ANNUAL GENERAL MEETING

cont'd

7. **Ordinary Resolution**  
**Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Leong Company (Malaysia) Berhad ("HLCM") And Persons Connected With HLCM**

"THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(A) of the Company's Circular to Shareholders dated 23 October 2018 with HLCM and persons connected with HLCM provided that such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to the related parties than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders;

AND THAT such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

*(Resolution 7)*

8. **Ordinary Resolution**  
**Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With The Directors And Major Shareholders Of The Company And Persons Connected With Them**

"THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(B) of the Company's Circular to Shareholders dated 23 October 2018 ("Circular"), with all the Directors and major shareholders of the Company (as defined in the Circular) and persons connected with them provided that such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to the related parties than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders;

## NOTICE OF ANNUAL GENERAL MEETING

cont'd

---

AND THAT such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution.”

*(Resolution 8)*

9. **Ordinary Resolution**  
**Proposed Renewal Of Shareholders’ Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Tower Real Estate Investment Trust (“Tower REIT”)**

“THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(C) of the Company’s Circular to Shareholders dated 23 October 2018, with Tower REIT provided that such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to the related parties than those generally available to and/or from the public, where applicable, and are not, in the Company’s opinion, detrimental to the minority shareholders;

AND THAT such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution.”

*(Resolution 9)*

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



## NOTICE OF ANNUAL GENERAL MEETING

cont'd

**FURTHER NOTICE IS HEREBY GIVEN** that a depositor shall qualify for entitlement to the final dividend only in respect of:

- (i) shares transferred into the depositor's securities account before 4.00 p.m. on 28 November 2018 in respect of ordinary transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

**CHIN MIN YANN** (MAICSA 7034011)

**LEE SOW YEANG** (MAICSA 7020119)

Company Secretaries

Kuala Lumpur

23 October 2018

### Notes

1. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 12 November 2018 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
2. Save for a member who is an exempt authorised nominee, a member entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. A proxy may but need not be a member of the Company. A member who is an authorised nominee may appoint not more than two (2) proxies in respect of each securities account it holds. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.
3. Where two (2) or more proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which, the appointments shall be invalid.
4. The Form of Proxy must be deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting.
5. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to a vote by way of a poll.

### Explanatory Notes

#### 1. Resolution 2 – Director Fees and Other Benefits

- Director Fees of RM474,220 are inclusive of Board Committees Fees of RM148,000.
- Directors' Other Benefits of up to an amount of RM31,000 refer to Directors' and Officers' Liability Insurance coverage based on premium paid/payable and Directors' training benefits.

#### 2. Resolution 6 – Authority to Directors to Allot Shares

The proposed Ordinary Resolution, if passed, will renew the general mandate given to the Directors of the Company to allot ordinary shares of the Company from time to time and expand the mandate to grant rights to subscribe for shares in the Company, convert any security into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares issued and allotted, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being ("Renewed General Mandate"). In computing the aforesaid 10% limit, shares issued or agreed to be issued or subscribed pursuant to the approval of shareholders in a general meeting where precise terms and conditions are approved shall not be counted. The Renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

## NOTICE OF ANNUAL GENERAL MEETING

cont'd

---

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the general mandate given to the Directors at the last AGM held on 26 October 2017 and which will lapse at the conclusion of the 94th AGM. The Renewed General Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises or in the event business opportunities or other circumstances arise which involve the issuance and allotment of new shares, grant of rights to subscribe for shares, conversion of any security into shares, or allotment of shares under an agreement or option or offer, and to avoid delay and cost in convening general meetings to approve the same.

3. **Resolutions 7 to 9 – Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed ordinary resolutions, if passed, will empower the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and its subsidiaries, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to and/or from the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company ("Proposed Shareholders' Mandate").

Detailed information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 23 October 2018 which is despatched together with the Company's 2018 Annual Report.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of  
Bursa Malaysia Securities Berhad)

---

1. **Details of individuals who are standing for election as Directors**

No individual is seeking election as a Director at the Ninety-fourth Annual General Meeting of the Company.

2. **Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

Details of the general mandate to allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note 2 of the Notice of the Ninety-fourth Annual General Meeting.



# BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

## CONSTITUTION

The Board Audit & Risk Management Committee (“Committee”) of GuocoLand (Malaysia) Berhad (“GLM” or the “Company”) has been established since 23 March 1994.

## COMPOSITION

**Mr Peter Ho Kok Wai**

*Chairman, Independent Non-Executive Director  
(Redesignated as Chairman on 30 April 2018)*

**Encik Zulkiflee bin Hashim**

*Independent Non-Executive Director*

**Ms Patricia Chua Put Moy**

*Independent Non-Executive Director  
(Appointed on 30 April 2018)*

**YBhg Tan Sri Nik Mohamed bin Nik Yaacob**

*Chairman, Independent Non-Executive Director  
(Resigned on 30 April 2018)*



## BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

cont'd

---

### SECRETARY

The Secretary to the Committee is Ms Chin Min Yann who is the Company Secretary of GLM.

### AUTHORITY

The Committee is authorised by the Board of Directors (“Board”) to review any activity of the Group within its Terms of Reference, details of which are available on the Company’s website at [www.guocoland.com.my](http://www.guocoland.com.my). The Committee is authorised to seek any information it requires from any director or member of management and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain independent legal or other professional advice if it considers necessary.

### MEETINGS

The Committee meets at least four (4) times a year and additional meetings may be called at any time as and when necessary. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

The head of finance, head of internal audit, risk manager, Group Managing Director and senior management may attend Committee meetings, on the invitation of the Committee, to provide information and clarification required on items on the agenda. Representatives of the external auditors are also invited to attend the Committee meetings to present their audit scope and plan, audit report and findings together with management’s response thereto, and to brief the Committee members on significant audit and accounting areas which they noted in the course of their audit.

Issues raised, discussions, deliberations, decisions and conclusions made at the Committee meetings are recorded in the minutes of the Committee meetings. Where the Committee is considering a matter in which a Committee member has an interest, such member abstains from reviewing and deliberating on the subject matter.

Two (2) members of the Committee, who shall be independent, shall constitute a quorum and the majority of members present must be Independent Directors.

After each Committee meeting, the Chairman of the Committee shall report and update the Board on significant issues and concerns discussed during the Committee meetings and where appropriate, make the necessary recommendations to the Board.



## BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

cont'd

### ACTIVITIES

An annual assessment on the performance and effectiveness of the Committee and each of its members for the financial year ended 30 June 2018 ("FY 2018") was carried out by the Nominating Committee ("NC"). The NC and the Board are satisfied that the Committee and its members had carried out their duties in accordance with the Committee's Terms of Reference.

During FY 2018, four (4) Committee meetings were held and the attendance of the Committee members was as follows:

MEMBER	ATTENDANCE
Mr Peter Ho Kok Wai	4/4
Encik Zulkiflee bin Hashim	4/4
Ms Patricia Chua Put Moy <i>(Appointed on 30 April 2018)</i>	-
YBhg Tan Sri Nik Mohamed bin Nik Yaacob <i>(Resigned on 30 April 2018)</i>	3/4

*Note:*

*Ms Patricia Chua was appointed as a Committee Member on 30 April 2018 and as such, she did not attend any Committee Meeting held during FY 2018.*

The Committee carried out the following key activities during FY 2018:

- Reviewed the quarterly reports and annual financial statements of the Group prior to submission to the Board for consideration and approval.
- Reviewed and recommended to the Board for approval the Board Audit & Risk Management Committee Charter and Internal Audit Charter.
- Held two (2) separate sessions with the external auditors without the presence of executive director and management. During the separate sessions, no critical issues were raised and the external auditors conveyed that they had been maintaining a good professional Auditor-Client working relationship.
- Met with the external auditors and discussed the Annual Audit Plan 2018 on the nature and scope of the audit, considered significant changes in accounting and auditing issues, where relevant, reviewed the management letter and management's response, reviewed pertinent issues which had significant impact on the results of the Group and discussed applicable accounting and auditing standards.
- Reviewed and recommended to the Board for approval the audit fees payable to the external auditors in respect of services provided to the Group. It also reviewed the provision of non-audit services by the external auditors to ascertain whether such provision of services would impair the external auditor's independence or objectivity.
- Assessed the performance, suitability, independence and objectivity of the external auditors, taking into consideration factors such as quality of service, adequacy of experience and resources of the firm and the professional staff assigned to the audit, and communication and interaction, and made recommendation to the Board for shareholders' approval on the re-appointment of the external auditors.

## BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

cont'd

---

- Reviewed the adequacy and integrity of internal control systems, including risk management and relevant management information system. It also reviewed the processes put in place to identify, evaluate and manage the significant risks encountered by the Group.
- Met with the internal auditors and approved the annual audit plan and also reviewed the internal audit findings and recommendations.
- Reviewed the Policy and Procedure of Recurrent Related Party Transaction and various related party transactions (“RRPT”) carried out by the Group.
- Reviewed the proposed mandate for RRPT with various related parties prior to Board’s recommendation for shareholders’ approval.
- Reviewed the Statement on Risk Management and Internal Control (“SORMIC”) of the Group, and received the report of the external auditors in respect of their review on the SORMIC prior to Board’s approval for inclusion in the Company’s Annual Report.
- Reviewed and recommended to the Board for approval the Board Audit & Risk Management Committee Report for inclusion in the Company’s Annual Report.

### INTERNAL AUDIT (“IA”)

The Group has an in-house IA Department. The IA Department, led by the Head of IA, reports directly to the Committee. The IA Department supports the Committee in the effective discharge of its responsibilities in respect of governance, internal controls and the risk management framework of the Group. The Committee takes cognisance of the fact that an independent and adequately resourced internal audit function is essential in obtaining the assurance it requires regarding the effectiveness of the system of internal controls.

The IA activities carried out during FY 2018 include, inter alia, the following:

- Ascertained the extent of compliance with the established Group policies, procedures and statutory requirements;
- Reviewed the system of internal controls and key operating processes based on the approved annual IA plan by adopting a risk based approach and recommending improvements to the existing system of controls;
- Conducted investigation audits on the request of management;
- Carried out ad-hoc audit reviews on Group’s operations;
- Attended physical stock-count of the Group’s hotels; and
- Observed and witnessed tender opening processes during the year.

Arising from the above activities, IA reports, incorporating the audit findings, audit recommendations and management’s responses were presented to the Committee. Follow-up audit was also conducted and the status of implementation on the agreed recommendations was reported to the Committee.

The cost incurred by the IA Department for FY 2018 amounted to RM483,486.

*This Board Audit & Risk Management Committee Report is made in accordance with the resolution of the Board of Directors.*

# CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

“Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of other stakeholders.”

~ Finance Committee on Corporate Governance

The Board of Directors (“Board”) is pleased to present this statement with an overview of the corporate governance (“CG”) practices of the Group which supports the three key principles of the Malaysian Code on Corporate Governance (“MCCG”), namely board leadership and effectiveness; effective audit and risk management; and integrity in corporate reporting and meaningful relationship with stakeholders.

The CG Report 2018 of the Company in relation to this statement is published on the Company’s website, [www.guocoland.com.my](http://www.guocoland.com.my) (“Website”).

## BOARD LEADERSHIP AND EFFECTIVENESS

### A. Roles and Responsibilities of the Board

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference (“TOR”) to assist in the discharge of this responsibility.

In discharging its responsibilities, the Board has established functions which are reserved for the Board and those which are delegated to management. The key roles and responsibilities of the Board are set out in the Board Charter, which is reviewed annually by the Board and published on the Website. The key roles and responsibilities of the Board broadly cover formulation of corporate policies and strategies; overseeing and evaluating the conduct of the Group’s businesses; identifying principal risks and ensuring the implementation of appropriate systems to manage those risks; and reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals, and major capital expenditure.

The day-to-day business of the Group is managed by the Group Managing Director (“GMD”) who is assisted by the management team. The GMD and his management team are accountable to the Board for the performance of the Group. In addition, the Board delegates certain of its responsibilities to Board Committees, which operate within clearly defined TOR primarily to support the Board in the performance of its duties and responsibilities.

To discharge its oversight roles and responsibilities more effectively, the Board has delegated the independent oversight over, inter alia, internal and external audit functions, internal controls and risk management to the Board Audit & Risk Management Committee. The Nominating Committee is delegated the authority to, inter alia, assess and review Board, Board Committees and chief executive appointments and/or re-elections, and assess and evaluate the performance of the Board, Board Committees and Chief Financial Officer (“CFO”). Although the Board has granted such authority to Board Committees, the ultimate responsibility and the final decision rest with the Board. The chairmen of Board Committees report to the Board on matters dealt with at their respective Board Committee meetings. Minutes of Board Committee meetings are also tabled at Board meetings.

There is a clear division of responsibilities between the Chairman of the Board and the GMD. This division of responsibilities between the Chairman and the GMD ensures an appropriate balance of roles, responsibilities and accountability.

The Chairman leads the Board and ensures its smooth and effective functioning.



## CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

---

### BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

#### A. Roles And Responsibilities Of The Board *cont'd*

The GMD is responsible for formulating the vision and recommending policies and the strategic direction of the Group for approval by the Board, implementing the decisions of the Board, initiating business ideas and corporate strategies to create competitive edge and enhancing shareholder wealth, providing management of the day-to-day operations of the Group and tracking compliance and business progress.

Independent Non-Executive Directors (“ID” or “IDs”) are responsible for providing insights, unbiased and independent views, advice and judgment to the Board and bring impartiality to Board deliberations and decision-making. They also ensure effective checks and balances on the Board. There are no relationships or circumstances that could interfere with or are likely to affect the exercise of IDs’ independent judgment or their ability to act in the best interest of the Company and its shareholders.

The Group continues to operate in a sustainable manner and seeks to contribute positively to the well-being of stakeholders. The Group takes a progressive approach in integrating sustainability into its businesses as set out in the Sustainability Statement which forms part of the Annual Report.

The Board observes the Code of Ethics for Company Directors established by the Companies Commission of Malaysia, which has been adopted by the Board and published on the Website.

#### B. Board Composition

The Board currently comprises five (5) Directors, three (3) of whom are IDs. The profiles of the members of the Board are set out in the Annual Report.

The Company is guided by the Policy on Board Composition adopted by the Company and the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”) in determining its board composition. The policy includes the following:

- The board shall determine the appropriate size of the board to enable an efficient and effective conduct of Board deliberation.
- The board shall have a balance of skills and experience to commensurate with the complexity, size, scope and operations of the Company and shall have an appropriate balance of IDs comprising at least half of the board.
- The board shall include a balanced composition of executive and non-executive directors.
- Board members should have the ability to commit time and effort to carry out their duties and responsibilities effectively.

The Company has in place a Board Diversity Policy. The Board recognises the merits of Board diversity in adding value to collective skills, perspectives and strengths to the Board. In line with gender diversity, there is one (1) woman Director on the Board. The Board will consider appropriate targets in Board diversity including gender, ethnicity and age balance on the Board and will take the necessary measures to meet these targets from time to time as appropriate.

Based on the review of the Board composition in August 2018, the Board is of the view that the current size and composition of the Board are appropriate and effective for the control and direction of the Group’s strategy and business. The composition of the Board also fairly reflects the investment of shareholders in the Company.

## CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

### BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

#### C. Board Committees

Board Committees have been established by the Board to assist in the discharge of its duties.

- Board Audit & Risk Management Committee (“BARMC”)

The composition of the BARMC and a summary of its activities in the discharge of its functions and duties for the financial year are set out in the Board Audit & Risk Management Committee Report in this Annual Report.

The TOR of the BARMC are published on the Website.

- Nominating Committee (“NC”)

The NC was established on 2 May 2013. The NC has been re-constituted as follows:

**Mr Peter Ho Kok Wai**

*Chairman, Independent Non-Executive Director  
(Redesignated as Chairman on 30 April 2018)*

**Encik Zulkiflee bin Hashim**

*Independent Non-Executive Director  
(Appointed on 30 April 2018)*

**Ms Patricia Chua Put Moy**

*Independent Non-Executive Director  
(Appointed on 30 April 2018)*

**YBhg Tan Sri Nik Mohamed bin Nik Yaacob**

*Chairman, Independent Non-Executive Director  
(Resigned on 30 April 2018)*

**YBhg Dato’ Paul Poh Yang Hong**

*Non-Independent Non-Executive Director  
(Resigned on 30 April 2018)*

The TOR of the NC are published on the Website.

- (i) New Appointments

All candidates to the Board are assessed by the NC prior to their appointments, taking into account, inter-alia, the strategic and effective fit of the candidates for the Board, the overall desired Board composition including Board diversity and the required mix of skills, expertise, knowledge and experience in the industry, market and segment to enhance the Board’s overall effectiveness and having regard to the candidates’ attributes, qualifications, management, leadership, independence and time commitment, before they are recommended to the Board for approval. The Company maintains a pool of potential Board candidates from internal and external introductions, recommendations and independent sources with director databases in its search for suitable Board candidates.

## CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

### BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

#### C. Board Committees *cont'd*

##### (i) New Appointments *cont'd*

In evaluating any new appointment of senior management, the Company is guided by the Hong Leong Group Recruitment Policy where all potential candidates are given equal opportunity regardless of gender, race, and religion and/or whether or not one has disability, and senior management positions are awarded based on qualifications, experience and potential.

In the case of chief executive, the NC will take into account the candidate’s knowledge and experience in the industry, market and segment.

##### (ii) Re-election/Retention

The nomination and approval process for re-election/retention of directors shall be as follows:



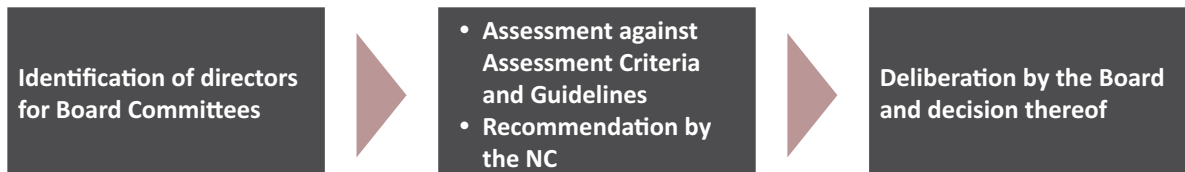
The chairman, directors and chief executive will be evaluated on their performance in the discharge of duties and responsibilities effectively, including, inter alia, contribution to Board deliberations, time commitment as well as the Annual Board Assessment (as defined below) results, contributions during the term of office, attendance at Board meetings, and for IDs, their continued independence.

##### (iii) Removal

For removal of directors, the Company shall carry out such removal in accordance with the provisions of the Companies Act 2016 and any other relevant regulatory requirements. The NC may recommend to the Board the removal of a director who is ineligible, disqualified, incapacitated or who has failed in the discharge of fiduciary duties.

##### (iv) Board Committee Appointments

The nomination, assessment and approval process for appointments to Board Committees (“Board Committee Appointments”) is as follows:



The assessment for Board Committee Appointments will be based on the directors’ potential contributions and value-add to the Board Committees with regard to Board Committees’ roles and responsibilities.



## CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

### BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

#### C. Board Committees *cont'd*

##### (iv) Board Committee Appointments *cont'd*

In addition, a formal evaluation process has been put in place to assess the effectiveness of the Board as a whole, Board Committees as a whole and the contribution and performance of each individual director, Board Committee member, chief executive and chief financial officer on an annual basis ("Annual Board Assessment"). For newly appointed chairman, directors, chief executive and chief financial officer, the Annual Board Assessment will be conducted at the next annual assessment exercise following the completion of one year of service.

For management succession planning, it has been embedded in the Group's process over the years to continuously identify, groom and develop key talents from within the Group. The Group also has a talent development programme to identify, retain and develop young high potential talents.

The NC meets at least once in each financial year and additional meetings may be called at any time as and when necessary.

The NC met once during the financial year ended 30 June 2018 ("FY 2018") where all the NC members attended. Recommendations and decisions were also taken by way of Circular Resolutions.

The NC carried out its duties in accordance with its TOR during FY 2018. The NC considered and reviewed the following:

- revised NC Charter, revised Process and Procedure of Assessment for New Appointment, Re-election or Retention of Directors or Chief Executive and Removal of Directors and revised policies on Board Composition, Independence of Directors, Board Diversity, and Directors' Training;
- composition of the Board and Board Committees;
- mix of skills, professional qualification, experience and other qualities of Directors including gender, ethnicity and age balance;
- independence of IDs and their tenure;
- trainings undertaken by Directors and recommendation of training programmes for Directors; and
- appointment and re-election of Directors.

Having reviewed the Board composition, the NC was satisfied that the current Board comprises a good mix of skills and that the current size and composition of the Board are appropriate and effective in discharging its functions. The NC took cognisance of the merits of Board diversity, including gender, ethnicity and age balance on the Board and will take the necessary measures to meet these targets from time to time as appropriate.

The NC has also evaluated the performance of the Board, Board Committees, each individual Director and each Board Committee member, benchmarking their respective TOR and assessment criteria, and through the annual assessment conducted during FY 2018. The NC was satisfied that they have continued to operate effectively in discharging their duties and responsibilities. They have also fulfilled their responsibilities and are suitably qualified to hold their positions.

- Remuneration Committee ("RC")

The Company does not have a RC. The Board is of the view that it is not necessary for the Company to establish a RC for the time being given the current size of the Board. The Board as a whole functions as the RC.

## CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

---

### BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

#### D. Remuneration

The Group's remuneration scheme for executive directors is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmarked to market/industry surveys conducted by human resource consultants. Performance is measured against profits and targets set in the Group's annual plan and budget.

The level of remuneration of non-executive directors reflects the scope of responsibilities and commitment undertaken by them.

The remuneration packages of executive directors are reviewed by the entire Board. Executive directors shall not participate in the deliberations and shall vacate the meeting room during deliberations of their remuneration packages. The Board, in assessing and reviewing the remuneration packages of executive directors, ensures that a strong link is maintained between their rewards and individual performance, based on the provisions in the Group's Human Resources Manual, which are reviewed from time to time to align with market/industry practices.

The fees of Directors are recommended and endorsed by the Board for approval by the shareholders of the Company at its Annual General Meeting ("AGM").

The detailed remuneration of each Director is set out in the CG Report which is published on the Website.

The Group adopts Hong Leong Group's total compensation philosophy which promotes high performing culture, alignment of corporate values and vertical and horizontal equity. The rewards strategy focuses on providing a competitive remuneration and benefits package, as well as ample career progression opportunities for employees.

The Company's rewards framework focuses on a balanced and right pay mix to achieve the desired long term business performance. The framework includes base pay, cash allowances; performance based variable pay, long term incentives, benefits and other employees' programmes.

The rewards framework ensures that employees are paid competitively against the industry and talent market the company is operating in; delivered via a combination of cash and non-cash elements such as shares or share-linked instruments.

Key performance indicators and key results areas of employees are measured and tracked diligently to ensure strong alignment of employee output to the overall business strategy and direction of the company.

#### E. Independence

The Board takes cognisance of the provisions of the MCCG, which states that the tenure of an independent director should not exceed a cumulative term of 9 years and upon completion of the 9 years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. It further states that in the event the Board wishes to retain an independent director who has served a cumulative term of 9 years and above, shareholders' approval shall be annually sought with justification. In the event the Board wishes to retain an independent director who has served a cumulative term of 12 years and above, shareholders' approval shall be annually sought through a two-tier voting process.

The Company has in place an Independence of Directors Policy ("ID Policy") which sets out the criteria for assessing the independence of IDs. The Board will apply these criteria upon admission, annually and when any new interest or relationship develops. In addition, the ID Policy states that the Company shall seek shareholders' approval at the AGM every year to retain IDs who have served on the Board for a period of 9 years continuously or more as IDs, with justifications and subject to favourable assessment of the NC and the Board.

## CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

### BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

#### E. Independence *cont'd*

The Board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Although a longer tenure of directorship may be perceived as relevant to the determination of a director's independence, the Board recognises that an individual's independence should not be determined solely based on tenure of service. Further, the continued tenure of directorship brings considerable stability to the Board and the Company benefits from directors who have, over time, gained valuable insight into the Group, its market and the industry.

The IDs have declared their independence, and the NC and the Board have determined, at the annual assessment carried out, that the IDs have continued to bring independent and objective judgment to Board deliberations and decision making.

Currently, the tenure of all the IDs on the Board does not exceed 9 years.

#### F. Commitment

The Directors are aware of their responsibilities and devote sufficient time to carry out such responsibilities. In line with the MMLR, Directors are required to comply with the restrictions on the number of directorships in public listed companies. Board meetings are scheduled a year ahead in order to enable full attendance at Board meetings. The Board meets quarterly with timely notices of issues to be discussed. Additional meetings may be convened on an ad-hoc basis as and when necessary. Where appropriate, decisions are also taken by way of Directors' Circular Resolutions. Directors are required to attend at least 50% of Board meetings held in each FY pursuant to the MMLR.

All Board members are supplied with information in a timely manner. The Company has moved towards electronic Board reports. Board reports are circulated electronically prior to Board and Board Committee meetings and the reports provide, amongst others, financial and corporate information, significant operational, financial and corporate issues, updates on the performance of the Company and of the Group and management's proposals which require the approval of the Board.

All Directors have access to the advice and services of qualified and competent Company Secretaries to facilitate the discharge of their duties effectively. The Company Secretaries are qualified to act under Section 235 of the Companies Act 2016 and they are Associate Members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). The Company Secretaries support the effective functioning of the Board, provide advice and guidance to the Board on policies and procedures, relevant rules, regulations and laws in relation to corporate secretarial and governance functions and facilitate effective information flow amongst the Board, Board Committees and senior management. The Company Secretaries attend programmes and seminars to keep abreast with, inter-alia, regulatory requirements, company law and CG.

All Directors also have access to the advice and services of the internal auditors and in addition, to independent professional advice, where necessary, at the Company's expense, in consultation with the Chairman of the Company.

At Board meetings, active deliberations of issues by Board members are encouraged and such deliberations, decisions and conclusions are recorded by the Company Secretaries accordingly. Any Director who has an interest in the subject matter to be deliberated shall abstain from deliberating and voting on the same during the meetings.



## CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

### BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

#### F. Commitment *cont'd*

The Board met four (4) times for FY 2018 with timely notices of issues to be discussed. Details of attendance of each Director are as follows:

Directors	Attendance
Mr Raymond Choong Yee How	4/4
YBhg Datuk Kong Woon Jun	4/4
Mr Peter Ho Kok Wai	4/4
Encik Zulkiflee bin Hashim	4/4
Ms Patricia Chua Put Moy	4/4
YBhg Tan Sri Quek Leng Chan <i>(Resigned on 30 April 2018)</i>	4/4
YBhg Dato' Paul Poh Yang Hong <i>(Resigned on 30 April 2018)</i>	3/4
YBhg Tan Sri Nik Mohamed bin Nik Yaacob <i>(Resigned on 30 April 2018)</i>	2/4

The Company recognises the importance of continuous professional development and training for its Directors.

The Company is guided by a Directors' Training Policy, which covers an Induction Programme and Continuing Professional Development ("CPD") for Directors of the Company. The Induction Programme which includes visits to the Group's various business operations and meetings with senior management, is organised for newly appointed directors to assist them to familiarise and to get acquainted with the Group's businesses. The CPD encompasses areas related to the industry or business of the Company, governance, risk management and regulations through a combination of courses and conferences. A training budget is allocated for Directors' training programmes.

All Directors of the Company have completed the Mandatory Accreditation Programme.

The Company regularly organises in-house programmes, briefings and updates by its in-house professionals. The Directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge. Directors are kept informed of available training programmes on a regular basis.

In assessing the training needs of Directors, upon recommendation by the NC, the Board has determined that appropriate training programmes covering matters on CG, finance, legal, risk management, information technology, cyber security, internal control and/or statutory/regulatory compliance, be recommended and arranged for the Directors to enhance their contributions to the Board.

During FY 2018, the Directors received regular briefings and updates on the Group's businesses, strategies, operations, risk management and compliance, internal controls, CG, finance and any changes to relevant legislation, rules and regulations from in-house professionals. The Company also organised in-house programmes for its Directors and senior management.

The Directors of the Company have also attended various programmes and forums facilitated by external professionals in accordance with their respective needs in discharging their duties as Directors.

## CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

### BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

#### F. Commitment *cont'd*

During FY 2018, the Directors of the Company, collectively or on their own, attended various training programmes, seminars, briefings and/or workshops including:

- Malaysia Code on Corporate Governance 2017
- Singapore Corporate Access (CorpPass) – a new corporate digital identity to transact online with Government agencies
- Guide on prevention of Insider Trading – Handling of Confidential Information and Dealings in Securities
- Amendments to the Building Maintenance and Strata Management Act
- Digital Transformation and Impact to Businesses
- International Architecture and Design Conference (Datum Conference)
- Companies Act 2016: Practical Guide for Company Directors
- Investment Analysis on Property Industry
- Malaysian Code on Corporate Governance Update and Cyber Security Awareness Session
- Mergers and Acquisitions: A Holistic Perspective
- Company Valuation, Restructuring and Funding
- Digital Transformation and Impact to Businesses
- Capital Market Conference 2017
- The New Malaysian Code on Corporate Governance - Unpacking it for Application
- Tax and Business Summit 2017
- Corporate Governance Breakfast Session: MCCG Reporting & CG Guide
- Audit Committee Institute (ACI) Breakfast Roundtable 2018
- Corporate Liability Provision 2018
- Fraud Risk Management Workshop
- Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers
- Effective Internal Audit Function for Audit Committee Workshop
- Case Study Workshop for Independent Directors
- Corporate Governance Breakfast Session: Integrating an Innovation Mindset with Effective Governance
- From Human to Digital - Business Transformation
- Malaysian Financial Reporting Standards (MFRS) updates

#### G. Strengthening CG Culture

##### • Code of Conduct and Ethics

The Group is committed to good business ethics and integrity as set out in the Group Code of Conduct and Ethics (“Code”). To this, the Group commits to a high standard of professionalism and ethics in the conduct of our business and professional activities.

The Code is applicable to:

- all employees who work in the Group across the jurisdictions in which we operate – including but not limited to permanent, part-time and temporary employees; and
  - any other persons permitted to perform duties or functions within the Group – including but not limited to vendors, service providers, contractors, secondees, interns, industrial attachment and agency staff.
- **Whistleblowing Policy**

A Whistleblowing Policy has also been established by the Company and it provides a structured channel for all employees of the Group and any other persons providing services to, or having a business relationship with the Group, to report any concern on any improper conduct or wrongful act committed within the Group. The Whistleblowing Policy is published on the Website.

The Board has identified the Chairman of the BARMC to whom reports of any such concerns may be conveyed.

## CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

---

### EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Accountability and Audit

The financial reporting and internal control system of the Group is overseen by the BARMC which comprises all IDs. The primary responsibilities of the BARMC are set out in the Board Audit & Risk Management Committee Report.

The BARMC is supported by the Internal Audit Department whose principal responsibilities are to conduct risk-based audits to ensure that adequate and effective controls are in place to mitigate risks; operational audits to identify opportunities for operational improvement; and also ensure compliance with standard operating procedures of the Group. Investigation or special review will be carried out at the request of the BARMC and senior management on specific areas of concern when necessary. Significant breaches and deficiencies identified are discussed at the BARMC meetings where appropriate actions will be taken.

#### I. Financial Reporting

The Board has a fiduciary responsibility to ensure the proper maintenance of accounting records of the Group. The Board receives the recommendation to adopt the financial statements from the BARMC, which assesses the integrity of financial statements with the assistance of the external auditors.

#### II. Directors' Responsibility in Financial Reporting

The MMLR requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year.

The Directors of the Company are satisfied that the financial statements of the Group and of the Company for FY 2018 have been prepared in accordance with Financial Reporting Standards and the Companies Act 2016 in Malaysia and that the Group and the Company have adopted appropriate accounting policies and have applied them consistently.

#### III. Risk Management and Internal Control

The risk management framework which is in accordance with MS ISO 31000: 2010 serves to:

- establish the context of risk in relation to the Group's risk appetite;
- identify the risks faced by the Group in the operating environment;
- assess the likelihood and impact of such risks identified and hence, their risk levels;
- evaluate the priority to be given in managing each risk based on its respective risk level;
- assess the adequacy and effectiveness of the existing risk mitigating measures;
- evaluate risk treatment options (i.e. changing the likelihood or consequence of risk; and sharing, retaining or avoiding risk) in relation to the Group's context of risk;
- develop any necessary further measures to manage these risks; and
- monitor and review risk mitigating measures, risk levels and emerging risks.

On an on-going basis, each operating company has clear accountabilities to:

- monitor its existing risks, identify emerging risks and hence update the enterprise-wide risk registers;
- maintain the adequacy, effectiveness and relevance of action plans and control systems developed to manage risks; and
- periodically prepare risk management report for reporting to the BARMC.



## CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

### EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

#### Accountability And Audit *cont'd*

### III. Risk Management and Internal Control *cont'd*

#### The System of Internal Controls

The key elements of the Group's system of internal controls are described below:

- A management structure exists with clearly defined delegation of responsibilities to the management of the Group's operating companies, including authorisation levels for all aspects of the business and operations.
- Documented corporate policies and procedures covering various aspects of the business and operations of the Group.
- Promotion of a strong internal control culture through the Group's values and ethics and also the "tone at the top".
- Diligent review of the quarterly financial results and reports and identifying the reasons for any unusual variances.
- Risk-based internal audits carried out by the Group's Internal Audit Department, focusing on key risk areas.
- Periodically reporting to the BARMC on the results of control assurance and audit activities and also the management of risks throughout the Group.

#### Management and Decision-Making Processes

The internal control and risk management processes embedded within the operations of the Group are in place for the financial year under review and up to the date of approval of this Statement for inclusion in the 2018 Annual Report, and reviewed periodically by the BARMC. These processes are intended to manage and not expected to eliminate all risks of failure to achieve business objectives. Accordingly, they can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

The Board has received assurance from the GMD that the Group's system of internal controls and risk management framework are operating adequately and effectively, in all material aspects, based on the internal control system and risk management framework of the Group.

Pursuant to paragraph 15.23 of the MMLR, the external auditors had reviewed this Statement for inclusion in the 2018 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, 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 the Statement factually inaccurate.

### IV. Relationship with Auditors

The Board, through the BARMC, maintains a formal and transparent professional relationship with the external auditors, Messrs Ernst & Young. The appointment of external auditors is recommended by the BARMC which determines the remuneration of the external auditors. The BARMC reviews the performance, suitability, independence and objectivity of the external auditors annually. The BARMC also reviews the nature and fees of non-audit services provided by the external auditors in assessing the independence of the external auditors. In accordance with the Malaysian Institute of Accountants (MIA), Messrs Ernst & Young rotates its Engagement Partner and Concurring Partner once every 5 years to ensure objectivity, independence and integrity of the audit opinions.

## CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

---

### EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

#### Accountability And Audit *cont'd*

#### IV. Relationship with Auditors *cont'd*

The external auditors meet with the BARMC to:

- present the scope of the audit before the commencement of audit; and
- review the results of the audit, including key audit matters, as well as the management letter after the conclusion of the audit.

At least twice a year, the BARMC will have a separate session with the external auditors without the presence of senior management.

For FY 2018, the BARMC members together with the CFO undertook an annual assessment on the performance, suitability, independence and objectivity of the external auditors. No major concerns were noted from the results of the assessment. The external auditors also gave their assurance confirming their independence and objectivity throughout the conduct of the audit engagement and the internal processes undertaken by them to determine their independence.

### INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### A. Disclosure

The Company has in place a Corporate Disclosure Policy for compliance with the disclosure requirements set out in the MMLR, and to raise awareness and provide guidance to the Board and management on the Group's disclosure requirements and practices.

All timely disclosure and material information documents will be posted on the Website after release to Bursa.

#### B. Shareholders

##### I. Dialogue between Companies and Investors

The Board acknowledges the importance of regular communication with shareholders and investors via the annual reports, circulars to shareholders, quarterly financial reports and the various announcements made during the year, through which shareholders and investors can have an overview of the Group's performance and operation.

Notices of general meetings and the accompanying explanatory notes are provided within the prescribed notice period on the Website, Bursa's website, in the media and by post to shareholders. This allows shareholders to make the necessary arrangements to attend and participate in general meetings either in person, by corporate representative, by proxy or by attorney.

Shareholders can access for information at the Website which includes the Board Charter, TORs of Board Committees, corporate information, announcements/press releases/briefings, financial information, products information and investor relations. A summary of the key pertinent matters discussed at the AGM is published on the Website.

## CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

### INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

#### B. Shareholders *cont'd*

##### I. Dialogue between Companies and Investors *cont'd*

In addition, shareholders and investors can have a channel of communication with the CFO to direct queries and provide feedback to the Group.

Queries may be conveyed to the following person:

Name : Mr Loi Kok Mun  
Tel No. : 03-2726 1000  
Fax No. : 03-2726 1120  
Email address : [glm.info@guocoland.com](mailto:glm.info@guocoland.com)

##### II. AGM

The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Senior management and the external auditors are also available to respond to shareholders' queries during the AGM.

Pursuant to Paragraph 8.29A(1) of the MMLR, all resolutions tabled at general meetings will be put to a vote by way of a poll and the voting results will be announced at the meetings and through Bursa.

At the last AGM held on 26 October 2017 of which all Directors attended, the Company adopted electronic voting for the conduct of poll on all resolutions.

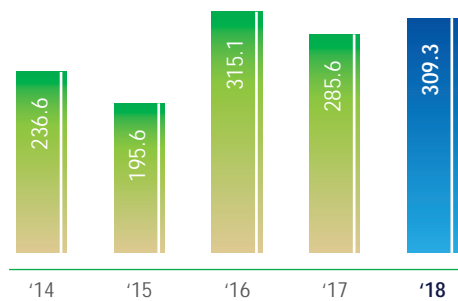
*This Corporate Governance Overview, Risk Management and Internal Control Statement is made in accordance with the resolution of the Board of Directors.*



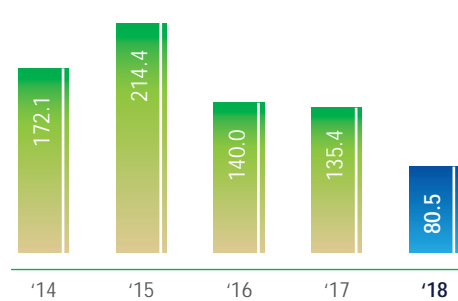
## GROUP FINANCIAL HIGHLIGHTS

YEAR ENDED (RM Million)	June '14	June '15	June '16	June '17	June '18
Revenue	236.6	195.6	315.1	285.6	309.3
Profit before tax	172.1	214.4	140.0	135.4	80.5
Profit attributable to owners of the parent	153.2	188.9	114.0	121.8	38.1
Net earnings per share (sen)	22.9	28.2	17.0	18.2	5.7
Net dividend per share (sen)	2.0	2.0	2.0	2.0	2.0
Gross dividend per share (sen)	2.0	2.0	2.0	2.0	2.0
Shareholders' funds	952.6	1,122.6	1,223.3	1,332.0	1,356.1
Total assets	2,163.1	2,897.3	2,886.7	3,186.4	2,952.5

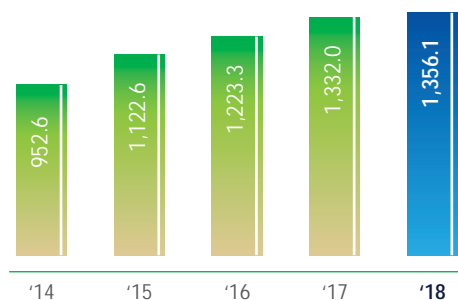
**REVENUE**  
(RM Million)



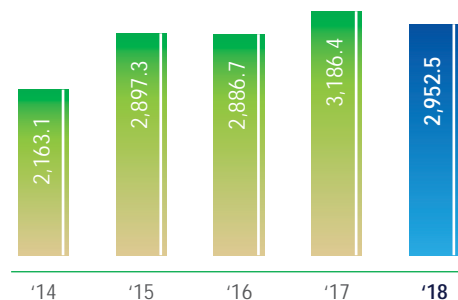
**PROFIT BEFORE TAX**  
(RM Million)



**SHAREHOLDERS' FUNDS**  
(RM Million)



**TOTAL ASSETS**  
(RM Million)



# CHAIRMAN'S STATEMENT

---

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and audited financial statements of GuocoLand (Malaysia) Berhad (“**Group**”) for the financial year ended 30 June 2018.

## ECONOMIC OVERVIEW

The Malaysian economy expanded by 5.4% in the first quarter of 2018, driven by continued growth in private sector spending and strong growth in net exports. Private consumption registered a sustained growth of 6.9%, in line with continued strength in wage and employment growth.

The overall Malaysian property market is relatively stable in 2018, supported by healthy economic growth.

Housing affordability remains a key issue in Malaysia, particularly in the capital and key cities. Due to cooling measures implemented progressively since 2012 to curb excessive speculation in the property market, sales volume has continued to decline. To address weaker sales number and falling revenue, many developers have turned their focus to the affordable housing segment. At the same time, under the Budget 2018, the government has increased the allocation for affordable housing to address the rising costs of living and affordable housing issues among the lower to middle income segments of the population.



## CHAIRMAN'S STATEMENT

cont'd

### OPERATING RESULTS

Despite the continuous soft property market this financial year, the Group recorded revenue and profit after tax of RM309.3 million and RM74.4 million respectively for the current financial year as compared to RM285.6 million and RM126.5 million in the previous financial year. Our property development segment remains the core driver of the Group's revenue stream, followed by property investment, hotel operations and plantation.

A more detailed analysis of the Group's financial performance is available under the section "Management's Discussion and Analysis" in this Annual Report.

### PROSPECTS

In response to another year of uncertainties and challenging operating environment, the Group will focus on strengthening the Emerald brand for delivering self-contained township which centres on wholesome living. We are particularly proud of our launch of Emerald Hills project this financial year, which was met with strong interest and good take up rate. As the Group leverage on the strength of townships, it gives us the flexibility to strategise in launching new phases according to the prevailing market sentiments. We are optimistic that these products are well priced and well-designed for the very demanding market. The Group will also continue to focus on monetising all its inventories, leasing out vacant spaces and timely completion of its development projects. At the same time, the Group will be seeking to replenish its land bank to ensure sustainable returns in the longer term.

We need to keep abreast with the changing trends in the property ownership and develop products which meet the needs of the market. Going forward, we will focus on unlocking the value of our business and address challenges.

### DIVIDEND

The Group remained committed to deliver sustainable return for its shareholders. The Board of Directors has proposed a final single tier dividend of 2 sen per share for the financial year ended 30 June 2018. The proposed dividend is subject to approval at the forthcoming Annual General Meeting on 21 November 2018.

### APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks and appreciation to YBhg Tan Sri Quek Leng Chan, YBhg Tan Sri Nik Mohamed bin Nik Yaacob and YBhg Dato' Paul Poh Yang Hong, who resigned from the Board of the Company on 30 April 2018, for their distinguished services and invaluable contributions to the Group. I also extend my appreciation to our Directors for their contribution in navigating the Group through these challenging times.

I also wish to express my gratitude to our valued customers, shareholders, business associates and bankers for their confidence and continued support to the Group, as well as management team and staff for their commitment and dedication in continuing to deliver long-term value returns to our shareholders.

**RAYMOND CHOONG YEE HOW**  
*Chairman*





# MANAGEMENT'S DISCUSSION AND ANALYSIS

Dear valued shareholders, we are pleased to present you the Management's Discussion and Analysis of GuocoLand (Malaysia) Berhad ("Group") for the financial year ended 30 June 2018 ("FY 2018").

## OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

The Group has proven its versatility with a diverse range of property development projects, including affordable to high-end landed houses and high-rise luxury residential properties, to Grade A office towers and retail mall, all with a geographical focus in the Greater Kuala Lumpur. It has a sizeable land bank in the Greater Kuala Lumpur and Melaka for residential, commercial and industrial development projects. Apart from property development, the Group also operates Sofitel Kuala Lumpur Damansara. It is also active in property investment through Tower Real Estate Investment Trust ("Tower REIT"), which is listed on the Main Market of Bursa Malaysia Securities Berhad. Tower REIT investment portfolio comprises two strategically located prime commercial buildings in the Klang Valley, namely Menara HLA and HP Towers.

## FINANCIAL PERFORMANCE REVIEW

Despite the property market slowdown, the Group continued to record an uninterrupted profit track record and sustain healthy margins in our operating activities. Property development sector continues to be a key growth driver for the Group.

For the FY 2018, the Group achieved total revenue of RM309.3 million, representing an increase of 8.3% as compared to RM285.6 million in the previous financial year. The increase was mainly due to the higher sales contribution from our residential projects, DC Residensi in Damansara City and The Oval in Kuala Lumpur. Revenue from property investment segment increased substantially by more than 100% mainly due to the contribution from rental income and service charges arising from Menara Guoco, DC Mall and car park operations in Damansara City. Revenue from the plantations segment decreased by 10.3% due to lower production and lower prices of crude palm oil whereas hotels segment increased by 26.0% mainly due to the newly operating Sofitel hotel.

The Group's profit after tax recorded at RM74.4 million, a decrease of 41.2% compared to RM126.5 million in the previous financial year. This was mainly due to higher profits contribution from its associate company, arising from the disposal of land located in Sepang, Selangor in the previous financial year.

## REVIEW OF OPERATING ACTIVITIES

The Group has achieved total sales of RM309.3 million for FY 2018, representing an increase of 8.3% compared to previous financial year of RM285.6 million, mainly attributable to higher sales contribution from The Oval in Kuala Lumpur and DC Residensi in Damansara City.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

cont'd



Photo impression: Aerial View of Damansara City  
Gross Development Value ("GDV") of RM2.5 billion

### GROUP BUSINESS REVIEW – PROPERTY DEVELOPMENT

#### Damansara City

Damansara City is an award-winning integrated commercial development strategically located in Damansara Heights – a prestigious and upscale neighbourhood just at the fringe of Kuala Lumpur City Centre. The RM2.5 billion flagship project, spanning 8.0 acres of prime freehold land, consists of two luxury residential towers known as DC Residensi, a food and beverage ("F&B") centric lifestyle mall known as DC Mall, as well as two Grade A office towers and a 5-star luxury international hotel, Sofitel Kuala Lumpur Damansara.

Damansara City has been designated as an Entry Point Project ("EPP") under the Economic Transformation Programme that is set to elevate Malaysia to developed nation status by year 2020. It is championing the EPP point no. 7 under the Greater Kuala Lumpur/Klang Valley initiative to create iconic places and attractions. The iconic development is also located next to Pusat Bandar Damansara MRT station.

The Group currently owns one of the Grade A office towers, namely Menara Guoco. As at 30 June 2018, approximately 97% of its total office space has been leased.

Lastly, Sofitel Kuala Lumpur Damansara which opened its doors to guests in August 2017 is set to become the most sought after hotel in the exclusive enclave of Damansara Heights by corporate clients in the surrounding areas, leisure travelers and the MICE (Meetings, Incentive, Conferences and Events) market.



MANAGEMENT'S DISCUSSION  
AND ANALYSIS  
cont'd

GROUP BUSINESS REVIEW – PROPERTY DEVELOPMENT  
cont'd

**Emerald Rawang**

Emerald Rawang is a 1,000-acre master planned township which comprises link, cluster, semi-detached houses, townhouses, condominiums and bungalows. It is home to residents who live in a well-connected community. The development has the essential amenities such as school, shopping malls and eateries, enjoys easy accessibility via the North-South Expressway, New Klang Valley Expressway and Guthrie Corridor Expressway and KL-Kuala Selangor (LATAR) Expressway. The township is designed to offer serene, open spaces with multiple lakes and green landscapes, creating a unique, modern and secured urban living experience.

Several of our key development projects are as follows:



**The Rise**, Zero lot bungalows  
Estimated GDV of RM146 million



Artist's impression:  
**The Rise 2**, Zero lot bungalows  
Estimated GDV of RM200 million



**Chloe Residence**, 2 and 2 ½-storey terrace houses  
Estimated GDV of RM115 million



Artist's impression:  
**Garland**, Double-storey terrace houses  
Estimated GDV of RM164 million



## MANAGEMENT'S DISCUSSION AND ANALYSIS

cont'd

### GROUP BUSINESS REVIEW – PROPERTY DEVELOPMENT

cont'd

#### Pantai Sepang Putra

The residential township, surrounded by clusters of beautiful lakes, palm trees and other greeneries, is nestled in Bagan Lalang, Sepang and situated near to the Kampung Baharu Sungai Pelek, Taman Seri Serbau and Sungai Pelek, which is merely 60 km from Kuala Lumpur.

The township development consists of commercial, residential, recreational and educational components and other public amenities. Residents at Pantai Sepang Putra get to enjoy easy access to numerous stretches of beautiful sandy beaches nearby, some of which are popular idyllic holiday destinations for both local and foreigners.



**Palmera, Semi-detached houses**  
Estimated GDV of RM54 million

Several of our key development projects are as follows:



Artist's impression:  
**Alanna, Double storey terrace houses**  
Estimated GDV of RM38 million

Artist's impression:  
**District 12, Shop offices**  
Estimated GDV of RM135 million



## MANAGEMENT'S DISCUSSION AND ANALYSIS

cont'd

### GROUP BUSINESS REVIEW – PROPERTY DEVELOPMENT

cont'd

#### Emerald Hills @ Cheras

Emerald Hills is a 47.4-acre (gross land area) designed to develop an exclusive gated and guarded residential enclave in Alam Damai, Cheras. This development comes with 21 acres of open space, with a central park, lake and club house facilities that are surrounded by 1.7km of jogging and cycling track, offering its residents a unique and modern lifestyle. The first phase of the condominium, comprising 592 units, was launched in April 2018, followed by the second phase of 786 condominium units and 181 units of terrace houses expected to launch in March 2019. Since its launch, more than 50% of the first phase of the condominiums has been sold.



Artist's impression:

#### **Emerald Hills**

*Estimated GDV of RM1.17 billion*



## MANAGEMENT'S DISCUSSION AND ANALYSIS

cont'd

### GROUP BUSINESS REVIEW – PROPERTY DEVELOPMENT

cont'd

#### Emerald 9 @ Cheras

The Group plans to launch Emerald 9 Cheras in the first quarter of 2019, an integrated commercial development project spanning 10.1-acre of freehold land located in Batu 9, Cheras. This mixed development will comprise serviced apartments, hotel, retail and offices with an estimated GDV of RM1.5 billion. As of to date, construction of sales gallery and show units has been completed.



Artist's impression:

**Emerald 9 @ Cheras** - The Bold New Mixed T.O.D (Transit Oriented Development)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

cont'd

### GROUP BUSINESS REVIEW - PROPERTY INVESTMENT

#### Damansara City

DC Mall, the neighbourhood mall, has a wide range of F&B outlets, lifestyle and essential services. The occupancy rate is 82% as of FY 2018. The footprint for the mall is gradually increasing as the well-known Ben's Independent Grocers, Fly Project and Birch came into operation during the FY 2018. The positioning as a F&B - centric lifestyle mall can serve as a hedge against competition from the aggressive expansion of more retail spaces. Various community activities were also held to attract more visitors on the weekends.

Menara Guoco, the office block next to DC Mall, is a 19-storey purpose built office building with a net floor area of 234,531 square feet. The tenancies of the building commenced over a period from August 2016, attracting top multinational companies tenants such as British American Tobacco Malaysia, Dentsu Aegis Malaysia and AECOM Malaysia amongst others. Occupancy rate of 97% for Menara Guoco was achieved as of 30 June 2018.

#### Tower REIT

The operating environment for Tower REIT in FY 2018 has been challenging. The increase of office space supply and slowdown in business expansion are expected to continue in the near term. For FY 2018, revenue and profit after tax from property investment were RM28.7 million and RM16.3 million, respectively, a decrease from RM35.3 million and RM19.5 million respectively compared to the previous financial year, due to lower occupancy rate and lower average rental rate for the buildings under its portfolio.

Tower REIT is managed by our wholly-owned subsidiary, GLM REIT Management Sdn Bhd. The property investment segment serves to generate a steady stream of rental revenue and profits from its prime commercial offices in the Klang Valley. The prospects for Tower REIT is expected to remain challenging as many private businesses are cautious over the cost of their business operations, thus affecting Tower REIT's occupancy rates. Notwithstanding the difficult operating environment, Tower REIT will continue to take active steps to maximise the return of its portfolio assets by focusing on tenant retention, capital management and cost efficiency measures, while pursuing growth by actively exploring acquisition opportunities.





## MANAGEMENT'S DISCUSSION AND ANALYSIS

cont'd

### GROUP BUSINESS REVIEW – HOTEL OPERATIONS

Sofitel Kuala Lumpur Damansara is a 5-star international luxury brand with a total of 312 exquisite rooms in Damansara Heights. It opened its doors to its first guests in August 2017. It is expected that the hotel operations segment will improve gradually from the new income stream of Sofitel in view of its strategic location and Damansara City's integrated concept which will encourage patronization from tourists and corporate entities within the vicinity. This financial year, the Haute Grandeur Global Awards 2018 awarded Sofitel Kuala Lumpur Damansara with the Most Luxurious Hotel Lobby in Malaysia and Best Spa Design in Malaysia.



Sofitel Kuala Lumpur Damansara



Le Bar, Lounge and Bar at Sofitel Kuala Lumpur Damansara

### FUTURE PROSPECTS

The Group remains optimistic of the property market as there are opportunities that abound despite the challenging market conditions. We believe that young population demographics and strategic locations that have accessibility to superb amenities coupled with the right product and pricing will continue to drive demand for residential properties. Going forward, the Group endeavours to position itself to offer a mix of products – townships, integrated developments and standalone, where each type of products has its respective unique elements and target markets.

We will continue to leverage on our proven track record and the established award-winning integrated development of Damansara City as we anticipated to launch a mixed development project namely Emerald 9 in Batu 9, Cheras in the upcoming year.

Our operation approaches remain opportunistic yet disciplined; we will continue to navigate and capture potential development opportunities in a timely manner. We will also proactively intensify marketing efforts for our existing projects as well as monetise our investments when opportunity arises. At the same time, we will explore new lands for future developments to expand our portfolio.

While we are mindful of uncertainties facing our operating environment, we are confident that there remains potential for us to replenish our portfolio while simultaneously ensuring long term sustainable returns for our purchasers and shareholders as we move forward.

# SUSTAINABILITY STATEMENT

## Table of Contents

- 46 • Group Managing Director's Statement
- 47 • About this Sustainability Statement
- 47 • Sustainability at GuocoLand (Malaysia) Berhad
  - 49 • Stakeholder Engagement
  - 50 • Reducing our Environmental Footprint
- 51 • Nurturing our Workforce / 56 • Doing Ethical Business
- 57 • Our Memberships, External Initiatives and Charters
  - 58 • GRI Content Index



## SUSTAINABILITY STATEMENT

cont'd

### GROUP MANAGING DIRECTOR'S STATEMENT

We are pleased to present our inaugural sustainability statement in line with the Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Sustainability Reporting Guide. We strive to integrate sustainability into our long term strategy and appreciate the opportunity to present our ambitions and achievement through this statement.

The Group Managing Director is responsible for the oversight of our sustainability agenda and strategy and has been involved in the determination of material factors, which can be categorised in the following three pillars:

- ★ Reducing our Environmental Footprint
- ★ Nurturing our Workforce
- ★ Doing Ethical Business

Our buildings contribute to and change the landscapes in which they are built. As a result, it is vital that we consider their environmental impact. Similarly, by ensuring our buildings are of the highest standard, we keep our tenants and customers safe, and continue delivering products of the highest quality, with an eye to the future. We recognise that our people are key drivers for our success, and we lay great emphasis in nurturing them with strong employee engagement and development.

We would like to thank our staff for their hard work in contributing to this statement and another successful year for GuocoLand (Malaysia) Berhad (“**GuocoLand Malaysia**”).



## SUSTAINABILITY STATEMENT

cont'd

### ABOUT THIS SUSTAINABILITY STATEMENT

This sustainability statement aims to be a balanced and meaningful presentation of our sustainability performance for financial year ended 30 June 2018 (FY 2018), covering data and information from July 2017 to June 2018.

This statement is prepared in accordance with Global Reporting Initiative (GRI) Standards: Core Option and follows the Bursa Securities sustainability reporting guidelines. This statement focuses on our operations in Kuala Lumpur and Melaka.

Going forward, our sustainability statements will be published on an annual basis. Although we have not obtained independent assurance for this year's data, we will consider it for future years. A softcopy of this statement can be found on our website at [www.guocoland.com.my](http://www.guocoland.com.my).

Should you have any questions or feedback, please do not hesitate to reach us at [glm.info@guocoland.com](mailto:glm.info@guocoland.com).



### SUSTAINABILITY AT GUOCOLAND (MALAYSIA) BERHAD

#### Sustainability Governance

At GuocoLand Malaysia, we are in the process of formulating our sustainability governance structure. Currently, the Group Managing Director's office coordinates information and inputs from senior management from key teams, namely: Marketing and Sales, Project Management, Cost and Contract, Property Management, Legal, Human Resources, and Finance to develop and improve our sustainability strategy. We are committed to continue refining and streamlining our sustainability governance.



## SUSTAINABILITY STATEMENT

cont'd

### SUSTAINABILITY AT GUOCOLAND (MALAYSIA) BERHAD *cont'd*

#### Materiality Assessment

Our materiality assessment was performed in line with the GRI principles. We engaged our employees through an online survey to understand what areas they consider to have the greatest impact on our business and what areas are business impacts the greatest in terms of our environment, people and society. These responses were validated with feedback from management and the final material topics have been categorised under three environmental, social and governance pillars as shown below:

Material Topics	GRI Standard Reported	Geographical Boundary Reported for FY 2018	Impact Boundary
<b>Reducing our Environmental Footprint</b>			
Energy Consumption	<ul style="list-style-type: none"> <li>• GRI 302: Energy</li> </ul>	Malaysia	<ul style="list-style-type: none"> <li>• Managed properties</li> </ul>
<b>Nurturing our Workforce</b>			
Human Capital Development	<ul style="list-style-type: none"> <li>• GRI 401: Employment</li> <li>• GRI 404: Training and Education</li> </ul>	Malaysia	<ul style="list-style-type: none"> <li>• Employees</li> </ul>
Occupational Health & Safety	<ul style="list-style-type: none"> <li>• GRI 403: Occupational Health and Safety</li> </ul>	Malaysia	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Regulators</li> <li>• Contractors</li> </ul>
<b>Doing Ethical Business</b>			
Product Quality, Health and Safety	<ul style="list-style-type: none"> <li>• GRI 416: Customer Health and Safety</li> </ul>	Malaysia	<ul style="list-style-type: none"> <li>• All construction projects</li> </ul>
Business Ethics and Anti-corruption	<ul style="list-style-type: none"> <li>• GRI 205: Anti-corruption</li> </ul>	Malaysia	<ul style="list-style-type: none"> <li>• All business operations</li> </ul>
Responsible Supply Chain	<ul style="list-style-type: none"> <li>• GRI 308: Supplier Environmental Assessment</li> <li>• GRI 414: Supplier Social Assessment</li> </ul>	Malaysia	<ul style="list-style-type: none"> <li>• All construction projects</li> <li>• Contractors</li> </ul>

## SUSTAINABILITY STATEMENT

cont'd

### STAKEHOLDER ENGAGEMENT

We place great value on our diverse stakeholders and seek to engage with them throughout the year. By maintaining an open dialogue with all of our stakeholders, we are better able to understand their needs and identify what we can do to grow, improve and excel.

Stakeholder	Frequency	Method	Topics raised	Our response
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Weekly</li> <li>• Monthly</li> <li>• Annual</li> <li>• Ad hoc</li> </ul>	<ul style="list-style-type: none"> <li>• Festive celebrations</li> <li>• Management meetings</li> <li>• Performance review discussions</li> <li>• Lunch talks</li> <li>• Knowledge sharing sessions</li> <li>• Internal newsletters and e-communications</li> </ul>	<ul style="list-style-type: none"> <li>• Interdepartmental cooperation</li> <li>• Welfare</li> <li>• Health and wellbeing</li> <li>• Learning and development</li> <li>• Workplace health and safety</li> </ul>	Refer to nurturing our workforce.
<b>Investors</b>	<ul style="list-style-type: none"> <li>• Quarterly</li> <li>• Annual</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Quarterly results announcements</li> <li>• Media releases and interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Long term value creation</li> <li>• Strategy for growth</li> <li>• Corporate Governance</li> </ul>	Refer to Chairman's Statement and Management's Discussion & Analysis in our annual report, and business ethics and anti-corruption.
<b>Customers including home buyers, residents and tenants</b>	<ul style="list-style-type: none"> <li>• On-going</li> <li>• Ad hoc</li> </ul>	<ul style="list-style-type: none"> <li>• Social media engagement and outreach</li> <li>• Individual meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Billing queries</li> <li>• Operational matters (e.g. housekeeping, security issues, insurance, rental, retail repositioning, Gross Turnover sales)</li> <li>• Space and lease management planning</li> </ul>	Refer to product quality, health and safety and business ethics and anti-corruption.
<b>Regulators/ Government</b>	<ul style="list-style-type: none"> <li>• Regularly</li> </ul>	<ul style="list-style-type: none"> <li>• On-site inspections</li> <li>• In person meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental compliance</li> <li>• Labour standard compliance</li> <li>• Bursa Securities listing requirements</li> </ul>	Refer to reducing our environmental footprint and product quality, health and safety.
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Regularly</li> </ul>	<ul style="list-style-type: none"> <li>• On-site inspections</li> <li>• In-person meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Occupational health and safety</li> <li>• Product quality, health and safety</li> <li>• Environmental compliance</li> <li>• Labour standards</li> </ul>	Refer to occupational health and safety and responsible supply chain.

## SUSTAINABILITY STATEMENT

cont'd

### REDUCING OUR ENVIRONMENTAL FOOTPRINT

#### Energy Consumption

The development of properties is an energy intensive process and emits emissions that contribute to climate change. Buildings and construction account for 39% of energy-related carbon dioxide (CO<sub>2</sub>) emissions<sup>1</sup>. In line with Malaysia's nationally-determined targets agreed at the 2015 Paris Agreement to reduce its greenhouse gas (GHG) emissions intensity of Gross Domestic Product (GDP) by 45% by 2030 relative to the emissions intensity of GDP in 2005<sup>2</sup>, we are committed to doing our part.

In an effort to minimise our environmental footprint, we have hired an external energy consultant to inspect our buildings, Menara HLA and HP Towers, by conducting an energy audit and identifying solutions for where and how we can optimise energy efficiency. This process involves the installation of intelligent energy monitoring devices and the careful assessment of our energy consumption patterns. The project began in April of 2018 and will extend until April 2019. After examining our progress at the 6-month mark, we will evaluate whether we would like to extend this pilot project to all of our developments.

Similarly, we have replaced all the lights in HP Towers car park – a car park with 2,096 spaces – to energy-saving light-emitting diode (LED) lights, which adds up to a total of 1,204 LED lights. We have achieved a 50% reduction in energy consumption and have already begun rolling out this initiative in several of our other car parks. All of our car parks are also equipped with motion sensor lights to prevent the unnecessary use of electricity.

#### Performance

Our energy consumption in FY 2018:

Energy Type	Unit (GJ)
Electricity Consumption <sup>3</sup>	12,689.19
Diesel Consumption <sup>4</sup>	436.22
<b>Total Energy Consumption</b>	<b>13,125.41</b>

Our energy saving measures in car parks in FY 2018:

No	Building	Description	Average Saving (GJ)
1	The Oval West	Common areas except for car park and staircase	1.15
2	3 Kia Peng	Installation of LED light for car park	<i>These are new initiatives carried out by management and we are still in the process of compiling data on energy savings obtained</i>
3	DC Parking	Lighting Zoning System	

<sup>1</sup> United Nations Environment Programme, Towards a zero-emission, efficient, and resilient buildings and construction sector, Global Status Report 2017

<sup>2</sup> <http://www4.unfccc.int/ndcregistry/Pages/All.aspx>








<sup>3</sup> Conversion factor from kwh to GJ = 0.0036; (3,524,774.58 kwh\*0.0036=12,689.19)

<sup>4</sup> Conversion factors from litres to tonnes = 1,135 (11,027 litres/1,135 = 9.7154); Conversion factor GJ to tonnes = 44.9 (9.7154 tonnes\*44.9=436.22)


## SUSTAINABILITY STATEMENT

cont'd

In addition to these measures, as members of the Malaysia Green Building Confederation, we continuously seek new ways to integrate green features in all of our developments. Our project management staff attended the GreenRE Evening talks this year and the Ecobuild Seminar last year to help find creative solutions to sustainability and improve our green building rating. Some of our green features include:

-  Energy management using daylight harvesting to reduce the need for artificial lighting
-  Recycling facilities to discourage waste to landfill
-  Water harvesting and water efficient landscaping to reduce water consumption
-  Priority parking for “green” cars
-  Smart air conditioning systems that adjust cooling, and have heat recovery systems
-  Use of high Solar Reflectance Index materials
-  Energy regenerative lifts

### Targets

-  Formulate an energy reduction plan for FY 2019 based on the consultancy study we have commissioned.



### NURTURING OUR WORKFORCE

#### Human Capital Development

We value our employees who are the backbone of our business. Without their hard work and contribution, we would be unable to deliver our high quality products and services. It is our aspiration to be a top choice employer, which means we must invest in our staff. The first step is to adequately communicate with our staff, understand their concerns, and provide them strong development tracks for continual growth. These factors combine to make an excellent work environment and increase staff retention.

One of the ways in which we engage our employees is through our bi-annual town-hall meetings. In our town-halls, the Group Managing Director and Heads of Department share progress updates and mission critical areas. We often use this platform to emphasise on company ethics, encourage interdepartmental collaborations and host Question and answer sessions. In this manner, staff can stay abreast of key issues while also airing their grievances or clarifying policy or strategy pointers. For example, earlier this year we hosted a town hall talk to discuss housing development and strata management.



## SUSTAINABILITY STATEMENT

cont'd

In other cases, when the need arises, we host informal exercises to target certain departments or employees to sort out any issues that may exist.

In order to develop our staff to their full potential and streamline their career progression, we implement Individual Development Plans. These career path management plans are targeted at our high-potential employees and supplemented by performance matrices that help track progress and indicate concrete performance targets. Additionally, we host trainings to up-skill our workforce and elevate their work output quality. These trainings encompass soft skill enhancement in order to inculcate leadership qualities and excellent salesmanship skills in our staff as well.



Our staff attend several external courses, seminars and lectures, which cover the breadth of business. For example, property and people management, architecture and design, and legal, accounting and finance. A sample of these courses are shown below:

### Property & People Management

- **11<sup>th</sup> Malaysian Property Summit 2018** by Association of Valuers, Property Managers, Property Agents & Property Consultants (PEPS)
- **Property Management Time Bomb Seminar** by Malaysia Mall's Association (PKK)
- **Certification Course in Shopping Mall Management** by PKK
- **GreenRE Evening Talks** by GreenRE
- **Strata & Stratum Development Seminar Series 2 2018** by the Real Estate and Housing Developers' Association (REHDA)
- **Strata Management Dialogue 2017** by REHDA
- **Seminar on Being a Registered Property Manager @ Kuala Lumpur** by Malaysian Institute of Professional Property Managers (MIPPM)
- **LinkedIn's InFormed Workshops**
- **Implementation of Employment Insurance System Act** by the Malaysian Employer's Federation (MEF)
- **Understanding the Employment Act** by MEF

### Architecture & Design

- **Archidex 2018: Be a Smart Visitor** by Archidex
- **International Construction Transformation Conference** by the Construction Industry Development Board Malaysia (CIDB)
- **Value Engineering and Technology** by REHDA
- **The Kuala Lumpur Architecture Festival's International Architecture and Design (DATUM) Conference 2017** by Malaysian Institute of Architects (PAM)
- **Challenge in Hills Site Development: Compliance to State Hillside Development & Seismic Code** by REHDA

## SUSTAINABILITY STATEMENT

cont'd

### Legal, Accounting & Finance

- **REITs Valuations** by IABT Advanced in Business Training Sdn Bhd (IABT)
- **Best Practices in Planning & Conducting Risk-Based Internal Audit** by Malaysian Institute of Accountants (MIA)
- **Effective Internal Audit Function for Chief Internal Audit (CIA) Workshop** by The Institute of Internal Auditors Malaysia (IIAM)
- **Lee Hishammuddin Allen & Gledhill Thursday Talk Series** on law and contracts
- **Awareness training of ISO 9001:2008** by the ISO Team
- **Investment Analysis on Property Industry** by MIA
- **Company Valuation, Restructuring and Funding** by IABT

We also understand that employee health and welfare is of utmost importance. We need a healthy and thriving workforce so that they can deliver their best and be upstanding members of society. Some of our benefits include:

- ✓ Annual health screening, including in-office health screenings
- ✓ Housing loan interest subsidy
- ✓ Car loan interest subsidy
- ✓ GuocoLand property discount
- ✓ Corporate rates with world-renowned companies, including Air Asia and Yamaha Motors

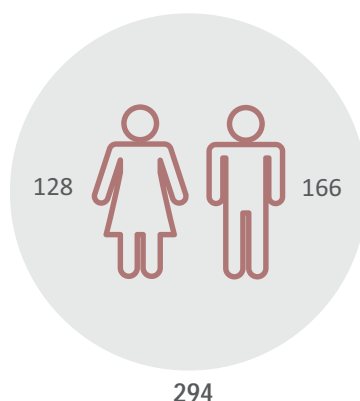
We also celebrate our valued staff with various team bonding activities including cultural celebrations such as for festive celebrations and other events. These are extremely important to our multicultural office and strengthen our bonds as co-workers.



## SUSTAINABILITY STATEMENT

cont'd

Our Employees<sup>5</sup>:



### Performance

#### Employee New Hire & Turnover by Age<sup>6</sup>

	New Hire		Turnover	
	Number	Rate (%)	Number	Rate (%)
Less than 30	54	44	40	66
Between 30 and 50	64	52	55	28
Over 50	5	4	9	26
<b>Total</b>	<b>123</b>	<b>100</b>	<b>104</b>	<b>37</b>

#### Employee New Hire & Turnover by Gender

	New Hire		Turnover	
	Number	Rate (%)	Number	Rate (%)
Male	54	44	53	32
Female	69	56	51	43
<b>Total</b>	<b>123</b>	<b>100</b>	<b>104</b>	<b>37</b>

<sup>5</sup> We do not have any employees to whom collective bargaining agreements apply.

<sup>6</sup> Turnover = number of employees that have resigned or been asked to leave/(employees at start of FY 2018 + employees at end of FY 2018)/2)

#### Average Training Hours per Employee Category

	Total Number	Average Training Hours
Executive	199	3.27
Non-executive	95	2.58
<b>Total</b>	<b>294</b>	<b>3.04</b>

#### Targets

- We want to continuously improve our employee engagement and better capture and understand their value propositions, so we aim to implement an annual employee engagement survey
- Roll-out new leadership courses by FY 2019
- Reduce overall turnover rate to 30% or less

## SUSTAINABILITY STATEMENT

cont'd

### Occupational Health & Safety

The safety of our workers is important to us. It is imperative that we ensure their wellbeing by having stringent safety policies in place. To help us manage this, we have a full time on-site safety officer. During weekly on-site meetings, the safety officer discusses all important safety points and emphasises safety protocol. During these meetings, any incidents that may have occurred are revisited and discussed with preventative actions established for the future. We also keep monthly incident reports in order to monitor the safety of our workers. Additionally, we aim to work with established contractors that have a strong record of safety and labour standard compliance.

Using lessons learned from the Fire Safety Training our staff attended last year, we conduct annual fire drills and regular internal briefings to evaluate and improve upon our emergency response times. We ensure we have well-trained support teams to reduce response time by, for example, monitoring and managing traffic to allow police and firemen easy access to the building.

The Department of Occupational Health and Safety also conducts regular inspections to ensure we have strong health and safety practices, including prevention of mosquito breeding.



#### *Performance*

As a result of these measures, there were no workplace injuries or fatalities in FY 2018.

#### *Targets*

- Develop and roll out safety culture campaigns to advocate and educate our employees on safety best practices
- Streamline our developments to a cloud-based system and apply for ISO standards
- Improve upon our security preparedness



## SUSTAINABILITY STATEMENT

cont'd

### DOING ETHICAL BUSINESS

#### Product Quality, Health and Safety

Our reputation is built on the high quality of our buildings. The integrity, unique architecture and safety of our buildings is key to our success and brand. We establish this standard by engaging the very best architects and contractors, and embodying industry best practices. We also regularly attend conferences such as the Archidex 2018, International Construction Transformation Conference, the Kuala Lumpur Architecture Festival's DATUM Conference, and informational courses for safe buildings such as talks by the Real Estate and Housing Developers' Association on hillside development and value engineering.

We undergo stringent evaluations to raise our own standards including the Quality Assessment Systems in Construction (QLASSIC) inspects our buildings and awards points based on structure, architecture and monitoring & evaluation procedures.

#### *Performance*

- There were no incidents of non-compliance concerning building safety for our new constructions in FY 2018.

#### *Targets*

- Maintain zero incidents of non-compliance with building safety matters for our new constructions in FY 2019
- Continue to incorporate and improve health and safety considerations in our properties

#### Business Ethics & Anti-Corruption

At GuocoLand Malaysia, we have deep-seated values of integrity, honesty and commitment to delivering excellence. As such, we enforce good ethics at all stages of business, both internally and externally. These values are solidified in our code of conduct in the employee handbook, a copy of which is given to all our employees. After having read the handbook, all employees must sign the handbook to demonstrate their agreement with our policies.

"It starts with selection". We screen all future employees with comprehensive background checks prior to hire. We also make sure to clarify and emphasise GuocoLand Malaysia's policies and business practices to our staff so that they are always guided by these values. We conduct internal audits and receive staff feedback on the thoroughness and clarity of our policies and produce action plans on how to improve our practices as a result of these audits. We also interview all out-going staff as a means of receiving feedback on GuocoLand Malaysia's policies.

Another way we uphold our values and protect our stakeholders is through stringent customer data privacy policies. Due to the nature of our business, we collect customer data in multiple forms. At our galleries, customers can fill out physical forms with their information, and online using social media or our official website, customers share their personal information with us. We follow the principle of collecting only relevant information, which includes name, email and/or telephone details, and discarding all other information. We train our staff to ensure they do not share any of this information with third parties.

Lastly, we maintain an open and easily-accessible communication with our customers so that they are always aware of the progress of our developments and can rest assured that we have their best interests at heart.

#### *Performance*

There were no cases of corruption, unethical behaviour or reports of breaches in customer data privacy in FY 2018.

#### *Targets*

- Develop a company-wide formal whistle-blowing policy by FY 2019
- Provide training to all our employees and new joiners on our policies and practices relating to anti-corruption by FY 2019

## SUSTAINABILITY STATEMENT

cont'd

---

### Responsible Supply chain

The development of our properties requires a long supply chain with many different stakeholders, materials and inputs, including contractors, architects, employees, retail customers, and tenants. Through our procurement partner, we aim to have as many locally sourced materials as possible and try to nurture a green and competitive supply chain. We value the quality, performance and speed of delivery of our materials but are placing increasing focus on sustainability. We aim to vet our suppliers for environmental and social factors in the future.

#### *Performance and Target*

We have not inculcated environmental and social assessments into our supplier selection in FY 2018, but we aim to develop a supplier selection policy considering environmental and social factors by FY 2020.

### OUR MEMBERSHIPS, EXTERNAL INITIATIVES AND CHARTERS

While we have not included a list of any external initiatives or associations that we are a part of this year, we aim to include a list in our next annual report.



# SUSTAINABILITY STATEMENT

cont'd

## GRI CONTENT INDEX

GRI Standard Disclosure Reference	Disclosure Title	Section of Statement
<b>General disclosures</b>		
102-1	Name of the organisation	Company Profile Section of Annual Report
102-2	Activities, brands, products, and services	
102-3	Location of headquarters	
102-4	Location of operations	
102-5	Ownership and legal form	
102-6	Markets served	
102-7	Scale of the organisation	
102-8	Information on employees and other workers	Nurturing our Workforce: Human Capital Development
102-9	Supply chain	Doing Ethical Business: Responsible Supply Chain
102-10	Significant changes to the organisation and its supply chain	Company Profile Section of Annual Report
102-11	Precautionary Principle or approach	Sustainability at GuocoLand Malaysia
102-12	External initiatives/charters	Our Memberships, External Initiatives and Charters
102-13	Membership of associations	Management's Discussion and Analysis
102-14	Statement from senior decision-maker	Doing Ethical Business
102-16	Values, principles, standards, and norms of behaviour	Sustainability at GuocoLand Malaysia
102-18	Governance structure	Stakeholder Engagement
102-40	List of stakeholder groups	Nurturing our Workforce
102-41	Collective bargaining agreements	Stakeholder Engagement
102-42	Identifying and selecting stakeholders	
102-43	Approach to stakeholder engagement	
102-44	Key topics and concerns raised	Annual Report
102-45	Entities included in the consolidated financial statements	
102-46	Defining report content and topic boundaries	About this Sustainability Statement
102-47	List of material topics	Sustainability at GuocoLand Malaysia
102-48	Restatements of information	Not applicable – inaugural report
102-49	Changes in reporting	
102-50	Reporting period	
102-51	Date of most recent report	About this Sustainability Statement
102-52	Reporting cycle	
102-53	Contact point for questions regarding the report	GRI content index
102-54	Claims of reporting in accordance with the GRI Standards	
102-55	GRI content index	About this Sustainability Statement
102-56	External assurance	

**SUSTAINABILITY STATEMENT**  
cont'd

GRI Standard Disclosure Reference	Disclosure Title	Section of Statement
<b>Specific Disclosures</b>		
<b>GRI Standard: Anti-Corruption</b>		
103-1/2/3	Management Approach	Doing Ethical Business:
205-3	Confirmed incidents of corruption and actions taken	Business Ethics & Anti-Corruption
<b>GRI Standard: Energy</b>		
103-1/2/3	Management Approach	Reducing our Environmental Footprint:
302-1	Energy consumption within the organization	Energy Consumption
302-4	Reduction of energy consumption	
<b>GRI Standard: Supplier Environmental Assessment</b>		
103-1/2/3	Management Approach	Doing Ethical Business:
308-2	New suppliers that were screened using environmental criteria	Responsible Supply Chain
<b>GRI Standard: Employment</b>		
103-1/2/3	Management Approach	Nurturing our Workforce:
401-1	New employee hires and employee turnover	Human Capital Development
<b>GRI Standard: Occupational Health and Safety</b>		
103-1/2/3	Management Approach	Nurturing our Workforce:
403-9	Work-related Injuries	Occupational Health & Safety
<b>GRI Standard: Training and Education</b>		
103-1/2/3	Management Approach	Nurturing our Workforce:
404-1	Average training hours per year per employee	Human Capital Development
<b>GRI Standard: Supplier Social Assessment</b>		
103-1/2/3	Management Approach	Doing Ethical Business:
414-1	New suppliers that were screened using social criteria	Responsible Supply Chain
<b>GRI Standard: Customer Health and Safety</b>		
103-1/2/3	Management Approach	Doing Ethical Business:
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Quality, Health and Safety
<b>GRI Standard: Customer privacy</b>		
103-1/2/3	Management Approach	Doing Ethical Business:
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Business Ethics & Anti-Corruption



# DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2018.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are as stated in Note 39 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

## HOLDING COMPANY

The immediate holding company is GLL (Malaysia) Pte Ltd, incorporated in the Republic of Singapore. The ultimate holding company is Hong Leong Company (Malaysia) Berhad ("HLCM"), incorporated in Malaysia.

Related companies in these financial statements refer to member companies in the HLCM Group.

## RESULTS

	GROUP RM'000	COMPANY RM'000
Profit/(loss) net of tax	74,358	(37,911)
Profit/(loss) attributable to:		
Owners of the parent	38,199	(37,911)
Non-controlling interests	36,159	-
	74,358	(37,911)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the gain of disposal of subsidiaries as disclosed in Note 6 to the financial statements.

## DIVIDENDS

The dividend paid by the Company since 30 June 2017 was as follows:

	RM'000
<b>In respect of the financial year ended 30 June 2017:</b>	
Final single tier dividend of 2 sen per share on 669,880,418 (net of ESS Trust shares) ordinary shares, paid on 16 November 2017	13,398

## DIRECTORS' REPORT

cont'd

### DIVIDENDS cont'd

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 30 June 2018, of 2 sen per share on 669,880,418 (net of ESS Trust shares) ordinary shares, amounting to a dividend payable of RM13,397,608 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2019.

### DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Mr Raymond Choong Yee How	<i>(Chairman)</i>
YBhg Datuk Edmund Kong Woon Jun	<i>(Group Managing Director)</i>
Mr Peter Ho Kok Wai	
Encik Zulkiflee bin Hashim	
Ms Patricia Chua Put Moy	
YBhg Tan Sri Quek Leng Chan	<i>(Chairman, resigned on 30 April 2018)</i>
YBhg Dato' Paul Poh Yang Hong	<i>(Resigned on 30 April 2018)</i>
YBhg Tan Sri Nik Mohamed bin Nik Yaacob	<i>(Resigned on 30 April 2018)</i>

The names of the directors of the Company's subsidiaries are set out in the respective subsidiary's statutory financial statements and the said information is deemed incorporated herein by such reference and made a part thereof.

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares and/or options over ordinary shares in the Company and/or its related corporations during the financial year were as follows:

	Shareholdings in which directors have direct interests			
	Number of ordinary shares/ordinary shares to be issued or acquired arising from the exercise of options*			
	As at 1.7.2017	Acquired	Sold	As at 30.6.2018
<b>Interests of Mr Raymond Choong Yee How in:</b>				
Hong Leong Financial Group Berhad	3,996,400	3,600	1,000,000	3,000,000
GuocoLand Limited	-	20,000,000 *	-	20,000,000 *

## DIRECTORS' REPORT

cont'd

### DIRECTORS' INTERESTS cont'd

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares and/or options over ordinary shares in the Company and/or its related corporations during the financial year were as follows: cont'd

	Shareholdings in which directors have direct interests Number of ordinary shares/ordinary shares to be issued or acquired arising from the exercise of options*			As at 30.6.2018
	As at 1.7.2017	Acquired	Sold	
<b>Interest of YBhg Datuk Edmund Kong Woon Jun in:</b>				
GuocoLand (Malaysia) Berhad	-	15,000,000 *	-	<b>15,000,000*</b>

### DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors of the Company might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted for directors.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 11 to the financial statements and below) by reason of a contract made by the Company or a related corporation with any 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.

The details of remuneration of the directors of the Company are disclosed in Note 11 to the financial statements whilst the details of remuneration of the directors of the Company's subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made a part thereof.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Salaries and other emoluments	2,229	-
Defined contribution plans	260	-
Fees	369	326
Estimated money value of benefits-in-kind	51	-
Other emoluments	148	148
	<b>3,057</b>	<b>474</b>

## DIRECTORS' REPORT

cont'd

---

### INDEMNITY AND INSURANCE COSTS

During the financial year, the Directors and Officers of Guoco Group Limited together with its subsidiaries ("GGL Group", which includes the Company and its subsidiaries) are covered under the Directors' and Officers' Liability Insurance ("D&O Insurance") in respect of liabilities arising from acts committed in their respective capacity as, inter alia, the Directors and Officers of the GGL Group subject to the terms of the D&O policy. The total amount of D&O Insurance effected for the Directors and Officers of the GGL Group was USD15,000,000 (equivalent to approximately RM60,000,000). The total amount of premium paid for the D&O Insurance by the GGL Group was RM96,757, and the apportioned amount of the said premium paid by the Company was RM4,472.

### EXECUTIVE SHARE SCHEME ("ESS")

#### (a) Executive Share Option Scheme ("ESOS")

At an Extraordinary General Meeting ("EGM") held on 11 October 2011, the shareholders of the Company had approved the establishment of a new executive share option scheme ("ESOS").

The Company is a subsidiary of GuocoLand Limited, which in turn is a subsidiary of Guoco Group Limited ("GGL"), a corporation listed on The Stock Exchange of Hong Kong Limited ("HKSE"). Under the HKSE Listing Rules, all schemes involving the grant of options by GGL and its subsidiaries to, or for the benefit of, specified participants would have to comply with the provisions of the HKSE Listing Rules, with appropriate modifications. The HKSE Listing Rules further provide that where the shares of the listed issuer or the subsidiary concerned are also listed on another stock exchange, the more onerous requirements shall prevail and be applied in the event of a conflict or inconsistency between the requirements of the HKSE Listing Rules and the requirements of the other stock exchange.

Pursuant to the HKSE Listing Rules, the ESOS was further approved by the shareholders of GGL on 25 November 2011 ("Approval Date").

On 23 September 2011, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had approved-in-principle the listing of new ordinary shares of the Company to be issued pursuant to the exercise of options under the ESOS at any time during the existence of the ESOS.

The ESOS was established on 21 March 2012 and shall be in force for a period of 10 years.

The ESOS would provide an opportunity for eligible executives who had contributed to the growth and development of the Group to participate in the equity of the Company.

Subsequently, at an EGM held on 21 October 2013, the shareholders of the Company had approved the establishment of an executive share grant scheme ("ESGS").

Pursuant to the HKSE Listing Rules, the amendments to the Bye-Laws of the ESOS to incorporate the ESGS were approved by the shareholders of GGL on 19 November 2013.

On 18 September 2013, the Company announced that Bursa Securities had approved-in-principle the listing of new ordinary shares of the Company to be issued pursuant to the vesting of shares of the Company under the ESGS at any time during the existence of the ESGS.

The ESGS was established on 28 February 2014. The ESGS would reward the eligible executives for their contribution to the Group with grants without any consideration payable by the eligible executives.

The ESOS together with the ESGS have been renamed as the Executive Share Scheme ("ESS"). For ease of administration, the Bye-Laws of the ESOS were amended to incorporate the ESGS to form the consolidated Bye-Laws of the ESS ("GLM Bye-Laws").



## DIRECTORS' REPORT

cont'd

---

### EXECUTIVE SHARE SCHEME ("ESS") cont'd

#### (a) Executive Share Option Scheme ("ESOS") cont'd

The main features of the ESS are, inter alia, as follows:

1. Eligible executives are those executives of the Group who have been confirmed in service on the date of offer or directors (executive or non-executive) of the Company and its subsidiaries. The Board of Directors of the Company ("Board") may from time to time at its discretion select and identify suitable eligible executives to be offered options or grants.
2. The aggregate number of shares to be issued under the ESS and any other ESOS established by the Company shall not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company at any one time ("Maximum Aggregate"). In compliance with the HKSE Listing Rules, the Maximum Aggregate shall be subjected to the provision that the total number of new shares of the Company which may be issued upon exercise of options under the ESS must not in aggregate exceed 10% of the total number of issued shares of the Company as at the Approval Date unless approval shall have been obtained from the shareholders of GGL.
3. In compliance with the HKSE Listing Rules, no options may be granted to any eligible executive in any 12-month period that would enable such eligible executive becoming entitled to subscribe for new shares exceeding in nominal value of 1% of the total number of issued shares of GLM in issue unless approval shall have been obtained from the shareholders of GGL.
4. The ESS shall be in force until 20 March 2022.
5. The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than the par value of the shares of the Company.
6. No consideration is required to be payable by eligible executives for shares of the Company to be vested pursuant to share grants.
7. Option granted to an option holder is exercisable by the option holder only during his/her employment or directorship with the Group and within the option exercise period subject to any maximum limit as may be determined by the Board under the GLM Bye-Laws.
8. Shares of the Company granted to a share grant holder will be vested to the share grant holder only during his/her employment or directorship with the Group subject to any maximum limit as may be determined by the Board under the GLM Bye-Laws.
9. The exercise of options and the vesting of shares of the Company may, at the discretion of the Board, be satisfied by way of issuance of new shares, transfer of existing shares purchased by a trust established for the ESS ("ESS Trust"); or a combination of both new shares or existing shares.

There were no outstanding options and grant of shares under the ESS of the Company during the financial year.

---

## DIRECTORS' REPORT

cont'd

---

### EXECUTIVE SHARE SCHEME ("ESS") cont'd

#### (b) Value Creation Incentive Plan ("VCIP")

On 22 August 2011, the Company had established a VCIP for selected key executives of the Group to incentivise them towards achieving long term performance targets through the grant of options over GLM shares, which options will be satisfied through the transfer of existing GLM shares held by the ESS Trust.

As the VCIP does not involve any issuance of new shares, the VCIP and the grant of options under the VCIP do not require the approval of shareholders of the Company and GGL.

During the financial year, options over 20,000,000 (2017: Nil) GLM shares, representing 2.86% of the total number of issued shares of the Company, had been granted to a director and senior management of the Company pursuant to the Company's VCIP. The options granted are subject to the achievement of certain performance criteria by the option holders over two performance periods concluding at the end of the financial years ending 30 June 2019 and 30 June 2021 respectively. The achievement of the performance targets and the numbers of shares (if any) to be vested shall be determined following the end of the respective performance periods.

As at the reporting date, 2,000,000 unvested options had lapsed following the resignation of an option holder in June 2018.

Further details are disclosed in Note 36 to the financial statements.

The Board shall have the discretion to determine the aggregate allocation of shares to directors and senior management pursuant to the ESS and the VCIP, but in any case, it shall not exceed the Maximum Aggregate.

### OTHER STATUTORY INFORMATION

- (a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, 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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances 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) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

## DIRECTORS' REPORT

cont'd

### OTHER STATUTORY INFORMATION cont'd

- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no significant events during the financial year other than the disposal of subsidiaries as disclosed in Note 18 to the financial statements.

### AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young	315	103
Other auditors	111	-
	<b>426</b>	<b>103</b>

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 October 2018.

**DATUK KONG WOON JUN**

**PETER HO KOK WAI**

12 October 2018

## STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Datuk Kong Woon Jun and Peter Ho Kok Wai, being two of the directors of GuocoLand (Malaysia) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 73 to 167 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and of their financial performance and cash flows for the financial year then ended.

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

**DATUK KONG WOON JUN**

**PETER HO KOK WAI**

12 October 2018

## STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Loi Kok Mun, being the officer primarily responsible for the financial management of GuocoLand (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 73 to 167 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 Loi Kok Mun  
at Kuala Lumpur in the Federal Territory  
on 12 October 2018.

**LOI KOK MUN**

Before me,

**VALLIAMAH A/P PERIAN**  
Pesuruhjaya Sumpah  
Commissioner of Oaths  
Kuala Lumpur



# INDEPENDENT AUDITORS' REPORT

To the members of GUOCOLAND (MALAYSIA) BERHAD (Incorporated in Malaysia)

---

## REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of GuocoLand (Malaysia) Berhad, which comprise the statements of financial position as at 30 June 2018 of the Group and of the Company, and income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 167.

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 2018, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### *Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

### *Valuation of investment properties*

(Refer to Note 16 to the financial statements)

The Group adopts fair value model for its investment properties. When estimating the fair value of a property, the objective is to estimate the price that would be received from the sale of the investment property in an orderly transaction between market participants at the reporting date under current market conditions. In addition, the fair value should reflect, among other things, rental income from current leases and other assumptions that market participants would use when pricing the investment property under current market conditions, which are highly judgmental. Accordingly, we consider this to be an area of audit focus.

---

## INDEPENDENT AUDITORS' REPORT

To the members of GUOCOLAND (MALAYSIA) BERHAD (Incorporated in Malaysia)  
cont'd

---

### REPORT ON THE AUDIT OF FINANCIAL STATEMENTS cont'd

#### **Key audit matters** cont'd

##### *Valuation of investment properties* cont'd

##### How our audit addressed the matter

Our audit procedures focused on the valuations performed by firms of independent valuers, which included amongst others the following procedures:

- We considered the objectivity, independence and expertise of the firms of independent valuers;
- We obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;
- As part of our evaluations of the fair values of investment properties, we had discussions with the independent valuers to obtain an understanding of the property related data used as input to the valuation models; and
- We also assessed whether the discount rate used to determine the present value of the cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive.

#### **Completed property development units classified as inventories**

(Refer to Note 25 to the financial statements)

As at 30 June 2018, the carrying amount of inventories is RM621,909,000, representing approximately 21% of the Group's total assets. The Group continues to monitor the realisable value of these inventories to ensure that they are stated at the lower of cost and net realisable values. Net realisable value is the estimated selling price less estimated costs necessary to make the sale.

The estimates of net realisable values are based on most reliable evidence available at the time the estimates are made and take into consideration estimated fluctuations of future property prices as well as costs to be incurred to make the sale. Such estimates often involve a certain degree of subjectivity and accordingly, we consider this area to be an area of audit focus.

##### How our audit addressed the matter

Our audit procedures in evaluating management's assessment of net realisable values of completed properties included amongst others the following procedures:

- We obtained an understanding of the internal controls performed by management in estimating the net realisable value of these inventories; and
- We evaluated the estimated selling price less estimated costs necessary to make the sale by comparing to selling prices of inventories that were sold subsequent to year end and recent transacted prices of similar completed properties within the vicinity.

## INDEPENDENT AUDITORS' REPORT

To the members of GUOCOLAND (MALAYSIA) BERHAD (Incorporated in Malaysia)  
cont'd

---

### REPORT ON THE AUDIT OF FINANCIAL STATEMENTS cont'd

#### **Information other than the financial statements and auditors' report thereon**

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

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

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

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

#### **Responsibilities of the directors for the financial statements**

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

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

#### **Auditors' responsibilities for the audit of the financial statements**

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

---

## INDEPENDENT AUDITORS' REPORT

To the members of GUOCOLAND (MALAYSIA) BERHAD (Incorporated in Malaysia)  
cont'd

---

### REPORT ON THE AUDIT OF FINANCIAL STATEMENTS cont'd

#### Auditors' responsibilities for the audit of the financial statements cont'd

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



## INDEPENDENT AUDITORS' REPORT

To the members of GUOCOLAND (MALAYSIA) BERHAD (Incorporated in Malaysia)  
cont'd

---

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 39 to the financial statements.

### OTHER MATTERS

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

#### **ERNST & YOUNG**

AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
12 October 2018

#### **NG KIM LING**

No. 03236/04/2020 J  
Chartered Accountant

# INCOME STATEMENTS

For the Financial Year Ended 30 June 2018

	Note	GROUP		COMPANY	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Revenue</b>	4	309,305	285,614	<b>52,353</b>	151,118
Cost of sales	5	<b>(202,891)</b>	(163,163)	-	-
<b>Gross profit</b>		106,414	122,451	<b>52,353</b>	151,118
Selling and marketing expenses		<b>(25,933)</b>	(17,350)	-	(8)
Administrative expenses		<b>(71,879)</b>	(58,056)	<b>(4,080)</b>	(1,883)
Other net operating income/(loss)	6	107,601	3,340	<b>(82,684)</b>	(99,422)
<b>Profit/(loss) from operations</b>		<b>116,203</b>	50,385	<b>(34,411)</b>	49,805
Finance income	7	<b>4,832</b>	4,231	<b>5,366</b>	16,412
Finance costs	8	<b>(51,076)</b>	(39,597)	<b>(10,562)</b>	(7,647)
Share of results of associates		10,410	121,812	-	-
Share of results of joint ventures		136	(1,477)	-	-
<b>Profit/(loss) before tax</b>	9	<b>80,505</b>	135,354	<b>(39,607)</b>	58,570
Income tax (expense)/benefit	12	<b>(6,147)</b>	(8,890)	<b>1,696</b>	(3,491)
<b>Profit/(loss) net of tax</b>		<b>74,358</b>	126,464	<b>(37,911)</b>	55,079
<b>Profit/(loss) attributable to:</b>					
Owners of the parent		38,199	121,809	<b>(37,911)</b>	55,079
Non-controlling interests		36,159	4,655	-	-
		<b>74,358</b>	126,464	<b>(37,911)</b>	55,079
<b>Earnings per share attributable to owners of the parent (sen per share):</b>					
Basic	13	5.70	18.18		
Diluted	13	5.70	18.18		

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

## STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2018

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Profit/(Loss) net of tax</b>	74,358	126,464	(37,911)	55,079
<b>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods*:</b>				
Fair value (loss)/gain on available-for-sale investments, net	(769)	381	-	-
Foreign currency translation	11	(15)	-	-
Other comprehensive (loss)/income representing total other comprehensive (loss)/income	(758)	366	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>73,600</b>	<b>126,830</b>	<b>(37,911)</b>	<b>55,079</b>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the parent	37,441	122,175	(37,911)	55,079
Non-controlling interests	36,159	4,655	-	-
	<b>73,600</b>	<b>126,830</b>	<b>(37,911)</b>	<b>55,079</b>

\* There is no tax effect arising from each of the components of the other comprehensive income.

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

# STATEMENTS OF FINANCIAL POSITION

As at 30 June 2018

	Note	GROUP		COMPANY	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	15	375,520	523,832	44	79
Investment properties	16	540,563	544,318	-	-
Land held for property development	17	302,489	438,673	-	-
Investments in subsidiaries	18	-	-	1,155,394	1,085,193
Investments in associates	19	203,837	197,916	56,000	56,000
Investments in joint ventures	20	110,485	110,873	-	-
Available-for-sale investments	21	-	1,566	-	-
Goodwill	22	9,403	11,813	-	-
Deferred tax assets	23	10,424	7,347	-	-
		<b>1,552,721</b>	<b>1,836,338</b>	<b>1,211,438</b>	<b>1,141,272</b>
<b>CURRENT ASSETS</b>					
Inventories	25	621,909	756,156	-	-
Property development costs	26	469,907	245,383	-	-
Trade and other receivables	27	92,694	108,308	204,876	89,699
Other current assets	28	581	894	-	-
Tax recoverable		10,827	7,548	1,760	-
Other investment	29	11,779	49	-	-
Derivative financial assets	24	-	118	-	-
Cash and cash equivalents	30	192,101	231,592	567	3,545
		<b>1,399,798</b>	<b>1,350,048</b>	<b>207,203</b>	<b>93,244</b>
<b>TOTAL ASSETS</b>		<b>2,952,519</b>	<b>3,186,386</b>	<b>1,418,641</b>	<b>1,234,516</b>



## STATEMENTS OF FINANCIAL POSITION

As at 30 June 2018  
cont'd

	Note	GROUP		COMPANY	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	31	385,318	385,318	385,318	385,318
Reserves	32	994,649	970,606	669,271	720,580
Equity funds		1,379,967	1,355,924	1,054,589	1,105,898
Shares held by ESS Trust	33	(23,883)	(23,883)	(23,883)	(23,883)
		1,356,084	1,332,041	1,030,706	1,082,015
Non-controlling interests		134,290	118,388	-	-
<b>TOTAL EQUITY</b>		<b>1,490,374</b>	<b>1,450,429</b>	<b>1,030,706</b>	<b>1,082,015</b>
<b>NON-CURRENT LIABILITIES</b>					
Trade and other payables	35	9,754	8,674	309,036	141,401
Loans and borrowings	34	930,193	1,162,110	-	-
Deferred tax liabilities	23	29,857	32,244	-	-
		969,804	1,203,028	309,036	141,401
<b>CURRENT LIABILITIES</b>					
Trade and other payables	35	204,612	271,122	699	618
Loans and borrowings	34	287,610	256,611	78,200	9,300
Derivative financial liabilities	24	-	103	-	-
Tax payable		119	5,093	-	1,182
		492,341	532,929	78,899	11,100
<b>TOTAL LIABILITIES</b>		<b>1,462,145</b>	<b>1,735,957</b>	<b>387,935</b>	<b>152,501</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,952,519</b>	<b>3,186,386</b>	<b>1,418,641</b>	<b>1,234,516</b>

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

## STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2018

	Attributable to owners of the parent				Distributable				Total equity RM'000	
	Non-Distributable		Shares held by ESS Trust (Note 33)		Retained profits (Note 32)		Non-controlling interests			
	Share capital (Note 31) RM'000	Share premium RM'000	Exchange reserve (Note 32) RM'000	Fair value reserve (Note 32) RM'000	Merger reserve (Note 32) RM'000	Capital redemption reserve RM'000	Other reserve (Note 32) RM'000	Other reserve (Note 32) RM'000	Total RM'000	Total equity RM'000
<b>GROUP</b>										
<b>At 1 July 2016</b>	350,229	35,089	23	388	(24,028)	27	-	885,419	1,223,264	1,336,997
Effect of implementation of the Companies Act 2016	35,089	(35,089)	-	-	-	(27)	27	-	-	-
	385,318	-	23	388	(24,028)	-	27	885,419	1,223,264	1,336,997
Profit for the year	-	-	-	-	-	-	-	121,809	121,809	4,655
Other comprehensive (loss)/income	-	-	(15)	381	-	-	-	-	366	366
<b>Total recognised (loss)/income for the year</b>	-	-	(15)	381	-	-	-	121,809	122,175	4,655
<b>Transactions with owners:</b>										
Dividend paid (Note 14)	-	-	-	-	-	-	-	(13,398)	(13,398)	-
<b>At 30 June 2017</b>	385,318	-	8	769	(24,028)	-	27	993,830	1,332,041	1,450,429
Profit for the year	-	-	-	-	-	-	-	38,199	38,199	36,159
Other comprehensive income/(loss)	-	-	11	(769)	-	-	-	-	(758)	(758)
<b>Total recognised (loss)/income for the year</b>	-	-	11	(769)	-	-	-	38,199	37,441	36,159
<b>Transactions with owners:</b>										
Dividend paid (Note 14)	-	-	-	-	-	-	-	(13,398)	(13,398)	(22,437)
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	2,180
<b>At 30 June 2018</b>	385,318	-	19	-	(24,028)	-	27	1,018,631	1,356,084	1,490,374

## STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2018

cont'd

	Non-Distributable			Distributable		Total equity RM'000
	Share capital (Note 31)	Share premium	Merger reserve (Note 32)	Shares held by ESS Trust (Note 33)	Retained profits (Note 32)	
	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>COMPANY</b>						
<b>At 1 July 2016</b>	350,229	35,089	68,219	(23,883)	610,680	1,040,334
Effect of implementation of the Companies Act 2016	35,089	(35,089)	-	-	-	-
Profit for the year	-	-	-	-	55,079	55,079
<b>Transaction with owners:</b>						
Dividend paid (Note 14)	-	-	-	-	(13,398)	(13,398)
<b>At 30 June 2017</b>	<b>385,318</b>	<b>-</b>	<b>68,219</b>	<b>(23,883)</b>	<b>652,361</b>	<b>1,082,015</b>
Loss for the year	-	-	-	-	(37,911)	(37,911)
<b>Transactions with owners:</b>						
Dividend paid (Note 14)	-	-	-	-	(13,398)	(13,398)
<b>At 30 June 2018</b>	<b>385,318</b>	<b>-</b>	<b>68,219</b>	<b>(23,883)</b>	<b>601,052</b>	<b>1,030,706</b>

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

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2018

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(loss) before tax	80,505	135,354	(39,607)	58,570
Adjustments for:				
Overprovision of property development costs in prior years	(1,236)	-	-	-
Bad debts written off	98	-	-	-
Net fair value gain on derivative financial assets and liabilities	(47)	(67)	-	-
Property, plant and equipment:				
- depreciation	12,234	6,724	35	73
- written off	45	1,071	-	157
- gain on disposal	(58)	(300)	-	(97)
Net gain on fair value adjustments of investment properties	(487)	(610)	-	-
Gain on disposal of subsidiaries	(104,081)	-	-	-
Gain on disposal of available-for-sale investments	(739)	(691)	-	-
Reversal of allowance for impairment on:				
- trade receivables	(18)	-	-	-
- other receivables	-	(15)	-	-
Allowance for impairment on trade receivables	851	490	-	-
Realisation of goodwill	2,410	1,484	-	-
Impairment loss on investment in subsidiaries	-	-	82,684	99,371
Provision for foreseeable losses of property development activities	2,140	-	-	-
Dividend income	(152)	(258)	(52,353)	(151,118)
Finance costs	51,076	39,597	10,562	7,647
Finance income	(4,832)	(4,231)	(5,366)	(16,412)
Share of results of associates	(10,410)	(121,812)	-	-
Share of results of joint ventures	(136)	1,477	-	-
Unrealised profit arising from transactions with joint ventures and associates	1,367	295	-	-
Operating profit/(loss) before working capital changes carried forward	<b>28,530</b>	<b>58,508</b>	<b>(4,045)</b>	<b>(1,809)</b>



## STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2018

cont'd

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b> cont'd				
Operating profit/(loss) before working capital changes brought forward	28,530	58,508	(4,045)	(1,809)
Working capital changes:				
Land held for property development	862	-	-	-
Inventories	133,375	107,073	-	-
Receivables	23,873	(26,329)	79	327,506
Property development costs	(90,106)	(39,642)	-	-
Payables	(10,828)	16,794	81	(228)
Associates balances	(2,804)	-	-	-
Joint ventures balances	(1,015)	(685)	(3)	-
Inter-company balances	(30,982)	40,212	104,735	137,213
Cash flows generated from operations	50,905	155,931	100,847	462,682
Interest received	-	30	-	-
Interest paid	(50,550)	(56,185)	(10,562)	(3,459)
Tax paid	(19,870)	(15,861)	(1,246)	(3,202)
Net cash flows (used in)/generated from operating activities	(19,515)	83,915	89,039	456,021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions of property, plant and equipment (Note a)	(27,218)	(188,165)	-	-
Additions in:				
- land held for property development	-	(135,351)	-	-
- investment properties and investment properties under construction	(193)	(15,208)	-	-
Dividend income from:				
- subsidiaries	-	-	-	31,250
- associates	3,646	124,079	-	119,868
Addition in other investments	(11,730)	-	-	-
Purchase of additional unquoted shares in subsidiaries	-	-	(152,885)	(441,403)
Net cash flows used in investing activities carried forward	(35,495)	(214,645)	(152,885)	(290,285)

## STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2018  
cont'd

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b> cont'd				
Net cash flows used in investing activities brought forward	(35,495)	(214,645)	(152,885)	(290,285)
Proceeds from disposals of:				
- property, plant and equipment	59	581	-	97
- subsidiaries	209,559	-	-	-
- investment securities	1,688	8,291	-	-
Interest received	4,832	4,201	5,366	16,412
Net cash flows generated from/(used in) investing activities	180,643	(201,572)	(147,519)	(273,776)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Drawdown of bank borrowings	299,060	837,530	240,011	219,960
Repayment of bank borrowings	(486,354)	(686,826)	(171,111)	(382,455)
Net settlement of derivative asset and liabilities	62	-	-	-
Dividend paid	(13,398)	(13,398)	(13,398)	(13,398)
Net cash flows (used in)/generated from financing activities	(200,630)	137,306	55,502	(175,893)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(39,502)</b>	<b>19,649</b>	<b>(2,978)</b>	<b>6,352</b>
Effect of exchange rate changes	11	(15)	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	<b>231,592</b>	<b>211,958</b>	<b>3,545</b>	<b>(2,807)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (Note 30)</b>	<b>192,101</b>	<b>231,592</b>	<b>567</b>	<b>3,545</b>

## STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 June 2018

cont'd

**Note:**

(a) Additions of property, plant and equipment comprise the following:

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash	27,218	188,165	-	-
Borrowing costs capitalised	-	7,219	-	-
Total additions (Note 15)	27,218	195,384	-	-

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

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2018

## 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 of the Company is located at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur. The principal place of business of the Company is located at Level 13, Menara Guoco, Damansara City, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur.

The immediate holding company is GLL (Malaysia) Pte Ltd, incorporated in the Republic of Singapore. The ultimate holding company is Hong Leong Company (Malaysia) Berhad (“HLCM”), incorporated in Malaysia.

Related companies in these financial statements refer to member companies in the HLCM Group.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as stated in Note 39. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 October 2018.

## 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 Financial Reporting Standards (“FRS”) and the requirements of the Companies Act 2016 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted the new and revised FRSs which are mandatory for annual financial periods beginning on or after 1 January 2017 as described fully in Note 2.2.

The financial statements of the Group and of the Company have been prepared on a historical cost basis, unless otherwise indicated in the summary of significant accounting policies below.

The financial statements are prepared in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

### 2.2 Changes in accounting policies

#### Standards, amendments to published standards and interpretations that are effective

On 1 July 2017, the Group and the Company adopted the following new and amended FRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2017.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to FRS 107: Statement of Cash Flows - Disclosure Initiatives	1 January 2017
Amendments to FRS 112: Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to FRS 12: Disclosures of Interests in Other Entities	1 January 2017



## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

#### 2.2 Changes in accounting policies cont'd

The adoption of Amendments to FRS 107 has required additional disclosure of changes in liabilities arising from financing activities. Other than that, the adoption of these amendments did not have any material impact on the current period or any prior period and is not likely to affect future periods.

#### 2.3 Malaysian Financial Reporting Standards (“MFRS”)

The Group and the Company will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the year ending 30 June 2019. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have established a project team to plan and manage the adoption of the MFRS Framework. This project consists of the following phases:

##### (a) Assessment and planning phase

This phase involves the following:

- (i) high level identification of the key differences between Financial Reporting Standards and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework;
- (ii) evaluation of any training requirements; and
- (iii) preparation of a conversion plan.

##### (b) Implementation and review phase

This phase aims to:

- (i) develop training programs for the staff;
- (ii) formulate new and/or revised accounting policies and procedures for compliance with the MFRS Framework;
- (iii) identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework; and
- (iv) develop disclosures required by the MFRS Framework.

The Group and the Company have not completed their assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the financial year ended 30 June 2019 could be different if prepared under the MFRS Framework.

The Group and the Company consider that they are achieving their scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 June 2019.

---

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** cont'd**2.4 Basis of consolidation**

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

The Group controls an investee if and only if the Group 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 Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

- (i) the contractual arrangement with the other vote holders of the investee;
- (ii) rights arising from other contractual arrangements; and
- (iii) the Group's voting rights and potential voting rights.

Subsidiaries are consolidated when the Group obtains control over the subsidiary and ceases when the Group 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.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

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 and accumulated in equity is 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 control is lost is regarded as the cost on initial recognition of the investment.

**Business combinations**

Acquisitions of subsidiaries are accounted for by applying the acquisition method, except for business combinations which were accounted for using merger method of accounting as below:

- (i) subsidiaries that were consolidated prior to 1 January 2002 using the merger method of accounting where these subsidiaries continue to be consolidated using the merger method of accounting; and
- (ii) business combinations involving entities or businesses under common control.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

#### 2.4 Basis of consolidation cont'd

##### Business combinations cont'd

Under the acquisition method, identifiable method, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

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 Group's previously held equity interest 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. The accounting policy for goodwill is set out in Note 2.13. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Business combinations involving entities under common control are accounted for by applying the merger method of accounting. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. 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 statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

#### 2.5 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the parent.

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

---

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** cont'd**2.6 Subsidiaries**

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

**2.7 Associates**

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired. Unrealised profits arising from transactions with associates are eliminated.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and other events in similar circumstances.

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

**2.8 Joint ventures**

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

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.7.



## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

#### 2.8 Joint ventures cont'd

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies to be in line with those of the Group.

In the Company's separate financial statements, investments in joint ventures are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

#### 2.9 Foreign currency

##### (a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in RM, which is also the Company's functional currency.

##### (b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** cont'd**2.9 Foreign currency** cont'd**(c) Foreign operations**

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

**2.10 Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised in profit or loss as incurred.

Subsequent to recognition, property, plant and equipment except freehold land and building under construction are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under development are also not depreciated as these assets are not yet available for use. Long term leasehold land is amortised over the lease tenure of 93 years. Planting development expenditure is stated at cost incurred on land clearing activities up to the point of maturity. Upon maturity of crops, the planting development expenditure is amortised over 25 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 4%
Building service plant and equipment	10% - 33%
Office equipment	10% - 20%
Furniture and fittings	5% - 10%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

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

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

#### 2.11 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties.

Gains or losses arising from changes in the fair values of investment properties are recognised in 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 gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

The estimated value of future assets is based on the expected future income from the project, using risk adjusted yields that are higher than the current yields of similar completed property. The remaining expected costs of completion plus margin are deducted from the estimated future assets value.

#### 2.12 Land held for property development and property development costs

##### (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 cost less any accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Land held for property development is reclassified as property development costs under current asset 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 all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

---

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** cont'd**2.12 Land held for property development and property development costs** cont'd**(b) Property development costs** cont'd

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within current assets and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within current liabilities.

**2.13 Goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed, the goodwill associated with the operation disposed is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed and the portion of the cash-generating unit retained.

**2.14 Impairment of non-financial assets**

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

#### 2.14 Impairment of non-financial assets cont'd

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case, the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

#### 2.15 Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

##### (a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.



## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** cont'd**2.15 Financial assets** cont'd**(b) Loans and receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables.

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

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

**(c) Available-for-sale financial assets**

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the two preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method 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. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments which fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

#### 2.15 Financial assets cont'd

A financial asset is derecognised where 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 the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the assets.

#### 2.16 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

##### (a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables and assets that are assessed not to be impaired individually, are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** cont'd**2.16 Impairment of financial assets** cont'd**(b) Available-for-sale financial assets**

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

**2.17 Inventories**

Inventories are stated at lower of cost and net realisable value.

Cost for trading inventories and consumables comprise costs of purchase and is determined using the first-in, first out.

Cost of development properties held for sale comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

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.

**2.18 Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and on hand, demand deposits and short term highly liquid investment that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's and of the Company's cash management.

**2.19 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 each reporting date 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

#### 2.20 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### (a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

##### (b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, 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 the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### 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 of the Company after deducting all of their liabilities. Ordinary stock units are equity instruments.

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

---

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** cont'd**2.22 Trust for executive share schemes**

The Company has established a trust for its executive share schemes (“ESS”) and is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase the Company’s share from the open market for the purposes of this trust.

The shares purchased are measured and carried at the cost of purchase on initial recognition and subsequently. The ESS Trust is consolidated into the Group’s consolidated financial statements as a deduction from equity and classified as “shares held by ESS Trust”. Dividends received by the ESS Trust are eliminated against the dividend expense of the Company.

**2.23 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 or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss 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.

**2.24 Leases****(a) As lessee**

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. 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 charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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 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.

**(b) As lessor**

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.25(c).



## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

#### 2.25 Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the Company and the amount of the revenue can be measured reliably.

##### (a) Sales of properties under development, land and properties held for sale

Revenue from sale of properties under development is accounted for by the stage of completion method as described in Note 2.12(b).

Revenue from sale of land and properties held for sale are recognised net of discount and upon transfer of significant risks and rewards of ownership to the purchasers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of properties held for sale.

##### (b) Dividend income

Dividend income arising from investments in subsidiaries, jointly ventures, associates, long term investments and short term investments are recognised when the right to receive payment is established.

##### (c) Rental income

Revenue from rental of properties is recognised on the accrual basis unless collectability is in doubt, in which case, it is recognised on receipt basis.

##### (d) Hotel income

Revenue from hotel operations is recognised net of service taxes and discounts upon rendering of the relevant services or sales of goods.

##### (e) Interest income

Interest income is recognised on the accrual basis unless the collectability is in doubt, in which case, it is recognised on receipt basis.

##### (f) Management fee income

Management fee income is recognised on the accrual basis unless the collectability is in doubt, in which case, it is recognised on receipt basis.

##### (g) Sale of fresh fruit bunch

Revenue from sale of fresh fruit bunch is recognised upon the transfer of risks and rewards.

---

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** cont'd**2.26 Income tax****(a) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

**(b) Deferred tax**

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

Deferred tax liabilities are recognised for all taxable 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 profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, 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, carry forward of 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 carry forward of 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 profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, 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 each reporting date 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 each reporting date and are recognised to the extent it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

#### 2.26 Income tax cont'd

##### (b) Deferred tax cont'd

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 substantially enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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 and the same taxation authority.

##### (c) Malaysian Goods and Services Tax ("GST")

On and after 1 April 2015, revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

#### 2.27 Employee benefits

##### (a) Short term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees.

##### (b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by laws, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** cont'd**2.27 Employee benefits** cont'd**(c) Share-based payments**

The Group and the Company operate equity-settled, share based compensation plans for the eligible executives of the Group and of the Company.

The fair value of the employee service received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the Group and the Company revise their estimates of the number of share options that are expected to vest. They recognise the impact of the version of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

**2.28 Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**2.29 Fair value measurement**

The Group and the Company measure non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) in the principal market for the asset or liability; or
- (b) 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.

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.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

#### 2.29 Fair value measurement cont'd

The Group and the Company use valuation techniques that are appropriate in the 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.

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:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's and the Company's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted available-for-sale ("AFS") financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, such as properties and AFS financial assets, and significant liabilities, such as contingent consideration. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's and the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's and the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's and the Company's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose 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 asset or liability and the level of the fair value hierarchy as explained above.



## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** cont'd**2.30 Current versus non-current classification**

The Group and the Company present assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- (i) expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) held primarily for the purpose of trading;
- (iii) expected to be realised within twelve months after the reporting period; or
- (iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) it is expected to be settled in normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is due to be settled within twelve months after the reporting period; or
- (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**2.31 Contingencies**

A contingent liability or assets is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and of 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 reporting date. 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 judgements made in applying accounting policies

The following are critical judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

##### (a) Operating lease commitments – the Group as lessor

The Group has entered into commercial property leases on its investment properties. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

##### (b) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

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

#### 3.2 Key sources of estimation uncertainty

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

##### (a) Depreciation of property, plant and equipment

The cost of hotel buildings are depreciated on a straight-line basis over 50 years with no residual values assumed at the end of their respective useful lives. This is due to the intention of management to continue running the hotel operations until the end of the respective expected useful lives. Changes in the upkeep and maintenance policies could impact the economic useful lives and the residual values of these assets and therefore, future depreciation charges on such assets could be revised.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES** cont'd**3.2 Key sources of estimation uncertainty** cont'd**(b) Income taxes**

- (i) Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and unabsorbed investment tax allowances to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and investment tax allowance can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The total carrying value of recognised and unrecognised deferred tax assets of the Group are as disclosed in Note 23.

- (ii) Significant judgement and estimates are used in arriving at taxable profits for the year and for prior years, including assessing the deductibility of expense items for tax purposes. Management are guided by tax laws/cases on such instances. Management believes that all deductions claimed, in arriving at taxable profits for current and prior years, are appropriate and justifiable.

**(c) Unsold property inventories**

Property inventories are stated at the lower of cost and net realisable value.

Significant judgement is required in arriving at the net realisable value, particularly the estimated selling price of property inventories in the ordinary course of the business. The Group has considered all available information, including but not limited to property market conditions, locations of property inventories and target buyers.

Details of property inventories are disclosed in Note 25.

**(d) Investment properties**

The investment properties are stated at fair value based on the valuation performed by the independent professional valuers. The valuers have determined the fair value based on a method of valuation which involves certain estimates and assumptions.

Details of investment properties are disclosed in Note 16. Details of significant inputs used in the valuation are disclosed in Note 38.

**(e) Impairment of investments in subsidiaries**

The Company reviews its investments in subsidiaries when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. The Company evaluates the recoverable amounts based on market performance, economic and political situation of the country in which the subsidiaries operate. During the financial year, the Company recognised impairment loss of investments in subsidiaries amounting to RM82,684,000 (2017: RM99,371,000). The carrying amount of investments in subsidiaries as at 30 June 2018 are RM1,155,394,000 (2017: RM1,085,193,000). Further details are disclosed in Note 18.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 4. REVENUE

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Property development:				
- sale of properties under development	-	33,435	-	-
- sale of property inventories	184,790	152,137	-	-
Rental of properties	30,309	10,268	-	-
Revenue from hotel operations	65,437	51,947	-	-
Dividend income from:				
- investment in securities	152	258	-	-
- subsidiaries	-	-	52,353	31,250
- associate	-	-	-	119,868
Management fees	9,774	16,570	-	-
Sale of fresh fruit bunch	18,843	20,999	-	-
	<b>309,305</b>	<b>285,614</b>	<b>52,353</b>	<b>151,118</b>

## 5. COST OF SALES

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Property development costs				
- current year (Note 26)	-	16,061	-	-
- overprovision of property development costs in prior year (Note 26)	(1,236)	-	-	-
Cost of rental of properties	18,574	9,705	-	-
Cost of hotel operations	46,648	31,345	-	-
Cost of property inventories sold (Note 25)	131,298	98,270	-	-
Cost of fresh fruit bunch sold	7,607	7,782	-	-
	<b>202,891</b>	<b>163,163</b>	<b>-</b>	<b>-</b>

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 6. OTHER NET OPERATING INCOME/(LOSS)

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Property, plant and equipment:				
- written off	(45)	(1,071)	-	(157)
- gain on disposal	58	300	-	97
Rental income	5,266	7,143	-	-
Bad debts written off	(98)	-	-	-
Reversal of allowance for impairment on:				
- trade receivables (Note 27)	18	-	-	-
- other receivables (Note 27)	-	15	-	-
Allowance for impairment on:				
- trade receivables (Note 27)	(851)	(490)	-	-
Realisation of goodwill (Note 22)	(2,410)	(1,484)	-	-
Provision for foreseeable losses of property development activities (Note 35)	(2,140)	-	-	-
Net gain on fair value adjustments of investment properties (Note 16)	487	610	-	-
Net fair value gain on derivative financial assets and liabilities (Note 24)	47	67	-	-
Gain on compulsory land acquisition	900	-	-	-
Net realised exchange gain	11	4	-	-
Gain on disposal of subsidiaries (Note 18)	104,081	-	-	-
Gain on disposal of available-for-sale investments	739	691	-	-
Impairment loss on investment in subsidiaries (Note 18)	-	-	(82,684)	(99,371)
Other expenses	(2)	(3,134)	-	-
Other income	1,540	689	-	9
	107,601	3,340	(82,684)	(99,422)



## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 7. FINANCE INCOME

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest income from:				
- subsidiaries	-	-	5,314	15,774
- late payment interests	87	30	-	-
- others	4,745	4,201	52	638
	<b>4,832</b>	<b>4,231</b>	<b>5,366</b>	<b>16,412</b>

## 8. FINANCE COSTS

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expense on:				
- loans and borrowings	49,772	38,187	3,723	2,599
- subsidiaries	-	-	6,126	4,188
Others	1,304	1,410	713	860
	<b>51,076</b>	<b>39,597</b>	<b>10,562</b>	<b>7,647</b>

## 9. PROFIT/(LOSS) BEFORE TAX

The following amounts have been included in arriving at profit/(loss) before tax:

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Auditors' remuneration				
- statutory audit	413	459	103	109
- underprovision in previous years	13	20	-	-
Direct operating expenses of income generating investment properties	18,574	9,705	-	-
Depreciation of property, plant and equipment (Note 15)	12,234	6,724	35	73
Employee benefits expense (Note 10)	45,789	43,072	10	130
Non-executive directors' remuneration (Note 11)	514	612	474	492
Office rental	164	1,488	-	218
Liquidated ascertained damages (Note 35)	22	-	-	-

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 10. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Salaries and wages	39,384	36,426	-	90
Defined contribution plans	3,571	4,240	-	14
Social security contributions	273	250	-	1
Other benefits	2,561	2,156	10	25
	45,789	43,072	10	130

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration excluding benefits-in-kind amounting to RM2,492,000 and RM Nil (2017: RM3,072,000 and RM Nil) respectively as disclosed in Note 11.

## 11. DIRECTORS' REMUNERATION

The details of remuneration of the directors of the Group and of the Company during the financial year were as follows:

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive:				
Salaries and other emoluments	2,229	2,734	-	-
Defined contribution plans	260	332	-	-
Fees	3	6	-	-
Estimated money value of benefits-in-kind	51	62	-	-
	2,543	3,134	-	-
Non-Executive:				
Fees	366	464	326	344
Other emoluments	148	148	148	148
	514	612	474	492
Total directors' remuneration	3,057	3,746	474	492
Total directors' remuneration excluding benefits-in-kind				
- Executive directors (Note 10)	2,492	3,072	-	-
- Non-executive directors (Note 9)	514	612	474	492
Total directors' remuneration excluding benefits-in-kind	3,006	3,684	474	492

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

## 11. DIRECTORS' REMUNERATION cont'd

The number of directors (including directors resigned during the financial year) of the Company whose total remuneration during the financial year falls within the following bands is analysed below:

	NUMBER OF DIRECTORS	
	2018	2017
<b>Executive directors:</b>		
RM2,500,001 - RM2,550,000	1	-
RM2,700,001 - RM2,750,000	-	1
	1	1
<b>Non-executive directors:</b>		
RM50,000 and below	2	2
RM50,001 - RM100,000	1	1
RM100,001 - RM150,000	4	4
	7	7

## 12. INCOME TAX EXPENSE/(BENEFIT)

The major tax components of income tax expense/(benefit) for the financial years ended are:

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current income tax:				
- Malaysian income tax	8,997	12,001	899	2,780
- (Over)/underprovision in prior years	(4,282)	(740)	(2,595)	711
	4,715	11,261	(1,696)	3,491
Real property gains tax	6,896	-	-	-
	11,611	11,261	(1,696)	3,491
Deferred tax (Note 23):				
- relating to origination and reversal of temporary differences	(5,465)	(1,117)	-	-
- Under/(over) provision in prior year	1	(1,254)	-	-
	(5,464)	(2,371)	-	-
Income tax expense/(benefit) for the year	6,147	8,890	(1,696)	3,491

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 12. INCOME TAX EXPENSE/(BENEFIT) cont'd

A reconciliation of income tax expense/(benefit) applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense/(benefit) at the effective income tax rate of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(loss) before tax	80,505	135,354	(39,607)	58,570
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	19,321	32,485	(9,506)	14,057
Deferred tax recognised at different tax rates	(92)	(116)	-	-
Tax effect on share of results of associates and joint ventures	(2,531)	(28,880)	-	-
Tax effect on dividend income from an associate	875	1,011	-	-
Effect on income tax taxed under real property gain tax	(26,205)	-	-	-
Income not subject to tax	(38,190)	(278)	(12,565)	(36,268)
Expenses not deductible for tax purposes	49,818	7,462	22,970	24,991
Utilisation of previously unrecognised deferred tax assets	(1,396)	(4,647)	-	-
Deferred tax assets not recognised during the year	8,828	3,847	-	-
(Over)/underprovision of income tax expense in prior years	(4,282)	(740)	(2,595)	711
Under/(over) provision of deferred tax in prior year	1	(1,254)	-	-
Income tax expense/(benefit) for the year	6,147	8,890	(1,696)	3,491

## 13. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year (net of ESS Trust shares).

Diluted earnings per share amounts are calculated by dividing the profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year (net of ESS Trust shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 30 June:

	GROUP	
	2018 RM'000	2017 RM'000
Profit attributable to owners of the parent	38,199	121,809

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 13. EARNINGS PER SHARE cont'd

	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares for basic earnings per share computation	669,881	669,881
Effect of dilution:		
- share options*	-	-
Weighted average number of ordinary shares for diluted earnings per share computation	669,881	669,881
<b>Earnings per share attributable to owners of the parent (sen per share):</b>		
Basic	5.70	18.18
Diluted	5.70	18.18

\* 18,000,000 (2017: nil) share options granted during the financial year under the Value Creation Incentive Plan have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

Subsequent to the financial year end, there have been no other transactions involving ordinary shares of the Company.

## 14. DIVIDEND

	Amount		Net dividend per share	
	2018 RM'000	2017 RM'000	2018 Sen	2017 Sen
<b>GROUP/COMPANY</b>				
In respect of financial year ended 30 June 2017				
- Final single tier dividend of 2 sen per share paid on 16 November 2017	13,398	-	2.00	-
In respect of financial year ended 30 June 2016				
- Final single tier dividend of 2 sen per share paid on 7 December 2016	-	13,398	-	2.00
	13,398	13,398	2.00	2.00

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 30 June 2018, of 2 sen per share on 669,880,418 (net of ESS Trust shares) ordinary shares, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend of RM13,397,608. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2019.



NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

15. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land RM'000	Freehold land and buildings RM'000	Long term leasehold land RM'000	Hotel building on leasehold land RM'000	Freehold land and building under construction RM'000	Building service plant and equipment RM'000	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Planting and development expenditure RM'000	Total RM'000
<b>Cost</b>											
At 1 July 2017	2,272	82,485	5,250	108,461	345,603	8,720	17,464	19,839	1,821	5,741	597,656
Additions	-	-	-	-	14,011	9,889	1,905	140	737	536	27,218
Reclassification	-	325,916	-	-	(333,561)	7,645	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	(136)	-	(136)
Disposal of subsidiaries	(2,272)	(56,599)	(5,250)	(108,461)	(26,053)	(7,315)	(6,523)	(18,810)	(616)	-	(231,899)
Written off	-	-	-	-	-	(8)	(7)	(121)	-	-	(136)
At 30 June 2018	-	351,802	-	-	-	18,931	12,839	1,048	1,806	6,277	392,703
<b>Accumulated depreciation</b>											
At 1 July 2017	-	11,613	1,072	30,886	-	3,884	10,555	13,991	893	930	73,824
Charge for the year (Note 9)	-	8,013	-	-	-	2,233	1,320	97	335	236	12,234
Disposals	-	-	-	-	-	-	-	-	(135)	-	(135)
Disposal of subsidiaries	-	(11,572)	(1,072)	(30,886)	-	(5,345)	(5,816)	(13,381)	(577)	-	(68,649)
Written off	-	-	-	-	-	(10)	(4)	(77)	-	-	(91)
At 30 June 2018	-	8,054	-	-	-	762	6,055	630	516	1,166	17,183
<b>Net carrying amount</b>											
At 30 June 2018	-	343,748	-	-	-	18,169	6,784	418	1,290	5,111	375,520

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 15. PROPERTY, PLANT AND EQUIPMENT cont'd

GROUP	Freehold land RM'000	Freehold land and buildings RM'000	Long term leasehold land RM'000	Hotel building on leasehold land RM'000	Freehold land and building under construction RM'000	Building service plant and equipment RM'000	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Planting and development expenditure RM'000	Total RM'000
<b>Cost</b>											
At 1 July 2016	2,272	82,485	5,250	108,461	158,890	8,644	13,292	19,339	1,996	5,223	405,852
Additions	-	-	-	-	186,713	115	5,444	1,688	906	518	195,384
Disposals	-	-	-	-	-	(39)	-	(121)	(1,081)	-	(1,241)
Written off	-	-	-	-	-	-	(1,272)	(1,067)	-	-	(2,339)
At 30 June 2017	2,272	82,485	5,250	108,461	345,603	8,720	17,464	19,839	1,821	5,741	597,656
<b>Accumulated depreciation</b>											
At 1 July 2016	-	10,302	1,072	28,917	-	3,446	10,570	13,028	1,605	388	69,328
Charge for the year (Note 9)	-	1,311	-	1,969	-	459	697	1,591	155	542	6,724
Disposals	-	-	-	-	-	(21)	-	(72)	(867)	-	(960)
Written off	-	-	-	-	-	-	(712)	(556)	-	-	(1,268)
At 30 June 2017	-	11,613	1,072	30,886	-	3,884	10,555	13,991	893	930	73,824
<b>Net carrying amount</b>											
At 30 June 2017	2,272	70,872	4,178	77,575	345,603	4,836	6,909	5,848	928	4,811	523,832

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 15. PROPERTY, PLANT AND EQUIPMENT cont'd

	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Total RM'000
<b>COMPANY</b>				
<b>At 30 June 2018</b>				
<b>Cost</b>				
At 1 July 2017 / 30 June 2018	-	258	172	430
<b>Accumulated depreciation</b>				
At 1 July 2017	-	212	139	351
Charge for the year (Note 9)	-	18	17	35
At 30 June 2018	-	230	156	386
<b>Net carrying amount</b>				
At 30 June 2018	-	28	16	44
<b>At 30 June 2017</b>				
<b>Cost</b>				
At 1 July 2016	345	258	469	1,072
Disposals	(345)	-	-	(345)
Written off	-	-	(297)	(297)
At 30 June 2017	-	258	172	430
<b>Accumulated depreciation</b>				
At 1 July 2016	345	183	235	763
Charge for the year (Note 9)	-	29	44	73
Disposals	(345)	-	-	(345)
Written off	-	-	(140)	(140)
At 30 June 2017	-	212	139	351
<b>Net carrying amount</b>				
At 30 June 2017	-	46	33	79

In the previous financial year, there were borrowing costs capitalised into freehold land and building under construction of the Group amounted to RM7,219,000.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

## 15. PROPERTY, PLANT AND EQUIPMENT cont'd

The net carrying amounts of property, plant and equipment pledged for borrowings as referred to in Note 34 are as follows:

	GROUP	
	2018 RM'000	2017 RM'000
Freehold land and buildings	343,748	64,139
Long term leasehold land	-	3,739
Hotel building on leasehold land	-	77,575
Freehold land and building under construction	-	345,603
	<b>343,748</b>	<b>491,056</b>

## 16. INVESTMENT PROPERTIES

Movements in the investment properties are as follows:

	GROUP	
	2018 RM'000	2017 RM'000
At beginning of financial year	544,318	528,500
Adjustment <sup>#</sup>	(4,435)	-
Additions from subsequent expenditure	193	15,208
Net gain on fair value adjustments (Note 6)	487	610
At end of financial year	<b>540,563</b>	<b>544,318</b>
Comprising:		
<b>At valuation:</b>		
Completed investment properties:		
- Leasehold land and buildings	4,500	4,500
- Freehold land and buildings	536,063	539,818
At end of financial year	<b>540,563</b>	<b>544,318</b>

<sup>#</sup> During the financial year, the Group has finalised certain costs incurred for the investment properties and RM4,435,000 (2017: RM nil) was adjusted against other payables.

The investment properties are stated at fair value of which have been determined based on valuation reports by accredited independent valuers as at reporting date. The fair value represents 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.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 16. INVESTMENT PROPERTIES cont'd

The net carrying amounts of investment properties charged to financial institutions as collaterals for credit facilities granted to the Group as disclosed in Note 34 are as follows:

	GROUP	
	2018 RM'000	2017 RM'000
Freehold land and buildings	536,063	539,818

## 17. LAND HELD FOR PROPERTY DEVELOPMENT

	Freehold land RM'000	Development expenditure RM'000	Total RM'000
<b>GROUP</b>			
<b>At 30 June 2018</b>			
<b>Cost</b>			
At 1 July 2017	435,041	4,390	439,431
Disposal during the year	(862)	-	(862)
Reclassification to property development costs (Note 26)	(130,932)	(4,390)	(135,322)
At 30 June 2018	303,247	-	303,247
<b>Accumulated impairment losses</b>			
At 1 July 2017/30 June 2018	758	-	758
<b>Carrying amount at 30 June 2018</b>	<b>302,489</b>	<b>-</b>	<b>302,489</b>
<b>At 30 June 2017</b>			
<b>Cost</b>			
At 1 July 2016	303,194	886	304,080
Additions	131,847	3,504	135,351
At 30 June 2017	435,041	4,390	439,431
<b>Accumulated impairment losses</b>			
At 1 July 2016/30 June 2017	758	-	758
<b>Carrying amount at 30 June 2017</b>	<b>434,283</b>	<b>4,390</b>	<b>438,673</b>



## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 18. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2018 RM'000	2017 RM'000
Unquoted shares, at cost	1,337,664	1,184,779
Less: Accumulated impairment losses	(182,270)	(99,586)
	<b>1,155,394</b>	<b>1,085,193</b>

Details of the subsidiaries are disclosed in Note 39.

The change of allowance for impairment in respect of investments in subsidiaries during the financial year is as follows:

	COMPANY	
	2018 RM'000	2017 RM'000
At beginning of financial year	99,586	215
Add: Allowance for impairment (Note 6)	<b>82,684</b>	99,371
At end of financial year	<b>182,270</b>	99,586

**Disposal of subsidiaries**

During the financial year, the Group completed the disposals of its entire interests in JB Parade Sdn Bhd ("JBP") and PD Resort Sdn Bhd ("PDR"), both were indirect subsidiaries of the Company, to a related party (Note 43 (c)) for a total cash consideration of RM229,359,000.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 18. INVESTMENTS IN SUBSIDIARIES cont'd

The disposals had the following effects on the financial position and finance performance of the Group as at the date of disposals:

	Disposal of JBP RM'000	Disposal of PDR RM'000	2018 RM'000
Property, plant and equipment	86,680	76,570	163,250
Inventories	416	456	872
Trade and other receivables	2,311	2,354	4,665
Tax recoverable	3	3	6
Cash and bank balances	7,716	5,484	13,200
Loans and borrowings	-	(14,150)	(14,150)
Trade and other payables	(37,346)	(7,399)	(44,745)
Net assets	59,780	63,318	123,098
Add: Non-controlling interests	2,180	-	2,180
Net assets disposed	61,960	63,318	125,278
Total disposal proceeds (Note 43(c))	(108,285)	(121,074)	(229,359)
Gain on disposal to the Group (Note 6)	(46,325)	(57,756)	(104,081)
Disposal proceeds settled by cash	108,285	121,074	229,359
Cash inflow arising on disposals:			
Cash consideration			229,359
Cash and cash equivalents of subsidiaries disposed of			(13,200)
Retention sum			(6,600)
Net cash inflow on disposals			209,559

**Acquisition of subsidiary**

In the previous financial year, the Company acquired 100% equity interest in Titan Debut Sdn Bhd from its wholly-owned subsidiary, namely Astute Modernization Sdn Bhd, for a total cash consideration of RM1. The acquisition did not have any material effect on the financial results and position of the Group.

**Subscription of ordinary shares and/or redeemable preference shares ("RPS")**

During the financial year, the Company completed the following transactions involving ordinary shares and/or RPS:

- a) Subscription of 82,801 RPS in GLM Emerald Hills (Cheras) Sdn Bhd (formerly known as GLM Alam Damai Sdn Bhd) at an issue price of RM1,000 for a total consideration of RM82,801,000.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

### 18. INVESTMENTS IN SUBSIDIARIES cont'd

#### Subscription of ordinary shares and/or redeemable preference shares ("RPS") cont'd

- b) Subscription of 38,899 RPS in GLM Emerald Square (Cheras) Sdn Bhd (formerly known as Tujuan Optima Sdn Bhd) at an issue price of RM1,000 for a total consideration of RM38,899,000.
- c) Subscription of 16,685 RPS in GLM Oval Sdn Bhd at an issue price of RM1,000 for a total consideration of RM16,685,000.
- d) Subscription of 12,000 RPS in GLM Real Estate Holdings Sdn Bhd at an issue price of RM1,000 for a total consideration of RM12,000,000.
- e) Subscription of 2,500,000 RPS in Titan Debut Sdn Bhd at an issue price of RM1 for a total consideration of RM2,500,000.

In the previous financial year, the Company completed the following transactions involving ordinary shares and/or RPS:

- a) Subscription of 40,650 RPS in GuocoLand Development Sdn Bhd (formerly known as Bedford Development Sdn Bhd) at an issue price of RM1,000 each for a total consideration of RM40,650,000;
- b) Subscription of 21,876 RPS in DC Town Square Sdn Bhd at an issue price of RM1,000 each for a total consideration of RM21,876,000;
- c) Subscription of 84,300 RPS in GLM Real Estate Holdings Sdn Bhd at an issue price of RM1,000 each for a total consideration of RM84,300,000;
- d) Subscription of 25,291,000 ordinary shares in GLM Equities Sdn Bhd at an issue price of RM1 each for a total consideration of RM25,291,000;
- e) Subscription of 16,000 RPS in GLM Oval Sdn Bhd at an issue price of RM1,000 each for a total consideration of RM16,000,000;
- f) Subscription of 6,516,472 ordinary shares in GLM Property Services Sdn Bhd at an issue price of RM1 each for a total consideration of RM6,516,472;
- g) Subscription of 7,499,000 ordinary shares in GLM Emerald Hills (Cheras) Sdn Bhd at an issue price of RM1 each for a total consideration of RM7,499,000;
- h) Subscription of 47,001 RPS in GLM Emerald Hills (Cheras) Sdn Bhd at an issue price of RM1,000 each for a total consideration of RM47,001,000;
- i) Subscription of 159,470,000 RPS in Titan Debut Sdn Bhd at an issue price of RM1 each for a total consideration of RM159,470,000;
- j) Subscription of 4,999,998 ordinary shares in GLM Emerald Square (Cheras) Sdn Bhd at an issue price of RM1 each for a total consideration of RM4,999,998; and
- k) Subscription of 27,800 RPS in GLM Emerald Square (Cheras) Sdn Bhd at an issue price of RM1,000 for a total consideration of RM27,800,000.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 18. INVESTMENTS IN SUBSIDIARIES cont'd

**Winding up of subsidiaries**

During the financial year, Guobena Development Sdn Bhd and BLV Fashions Sdn Bhd, both are indirect wholly-owned subsidiaries of the Company, had been placed under member's voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016.

None of the subsidiary with non-controlling interests is material to the Group. Accordingly, the disclosure requirements of FRS 12 Disclosure of Interests In Other Entities are not presented.

## 19. INVESTMENTS IN ASSOCIATES

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Quoted shares in Malaysia, at cost	64,890	64,890	-	-
Unquoted shares in Malaysia, at cost	56,000	56,000	56,000	56,000
Unquoted shares outside Malaysia, at cost	6	6	-	-
Less: Accumulated impairment losses	(6)	(6)	-	-
	<b>120,890</b>	120,890	<b>56,000</b>	56,000
Share of post acquisition reserves	<b>83,242</b>	77,321	-	-
Share of post acquisition translation reserve	<b>(295)</b>	(295)	-	-
	<b>203,837</b>	197,916	<b>56,000</b>	56,000
Represented by:				
Share of net assets of associates	<b>203,837</b>	197,916	<b>N/A</b>	N/A
Market value of quoted shares	<b>59,553</b>	73,530	<b>N/A</b>	N/A

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

## 19. INVESTMENTS IN ASSOCIATES cont'd

Details of the associates are as follows:

Name of the Company	Country of Incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
<sup>^</sup> Luck Hock Venture Holdings, Inc.	Philippines	28	28	Dormant
<sup>^</sup> Tower Real Estate Investment Trust ("Tower REIT")	Malaysia	22	22	Investment in real estate and real estate-related assets
GLM Emerald (Sepang) Sdn Bhd (formerly known as Vintage Heights Sdn Bhd) ("GLMES")	Malaysia	40	40	Property development and operation of an oil palm estate

<sup>^</sup> Not audited by member firms of Ernst & Young Global.

The Group has carried out a review on the recoverable amount of the investment in Tower REIT. The recoverable amount is determined based on value-in-use calculation using cash flow projections of future dividend income and the proceeds from the ultimate disposal of the investment.

The key assumptions used in the value-in-use calculation are as follows:

## (i) Growth rates

Future dividend income is estimated to grow at 3.30% (2017: 3%) per annum over the next 5 years and thereafter, grow at a steady rate of 3.30% (2017: 4.5%) per annum for the next 10 years. The growth rates used are based on the average growth rates achieved in the previous years and adjusted to lower rates to account for the probability of any unfavourable market conditions.

## (ii) Discount rate

Discount rate used is 6.30% (2017: 7.05%). This rate is pre-tax and reflects specific risks relating to the investment.

Based on the value-in-use calculation, management believes that the carrying amount of the investment in Tower REIT is fully recoverable.



## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 19. INVESTMENTS IN ASSOCIATES cont'd

The Group's interest in the assets, liabilities, revenue and profit of associates are as follows:

	GROUP	
	2018 RM'000	2017 RM'000
<b>Assets and liabilities</b>		
Non-current assets	197,684	187,160
Current assets	21,765	35,112
Total assets	219,449	222,272
Non-current liabilities	(5,843)	(3,429)
Current liabilities	(9,769)	(20,927)
Total liabilities	(15,612)	(24,356)
<b>Results</b>		
Revenue	9,011	207,136
Profit for the year	10,410	121,812

The following table summarises the information of the Group's material associates. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.

The Group has recorded elimination of intragroup transactions of RM843,000 (2017: RM nil) during the financial year.

## (i) Summarised statement of financial position

	Tower REIT		GLMES		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current assets	562,000	559,000	189,823	165,138	751,823	724,138
Current assets	6,330	9,351	50,983	82,715	57,313	92,066
Total assets	568,330	568,351	240,806	247,853	809,136	816,204
Non-current liabilities	(18,965)	(15,829)	(4,335)	-	(23,300)	(15,829)
Current liabilities	(4,960)	(7,595)	(21,733)	(48,200)	(26,693)	(55,795)
Total liabilities	(23,925)	(23,424)	(26,068)	(48,200)	(49,993)	(71,624)
Net assets	544,405	544,927	214,738	199,653	759,143	744,580

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 19. INVESTMENTS IN ASSOCIATES cont'd

## (ii) Summarised statement of comprehensive income

	Tower REIT		GLMES		Total	
	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	28,680	35,295	6,995	498,725	35,675	534,020
Profit before tax	16,308	19,533	1,333	386,808	17,641	406,341
Profit for the year representing total comprehensive income	16,308	19,533	15,085	293,953	31,393	313,486

## (iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	Tower REIT		GLMES		Total	
	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net assets at 1 July	544,927	544,827	199,653	205,370	744,580	750,197
Profit for the year	16,308	19,533	15,085	293,953	31,393	313,486
Dividend paid during the year	(16,830)	(19,433)	-	(299,670)	(16,830)	(319,103)
Net assets at 30 June	544,405	544,927	214,738	199,653	759,143	744,580
Interest in associates as at year end	21.66%	21.66%	40.00%	40.00%		
Carrying value of Group's interest in associates	117,919	118,032	85,895	79,861	203,814	197,893

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 20. INVESTMENTS IN JOINT VENTURES

	GROUP	
	2018 RM'000	2017 RM'000
Investments, at cost	75,872	75,872
Share of post acquisition reserves	34,613	35,001
	110,485	110,873

Details of the joint ventures are disclosed in Note 40.

The Group's interest in the assets, liabilities, revenue and expenses of joint ventures are as follows:

	GROUP	
	2018 RM'000	2017 RM'000
<b>Assets and liabilities</b>		
Non-current assets	143,830	130,993
Current assets	87,627	94,701
Total assets	231,457	225,694
Non-current liabilities	(46,849)	(35,859)
Current liabilities	(74,123)	(78,962)
Total liabilities	(120,972)	(114,821)
<b>Results</b>		
Revenue	10,785	8,982
Expenses, including finance costs and income tax expense	(10,649)	(10,459)
Profit/(Loss) for the year	136	(1,477)

The Group has recorded elimination of intragroup transactions of RM524,000 (2017: RM295,000) during the financial year.

Investments in joint ventures are individually not material to the Group.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

### 20. INVESTMENTS IN JOINT VENTURES cont'd

Aggregate information of joint ventures that are individually not material are as follows:

	2018 RM'000	2017 RM'000
The Group's share of profit/(loss) before tax	129	(919)
The Group's share of profit/(loss) after tax, representing total comprehensive income/(loss)	136	(1,477)

### 21. AVAILABLE-FOR-SALE INVESTMENTS

	GROUP	
	2018 RM'000	2017 RM'000
<b>Long term investments</b>		
<b>At fair value:</b>		
Quoted shares in Malaysia, representing total available-for-sale investments	-	1,566

### 22. GOODWILL

	GROUP	
	2018 RM'000	2017 RM'000
At beginning of financial year	11,813	13,297
Realisation during the year (Note 6)	(2,410)	(1,484)
At end of financial year	9,403	11,813

On 26 October 2007, the Group, through its wholly-owned subsidiary, Astute Modernization Sdn Bhd, acquired 100% interest in Titan Debut Sdn Bhd. The acquisition was accounted for as a business combination in accordance with FRS 3 Business Combination. Accordingly, paragraph 15(b)(i) of FRS 112 Income Taxes requires deferred tax liability to be recognised for all taxable temporary differences arising from initial recognition of an asset or liability in a transaction which is a business combination. Such temporary differences arose from the differences between the fair value of assets and liabilities acquired in a business combination and their respective tax bases. Accordingly, the acquisition of the said subsidiary had resulted in the recognition of deferred tax liability amounting to RM17,732,000 with the corresponding debit being recognised as additional goodwill. Consequently, to the extent that such deferred tax liability is reversed, the corresponding goodwill will also be realised.

During the current financial year, the Group recognised such realisation of goodwill amounting to RM2,410,000 (2017: RM1,484,000) due to the reversal of the deferred tax liability relating to the property inventories sold during the current financial year.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 23. DEFERRED TAX

	GROUP	
	2018 RM'000	2017 RM'000
At beginning of financial year	24,897	27,268
Recognised in the profit or loss (Note 12)	(5,464)	(2,371)
At end of financial year	19,433	24,897

Presented after appropriate offsetting as follows:

	GROUP	
	2018 RM'000	2017 RM'000
Deferred tax assets	(10,424)	(7,347)
Deferred tax liabilities	29,857	32,244
	19,433	24,897

The components and movements of Group's deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

## Deferred tax liabilities of the Group

	Land held for development RM'000	Inventories RM'000	Investment properties RM'000	Accelerated capital allowances RM'000	Total RM'000
At 1 July 2016	13,286	13,297	6,027	1,019	33,629
Recognised in the profit or loss	-	(1,484)	36	63	(1,385)
At 30 June 2017/1 July 2017	13,286	11,813	6,063	1,082	32,244
Recognised in the profit or loss	(13,286)	9,870	39	8,842	5,465
At 30 June 2018	-	21,683	6,102	9,924	37,709



## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 23. DEFERRED TAX cont'd

The components and movements of Group's deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

## Deferred tax assets of the Group

	Provision for liabilities RM'000	Unused tax losses and unabsorbed capital allowances RM'000	Development properties RM'000	Total RM'000
At 1 July 2016	-	(162)	(6,199)	(6,361)
Recognised in the profit or loss	(305)	-	(681)	(986)
At 30 June 2017/1 July 2017	(305)	(162)	(6,880)	(7,347)
Recognised in the profit or loss	281	(9,923)	(1,287)	(10,929)
At 30 June 2018	(24)	(10,085)	(8,167)	(18,276)

Deferred tax assets have not been recognised in respect of the following items:

	GROUP	
	2018 RM'000	2017 RM'000
Unused tax losses	140,461	116,171
Unabsorbed capital allowances	51,036	35,280
Others	39,713	48,792
	<b>231,210</b>	200,243

The unused tax losses, unabsorbed capital allowances and unabsorbed investment tax allowances are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 24. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Contract/ Notional amount RM'000	GROUP	
		Assets RM'000	Liabilities RM'000
<b>As at 30 June 2017</b>			
<b>Non-hedging derivatives:</b>			
<b>Current</b>			
Interest rate swaps	126,000	118	(103)

The Group uses interest rate swaps to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with fair value changes exposure and foreign exchange transaction exposure. Such derivatives do not qualify for hedge accounting.

In the previous financial year, the interest rate swaps are used to hedge cash flow interest rate risk arising from various floating rate bank loans RM595,752,000 (Notes 34 and 37(b)). These interest rate swaps receive floating interest equal to Kuala Lumpur Interbank Offered Rate ("KLIBOR") per annum, pay fixed rates of interest ranging from 3.33% to 3.82%. The interest rate swaps expired during the financial year.

During the financial year, the Group recognised a net gain of RM47,000 (2017: net gain of RM67,000) (Note 6) arising from fair value changes of derivative financial assets and financial liabilities. The fair value changes are attributable to changes in KLIBOR and foreign exchange spot and forward rate. The method and assumptions applied in determining the fair value of derivatives are disclosed in Note 37(h). The fair value hierarchy of derivatives is disclosed in Note 38.

## 25. INVENTORIES

	GROUP	
	2018 RM'000	2017 RM'000
<b>At cost</b>		
Property inventories	582,171	714,376
Saleable merchandise	170	604
Operating supplies	908	950
	<b>583,249</b>	<b>715,930</b>
<b>At net realisable value</b>		
Property inventories	38,660	40,226
	<b>621,909</b>	<b>756,156</b>

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

**25. INVENTORIES** cont'd

The cost of property inventories of the Group recognised as cost of sales during the financial year amounted to RM131,298,000 (2017: RM98,270,000) as disclosed in Note 5.

As at the reporting date, the carrying amount of property inventories of RM593,917,000 (2017: RM708,647,000) have been pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 34.

**26. PROPERTY DEVELOPMENT COSTS**

	GROUP	
	2018 RM'000	2017 RM'000
Cumulative property development costs		
At beginning of financial year:		
Freehold land	127,033	127,033
Leasehold land	28,594	34,807
Development costs	261,865	269,046
	417,492	430,886
Cost incurred during the year:		
Development costs	87,966	65,071
Accumulated cost reversed in respect of completed project		
Leasehold land	-	(6,187)
Development costs	-	(32,962)
	-	(39,149)
Less: Accumulated impairment losses		
At beginning / end of financial year	(20,859)	(20,859)

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 26. PROPERTY DEVELOPMENT COSTS cont'd

	GROUP	
	2018 RM'000	2017 RM'000
Cumulative cost recognised in the profit or loss:		
At beginning of financial year	(151,250)	(174,338)
Recognised during the year (Note 5)	1,236	(16,061)
Accumulated cost reversed in respect of completed project	-	39,149
At end of financial year	(150,014)	(151,250)
Transfers from/(to):		
Land held for property development (Note 17)	135,322	-
Inventories	-	(39,316)
	135,322	(39,316)
Property development costs at end of financial year	469,907	245,383

During the financial year, the borrowing costs capitalised into property development costs of the Group amounted to RM 10,324,000 (2017: RM9,369,000).

As at the reporting date, the carrying amounts of freehold land and related development costs pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 34 amounted to RM450,312,000 (2017: RM225,672,000).

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 27. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade receivables	59,928	82,989	-	-
Less: Allowance for impairment	(1,613)	(1,007)	-	-
	58,315	81,982	-	-
Other receivables	28,171	27,060	180	259
Less: Allowance for impairment	(2,056)	(2,056)	-	-
	26,115	25,004	180	259
Subsidiaries	-	-	204,693	89,440
Related companies	3,634	511	-	-
Associates	2,930	126	-	-
Joint ventures	1,700	685	3	-
Total trade and other receivables	92,694	108,308	204,876	89,699
Less: GST receivable	(5,283)	(11,978)	(300)	(129)
Add: Cash and cash equivalents (Note 30)	192,101	231,592	567	3,545
Total loans and receivables	279,512	327,922	205,143	93,115

Trade receivables are non-interest bearing and are generally on 7 to 90 days (2017: 7 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The amounts due from related companies, associates and joint ventures are unsecured, non-interest bearing and repayable on demand.

The amounts due from subsidiaries are unsecured, repayable on demand and bore interest at rates ranging 4.15% to 4.75% (2017: 4.27% to 4.42%) per annum.

There is no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors except for the amounts due from subsidiaries in respect of the Company, with the amount of maximum credit risk exposure equivalent to the respective debtors' carrying amounts as at the reporting date.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 27. TRADE AND OTHER RECEIVABLES cont'd

The ageing analysis of the Group's trade receivables is as follows:

	Nominal amounts 2018 RM'000	Allowance for impairment 2018 RM'000	Nominal amounts 2017 RM'000	Allowance for impairment 2017 RM'000
<b>GROUP</b>				
Not past due	42,510	-	72,771	-
Past due 1 to 30 days	1,249	-	7,506	-
Past due 31 to 90 days	14,556	-	1,640	-
More than 90 days past due	1,613	(1,613)	1,072	(1,007)
	<b>59,928</b>	<b>(1,613)</b>	<b>82,989</b>	<b>(1,007)</b>

Generally, the Group does not renegotiate the terms of trade receivables. There were no renegotiated balances outstanding as at financial year end. Due to the good credit standing of the trade receivables and based on historical default rates, the Group believes that generally no further allowance for impairment is necessary in respect of trade receivables that are past due.

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	GROUP	
	2018 RM'000	2017 RM'000
Trade receivables - nominal amounts	1,613	1,007
Less: Allowance for impairment	(1,613)	(1,007)
Net impaired trade receivable	-	-



## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

### 27. TRADE AND OTHER RECEIVABLES cont'd

The change of allowance for impairment in respect of trade receivables during the financial year is as follows:

	GROUP	
	2018 RM'000	2017 RM'000
At beginning of financial year	1,007	517
Add: Allowance for impairment (Note 6)	851	490
Less: Reversal of impairment (Note 6)	(18)	-
Less: Disposal of subsidiaries	(227)	-
At end of financial year	1,613	1,007

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The change of allowance for impairment in respect of other receivables during the financial year is as follows:

	GROUP	
	2018 RM'000	2017 RM'000
At beginning of financial year	2,056	2,071
Less: Reversal of impairment (Note 6)	-	(15)
At end of financial year	2,056	2,056

### 28. OTHER CURRENT ASSETS

	GROUP	
	2018 RM'000	2017 RM'000
Prepayments	581	894

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

## 29. OTHER INVESTMENT

Other investment represents income management fund investment managed by a licensed financial institution.

	GROUP	
	2018 RM'000	2017 RM'000
<b>Short term investment</b>		
Cash fund, representing total amount of fair value through profit or loss	11,779	49

## 30. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deposits placed with licensed banks	155,867	206,071	355	345
Cash and bank balances	36,234	25,521	212	3,200
Cash and cash equivalents (Note 27 and 41)	192,101	231,592	567	3,545
Of which the balances of amounts placed with a related company, which is a licensed financial institution, are as follows:				
- deposits	86,930	79,755	-	-
- bank balances	10,490	9,997	117	156

Cash and bank balances of the Group include RM8,315,000 (2017: RM4,486,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and are restricted from use in other operations.

The effective interest rates of deposits placed with licensed banks of the Group and of the Company as at the reporting date range from 0.7% to 3.82% (2017: 0.50% to 3.85%) per annum and 3.25% (2017: 3.00%) per annum respectively.

The maturities of deposits placed with licensed banks of the Group and of the Company as at the reporting date range from 7 to 90 days (2017: 1 to 94 days) and 90 days (2017: 94 days) respectively.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 31. SHARE CAPITAL

	GROUP/COMPANY			
	2018		2017	
	Number of shares '000	Number of shares '000	2018 Amount RM'000	2017 Amount RM'000
<b>Issued and fully paid</b>				
At beginning of the financial year	700,459	700,459	385,318	350,229
Effect of implementation of Companies Act 2016*	-	-	-	35,089
At end of the financial year	700,459	700,459	385,318	385,318

Effect of implementation of Companies Act 2016\*

In the previous financial year, the new Companies Act 2016 ("Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

Consequently, the amount standing to the credit of the Company's share premium account of RM35,089,000 becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618(3) of the Act. There is no impact on the number of shares in issue or the relative entitlement of any members of the Company as a result of this transition.

## 32. RESERVES

	Note	GROUP		COMPANY	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Non-distributable:</b>					
Exchange reserve	(a)	19	8	-	-
Fair value reserve	(b)	-	769	-	-
Merger reserve	(c)	(24,028)	(24,028)	68,219	68,219
Other reserve		27	27	-	-
		(23,982)	(23,224)	68,219	68,219
<b>Distributable:</b>					
Retained profits	(d)	1,018,631	993,830	601,052	652,361
		994,649	970,606	669,271	720,580

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd**32. RESERVES** cont'd**(a) Exchange reserve**

Exchange differences arising on translation of financial statements of subsidiaries whose functional currencies are different from that of the Group's presentation currency are taken into exchange reserve.

**(b) Fair value reserve**

Fair value reserve represents the cumulative net change in the fair value of available-for-sale financial assets until they are disposed of or impaired.

**(c) Merger reserve**

The merger reserve of the Group arose as a result of business combinations involving entities under common control accounted for by applying the merger method of accounting. The negative merger reserve as at the reporting date represents the excess of the consideration paid over the share capital and capital reserves of the subsidiaries as at the acquisition date.

The merger reserve of the Company represents the premium arising on the shares issued in respect of the subsidiaries accounted for under the merger method of accounting which was credited to the merger reserve.

**(d) Retained profits**

The Company may distribute dividends out of its entire retained profits as at 30 June 2018 under the single tier system.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

### 33. SHARES HELD BY ESS TRUST

In the previous financial years, the Company established a trust ("ESS Trust") for its eligible executives pursuant to the establishment of the executive share schemes ("ESS").

The ESS Trust is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company, its subsidiaries or a third party upon such terms and conditions as the Company and the trustee may agree to purchase shares in the Company from the open market for the purposes of this trust. The shares purchased for the benefit of the ESS holders are recorded as "Shares held by ESS Trust" in the Group's and the Company's statements of financial position as a deduction in arriving at the shareholders' equity.

Details of the shares acquired during previous financial years are as follows:

	Share price			Number of shares '000	Total consideration RM'000
	Lowest RM	Highest RM	Average RM		
At 1 July 2017/30 June 2018	0.62	1.72	0.78	30,578	23,883

The main features and the details of the ESS are disclosed in Note 36.

### 34. LOANS AND BORROWINGS

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Current</b>				
Revolving credits - secured	78,320	108,320	-	-
Revolving credits - unsecured	78,200	9,300	78,200	9,300
Term loans - secured	131,090	138,991	-	-
	<b>287,610</b>	256,611	<b>78,200</b>	9,300

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 34. LOANS AND BORROWINGS cont'd

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Non-current</b>				
Term loans - secured	930,193	1,162,110	-	-
<b>Total loans and borrowings (Note 35 and Note 41)</b>	<b>1,217,803</b>	<b>1,418,721</b>	<b>78,200</b>	<b>9,300</b>
As of beginning of financial year	1,418,721	1,274,120	9,300	175,043
Disposal of subsidiaries	(14,150)	-	-	-
Drawdown of borrowings	299,060	837,530	240,011	219,960
Repayment of borrowings	(486,354)	(686,826)	(171,111)	(382,455)
Others	526	(6,103)	-	(3,248)
As at end of financial year	<b>1,217,803</b>	<b>1,418,721</b>	<b>78,200</b>	<b>9,300</b>

The maturity of loans and borrowings are as follows:

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
On demand or within 1 year	287,610	256,611	78,200	9,300
More than 1 year but less than 2 years	133,590	205,583	-	-
More than 2 years but less than 5 years	784,943	612,950	-	-
More than 5 years	11,660	343,577	-	-
	<b>1,217,803</b>	<b>1,418,721</b>	<b>78,200</b>	<b>9,300</b>

The revolving credits (unsecured) of the Group and of the Company are obtained by a negative pledge over all assets of the Company. The revolving credits of the Group and of the Company bore effective interest at rates ranging from 4.01% to 4.75% (2017: 3.94% to 4.80%) and 4.01% to 4.75% (2017: 3.94% to 4.65%) respectively per annum.

The revolving credits (secured) of the Group are secured by legal charges on certain property, plant and equipment, land held for property development and development properties as disclosed in Notes 15, 17 and 26 as well as fixed and floating charges on assets of certain subsidiaries.



## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

**34. LOANS AND BORROWINGS** cont'd

The term loans of the Group are secured by legal charges on certain property, plant and equipment, investment properties, land held for property development, inventories and development properties as disclosed in Notes 15, 16, 17, 25 and 26 as well as fixed and floating charges on assets of certain subsidiaries.

The term loans of the Group are repayable over the periods from years 2015 to 2024 (2017: 2015 to 2024) and bore interest at rates ranging from 4.25% to 5.00% (2017: 4.18% to 4.75%) per annum during the financial year.

In the previous financial year, interest rate swaps at the year-end (2017: total notional amount of RM126,000,000) that were used to manage the Group's exposure to interest rate risk arising from the Group's floating rate term loans.

**35. TRADE AND OTHER PAYABLES**

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Current</b>				
Trade payables	11,870	23,203	-	-
Amount due to associates	137	137	-	-
Amount due to related companies	3,399	31,258	-	-
Provision for foreseeable loss in land and development	8,175	6,035	-	-
Provision for liquidated ascertained damages	37	15	-	-
Accrual for further cost	83,802	124,416	-	-
Retention sum	33,740	45,462	-	-
Accrued operating expenses	16,356	17,855	640	565
Deposits received	5,896	2,276	-	-
Amount due to non-controlling interests	22,437	-	-	-
Other payables	18,763	20,465	59	53
	<b>204,612</b>	<b>271,122</b>	<b>699</b>	<b>618</b>

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 35. TRADE AND OTHER PAYABLES cont'd

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Non-current</b>				
Other payables	9,754	8,674	-	-
Amounts due to subsidiaries	-	-	309,036	141,401
	9,754	8,674	309,036	141,401
Total trade and other payables	<b>214,366</b>	279,796	<b>309,735</b>	142,019
Total trade and other payables	<b>214,366</b>	279,796	<b>309,735</b>	142,019
Less: Provision for foreseeable loss in land and development	(8,175)	(6,035)	-	-
Less: Provision for liquidated ascertained damages	(37)	(15)	-	-
Less: GST payable	(398)	(422)	(20)	-
Add: Loans and borrowings (Note 34)	<b>1,217,803</b>	1,418,721	<b>78,200</b>	9,300
Total financial liabilities carried at amortised cost	<b>1,423,559</b>	1,692,045	<b>387,915</b>	151,319

The normal credit terms granted by the trade payables range from 30 to 60 days (2017: 30 to 60 days).

Amounts due to associates and related companies are unsecured, non-interest bearing and repayable on demand.

Amounts due to subsidiaries are unsecured, bore interest at rate 3.00% (2017: 3.00%) per annum during the financial year and are not expected to be repaid within the next twelve months.

The movements in provision for foreseeable loss in land and development are as follows:

	GROUP	
	2018 RM'000	2017 RM'000
At beginning of the financial year	6,035	6,035
Provision during the year (Note 6)	<b>2,140</b>	-
At end of financial year	<b>8,175</b>	6,035

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

### 35. TRADE AND OTHER PAYABLES cont'd

Provision made is in respect of foreseeable losses for certain property development activities undertaken by the subsidiaries of the Group. A provision is recognised for expected losses from the development of low cost units, deterioration of market value or undesirable condition of land which will increase future development costs.

The movements in provision for liquidated ascertained damages in land and development are as follows:

	GROUP	
	2018 RM'000	2017 RM'000
At beginning of the financial year	15	15
Provision during the year (Note 9)	22	-
At end of financial year	37	15

### 36. EMPLOYEE BENEFITS

#### EXECUTIVE SHARE SCHEME ("ESS")

##### (a) Executive Share Option Scheme ("ESOS")

At an Extraordinary General Meeting ("EGM") held on 11 October 2011, the shareholders of the Company had approved the establishment of a new executive share option scheme ("ESOS").

The Company is a subsidiary of GuocoLand Limited, which in turn is a subsidiary of Guoco Group Limited ("GGL"), a corporation listed on The Stock Exchange of Hong Kong Limited ("HKSE"). Under the HKSE Listing Rules, all schemes involving the grant of options by GGL and its subsidiaries to, or for the benefit of, specified participants would have to comply with the provisions of the HKSE Listing Rules, with appropriate modifications. The HKSE Listing Rules further provide that where the shares of the listed issuer or the subsidiary concerned are also listed on another stock exchange, the more onerous requirements shall prevail and be applied in the event of a conflict or inconsistency between the requirements of the HKSE Listing Rules and the requirements of the other stock exchange.

Pursuant to the HKSE Listing Rules, the ESOS was further approved by the shareholders of GGL on 25 November 2011 ("Approval Date").

On 23 September 2011, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had approved-in-principle the listing of new ordinary shares of the Company to be issued pursuant to the exercise of options under the ESOS at any time during the existence of the ESOS.

The ESOS was established on 21 March 2012 and shall be in force for a period of 10 years.

The ESOS would provide an opportunity for eligible executives who had contributed to the growth and development of the Group to participate in the equity of the Company.

Subsequently, at an EGM held on 21 October 2013, the shareholders of the Company had approved the establishment of an executive share grant scheme ("ESGS").

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 36. EMPLOYEE BENEFITS cont'd

## EXECUTIVE SHARE SCHEME ("ESS") cont'd

## (a) Executive Share Option Scheme ("ESOS") cont'd

Pursuant to the HKSE Listing Rules, the amendments to the Bye-Laws of the ESOS to incorporate the ESGs were approved by the shareholders of GGL on 19 November 2013.

On 18 September 2013, the Company announced that Bursa Securities had approved-in-principle the listing of new ordinary shares of the Company to be issued pursuant to the vesting of shares of the Company under the ESGs at any time during the existence of the ESGs.

The ESGs was established on 28 February 2014. The ESGs would reward the eligible executives for their contribution to the Group with grants without any consideration payable by the eligible executives.

The ESOS together with the ESGs have been renamed as the Executive Share Scheme ("ESS"). For ease of administration, the Bye-Laws of the ESOS were amended to incorporate the ESGs to form the consolidated Bye-Laws of the ESS ("GLM Bye-Laws").

The main features of the ESS are, inter alia, as follows:

1. Eligible executives are those executives of the Group who have been confirmed in service on the date of offer or directors (executive or non-executive) of the Company and its subsidiaries. The Board of Directors of the Company ("Board") may from time to time at its discretion select and identify suitable eligible executives to be offered options or grants.
2. The aggregate number of shares to be issued under the ESS and any other ESOS established by the Company shall not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company at any one time ("Maximum Aggregate"). In compliance with the HKSE Listing Rules, the Maximum Aggregate shall be subjected to the provision that the total number of new shares of the Company which may be issued upon exercise of options under the ESS must not in aggregate exceed 10% of the total number of issued shares of the Company as at the Approval Date unless approval shall have been obtained from the shareholders of GGL.
3. In compliance with the HKSE Listing Rules, no options may be granted to any eligible executive in any 12-month period that would enable such eligible executive becoming entitled to subscribe for new shares exceeding in nominal value of 1% of the total number of issued shares of GLM in issue unless approval shall have been obtained from the shareholders of GGL.
4. The ESS shall be in force until 20 March 2022.
5. The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than the par value of the shares of the Company.
6. No consideration is required to be payable by eligible executives for shares of the Company to be vested pursuant to share grants.
7. Option granted to an option holder is exercisable by the option holder only during his/her employment or directorship with the Group and within the option exercise period subject to any maximum limit as may be determined by the Board under the GLM Bye-Laws.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

### 36. EMPLOYEE BENEFITS cont'd

#### EXECUTIVE SHARE SCHEME ("ESS") cont'd

##### (a) Executive Share Option Scheme ("ESOS") cont'd

The main features of the ESS are, inter alia, as follows: cont'd

8. Shares of the Company granted to a share grant holder will be vested to the share grant holder only during his/her employment or directorship with the Group subject to any maximum limit as may be determined by the Board under the GLM Bye-Laws.
9. The exercise of options and the vesting of shares of the Company may, at the discretion of the Board, be satisfied by way of issuance of new shares, transfer of existing shares purchased by a trust established for the ESS ("ESS Trust"); or a combination of both new shares or existing shares.

##### (b) Value Creation Incentive Plan ("VCIP")

On 22 August 2011, the Company had established a VCIP for selected key executives of the Group to incentivise them towards achieving long term performance targets through the grant of options over GLM shares, which options will be satisfied through the transfer of existing GLM shares held by the ESS Trust.

As the VCIP does not involve any issuance of new shares, the VCIP and the grant of options under the VCIP do not require the approval of shareholders of the Company and GGL.

#### Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

Group	2018		2017	
	No. '000	WAEP RM	No. '000	WAEP RM
Outstanding at 1 July	-	-	-	-
- Granted	20,000	1.16	-	-
- Lapsed	(2,000)	1.16	-	-
Outstanding at 30 June	18,000	1.16	-	-
Exercisable at 30 June	-	-	-	-

During the financial year, options over 20,000,000 (2017: Nil) GLM shares, representing 2.86% of the total number of issued shares of the Company, had been granted to a director and senior management of the Company pursuant to the Company's VCIP. The options granted are subject to the achievement of certain performance criteria by the option holders over two performance periods concluding at the end of the financial years ending 30 June 2019 and 30 June 2021 respectively. The achievement of the performance targets and the numbers of shares (if any) to be vested shall be determined following the end of the respective performance periods.

As at the reporting date, 2,000,000 unvested options had lapsed following the resignation of an option holder in June 2018.

There is no expense recognised to profit or loss of the option granted during the financial year.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 36. EMPLOYEE BENEFITS cont'd

## EXECUTIVE SHARE SCHEME (“ESS”) cont'd

## (b) Value Creation Incentive Plan (“VCIP”) cont'd

Fair value of share options granted

The fair value of the share options granted under the VCIP is estimated at the grant date using a Binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimated fair value of each VCIP Options granted is between RM0.1665 to RM0.3654 per option. This was calculated using the Binomial option pricing model. The model inputs were the share price at grant date of RM1.13, exercise price of RM1.16, expected option life of 1.5 years to 5.5 years, expected volatility of 23.75% to 33.29%, dividend yield rate of 1.724% and risk-free interest rate of 3.76% to 3.95%.

The Board shall have the discretion to determine the aggregate allocation of shares to directors and senior management pursuant to the ESS and the VCIP, but in any case, it shall not exceed the Maximum Aggregate.

## 37. FINANCIAL INSTRUMENTS

## (a) Financial risk management objectives and policies

The Group's and the Company's financial risk management objectives seek to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing their interest rate, credit, liquidity, foreign currency and equity price risks. The Group's and the Company's policy is not to engage in speculative transactions.

## (b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and loans at floating rates given to subsidiaries. All of the Group's and of the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (2017: less than 6 months) from the reporting date.

The Group's and the Company's policy is to manage interest cost using a mix of fixed and floating rate debts. To manage this mix in a cost-efficient manner, the Group previously entered into interest rate swaps. At the reporting date, the interest rate swaps were fully settled. In the previous financial year, after taking into account the interest rate swaps, 9% of the Group's borrowings were at fixed rates of interest.

Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate instruments at fair value through the profit or loss. Therefore, a change in interest rates at the reporting date would not affect the profit or loss.



## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

## 37. FINANCIAL INSTRUMENTS cont'd

## (b) Interest rate risk cont'd

Sensitivity analysis for variable rate instruments

At the reporting date, the management does not expect any fluctuation in interest rates. Accordingly, the sensitive analysis of the effect on profit before tax is not presented.

## (c) Effective interest rates and repricing analysis

The range of effective interest rates of the interest-earning financial assets and interest-bearing financial liabilities of the Group and of the Company and the periods in which they will be repriced or matured, are as follows:

	Effective interest rate %	Floating interest RM'000	Fixed interest rate RM'000	Total RM'000
<b>GROUP</b>				
<b>Financial assets</b>				
<b>At 30 June 2018:</b>				
Deposits placed with licensed banks	0.70 - 3.82	-	155,867	155,867
<b>At 30 June 2017:</b>				
Deposits placed with licensed banks	0.50 - 3.85	-	206,071	206,071
<b>Financial liabilities</b>				
<b>At 30 June 2018:</b>				
Loans and borrowings	4.01 - 5.00	1,217,803	-	1,217,803
<b>At 30 June 2017:</b>				
Loans and borrowings	3.94 - 4.80	1,418,721	-	1,418,721
<b>COMPANY</b>				
<b>Financial assets</b>				
<b>At 30 June 2018:</b>				
Deposits placed with licensed banks	3.25	-	355	355
Amount due from subsidiaries	4.15 - 4.75	204,693	-	204,693
<b>At 30 June 2017:</b>				
Deposits placed with licensed banks	3.00	-	345	345
Amount due from subsidiaries	4.27 - 4.42	89,440	-	89,440

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 37. FINANCIAL INSTRUMENTS cont'd

## (c) Effective interest rates and repricing analysis cont'd

	Effective interest rate %	Floating interest RM'000	Fixed interest rate RM'000	Total RM'000
COMPANY cont'd				
<b>Financial liabilities</b>				
<b>At 30 June 2018:</b>				
Loans and borrowings	4.01 - 4.75	78,200	-	78,200
Amount due to subsidiaries	3.00	309,036	-	309,036
<b>At 30 June 2017:</b>				
Loans and borrowings	3.94 - 4.65	9,300	-	9,300
Amount due to subsidiaries	3.00	141,401	-	141,401

## (d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment in securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

As at reporting date, the maximum exposures to credit risk for the Group and the Company are represented by the carrying amount of each financial asset.

As at reporting date, the Group and the Company do not have any significant exposure or concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors except for the amounts due from subsidiaries in respect of the Company as disclosed in Note 27.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 27. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 27.

## (e) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 37. FINANCIAL INSTRUMENTS cont'd

## (e) Liquidity risk cont'd

The Group and the Company manage their liquidity risk by maintaining adequate reserves, access to a number of sources of banking facilities which are sufficient to meet anticipated funding requirements, and reserve borrowing facilities by continuously monitoring their forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**Analysis of financial instruments by remaining contractual maturities**

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>At 30 June 2018</b>				
<b>GROUP</b>				
<b>Financial liabilities:</b>				
Trade and other payables	196,400	9,754	-	206,154
Loans and borrowings	301,004	1,093,386	15,148	1,409,538
Total undiscounted financial liabilities	497,404	1,103,140	15,148	1,615,692
<b>COMPANY</b>				
<b>Financial liabilities:</b>				
Trade and other payables	699	-	-	699
Amounts due to subsidiaries	9,271	327,856	-	337,127
Loans and borrowings	81,618	-	-	81,618
Total undiscounted financial liabilities	91,588	327,856	-	419,444
<b>At 30 June 2017</b>				
<b>GROUP</b>				
<b>Financial liabilities:</b>				
Trade and other payables	265,072	8,674	-	273,746
Loans and borrowings	303,484	948,655	356,199	1,608,338
Total undiscounted financial liabilities	568,556	957,329	356,199	1,882,084
<b>COMPANY</b>				
<b>Financial liabilities:</b>				
Trade and other payables	618	-	-	618
Amounts due to subsidiaries	4,242	150,012	-	154,254
Loans and borrowings	9,673	-	-	9,673
Total undiscounted financial liabilities	14,533	150,012	-	164,545

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 37. FINANCIAL INSTRUMENTS cont'd

**(f) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company are not significantly exposed to foreign currency risk as majority of the Group's and of the Company's transactions, assets and liabilities are denominated in Ringgit Malaysia except for currency translation risk arising from its net investments in foreign operations in Labuan, which are held for long term investment purposes.

The Group's exposures to foreign currencies against the functional currencies at the reporting date are as follows:

	Singapore Dollar RM'000
<b>GROUP</b>	
<b>At 30 June 2018</b>	
Cash and cash equivalents	55
<b>At 30 June 2017</b>	
Cash and cash equivalents	88

As at reporting date, the Group did not enter into forward exchange contracts to hedge the Group's foreign exchange exposure.

**(g) Equity price risk**

Equity price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices of equity instruments. The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The Group has available-for-sale investment securities listed in Malaysia.

Sensitivity analysis

A 5% (2017: 5%) increase in the equity prices at the reporting date would increase the fair value reserve by RM NIL (2017: RM78,300). A 5% (2017: 5%) decrease in the equity prices would have equal and opposite effect. This analysis assumes that all other variables remain constant.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

### 37. FINANCIAL INSTRUMENTS cont'd

#### (h) Fair values of financial instruments

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 and other receivables (current)	27
Loans and borrowings (current)	34
Loans and borrowings (non-current - variable rate)	34
Trade and other payables (current)	35

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near to the reporting date.

#### Derivatives

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

#### Cash fund

The fair value of cash fund is based on net assets value as at reporting date.

#### Available-for-sale investments

The fair value of available-for-sale investments is based on quoted market price as at reporting date.

#### Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 38. FAIR VALUE MEASUREMENT

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2

Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>At 30 June 2018</b>				
<b>GROUP</b>				
Investment properties	-	-	540,563	540,563
Investments in associates	59,553	-	-	59,553
Other investments	11,779	-	-	11,779
	<b>71,332</b>	<b>-</b>	<b>540,563</b>	<b>611,895</b>
<b>At 30 June 2017</b>				
<b>GROUP</b>				
Investment properties	-	-	544,318	544,318
Investments in associates	73,530	-	-	73,530
Other investments	49	-	-	49
Available-for-sale investments	1,566	-	-	1,566
Derivative financial assets	-	118	-	118
Derivative financial liabilities	-	(103)	-	(103)
	<b>75,145</b>	<b>15</b>	<b>544,318</b>	<b>619,478</b>

There have been no transfers between the fair value hierarchy during the financial years ended 2018 and 2017.



## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 38. FAIR VALUE MEASUREMENT cont'd

## Fair value reconciliation of investment properties measured at Level 3

	Commercial RM'000
<b>At 30 June 2018</b>	
<b>At 1 July 2017</b>	
Measured at valuation	544,318
Net gain on fair value adjustments (Note 6)	487
Adjustments <sup>#</sup>	(4,435)
Additions from subsequent expenditure	193
<b>At 30 June 2018</b>	<b>540,563</b>
Valuation gains for the year included in profit or loss (recognised in other operating income)	487

*# During the financial year, the Group has finalised certain costs incurred for the investment properties and RM4,435,000 (2017 : RM nil) was adjusted against other payables.*

	Commercial RM'000
<b>At 30 June 2017</b>	
<b>At 1 July 2016</b>	
Measured at valuation	528,500
Re-measurement recognised in profit or loss	610
Additions from subsequent expenditure	15,208
<b>At 30 June 2017</b>	<b>544,318</b>
Valuation gains for the year included in profit or loss (recognised in other operating income)	610

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 38. FAIR VALUE MEASUREMENT cont'd

Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3:

Property category	Valuation method	Significant unobservable inputs	Range (Weighted average)
<b>As at 30 June 2018</b>			
Completed	Investment method	Estimated rental value per square foot per month	RM1.40 - RM24.80
		Estimated outgoings per square foot per month	RM1.35 - RM3.70
		Void allowance	5.00%
		Yield	5.50% - 7.50%
		Capitalisation rate - term	5.50% - 6.00%
		Capitalisation rate - reversionary	5.75% - 6.25%
Completed	Comparison method	The comparison method entails analysing recent transactions and asking prices of similar properties in and around the locality for comparison purposes with adjustments made for differences in location, visibility, size and tenure.	-53% to -5%
<b>As at 30 June 2017</b>			
Completed	Investment method	Estimated rental value per square foot per month	RM1.25 - RM25.80
		Estimated outgoings per square foot per month	RM1.25 - RM3.65
		Void allowance	5.00%
		Yield	5.50% - 6.00%
		Capitalisation rate - term	5.50% - 6.00%
		Capitalisation rate - reversionary	5.75% - 6.25%
Completed	Comparison method	The comparison method entails analysing recent transactions and asking prices of similar properties in and around the locality for comparison purposes with adjustments made for differences in location, visibility, size and tenure.	-40% to 10%

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

### 38. FAIR VALUE MEASUREMENT cont'd

#### Comparison method

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

#### Investment method

A property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. As an accepted method within the income approach to valuation, the investment method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. In the case of investment properties, periodic cash flow is typically estimated as gross income less vacancy, non recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating incomes, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases/(decreases) in estimated rental value and outgoings per annum in isolation would result in a significant higher/(lower) fair value of the properties. Significant increases/(decreases) in market yield and discount rate in isolation would result in a significantly lower/(higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate.

### 39. SUBSIDIARIES

The subsidiaries are as follows:

Name of company	Country of incorporation	% of ownership interest held by				Principal activities
		Group		Non-controlling interest		
		2018	2017	2018	2017	
		%	%	%	%	
Guoman Hotel & Resort Holdings Sdn Bhd and its subsidiaries:	Malaysia	70	70	30	30	Investment holding
<sup>^+</sup> PD Resort Sdn Bhd	Malaysia	-	70	-	30	Property investment and development and hotel operations

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

## 39. SUBSIDIARIES cont'd

Name of company	Country of incorporation	% of ownership interest held by				Principal activities
		Group		Non-controlling interest		
		2018	2017	2018	2017	
		%	%	%	%	
Guoman Hotel & Resort Holdings Sdn Bhd and its subsidiaries: cont'd						
Kiapeng Development Sdn Bhd	Malaysia	70	70	30	30	Property development and property investment
JB Parade Sdn Bhd	Malaysia	-	49	-	51	Investment holding and hotel operations
JB Parade Condominium Sdn Bhd	Malaysia	70	70	30	30	Property development
^ Guoman Philippines, Inc.	Philippines	70	70	30	30	Dormant
^ Megawise International Limited	Jersey, Channel Islands	-	70	-	30	Dissolved
Guoman International Sdn Bhd	Malaysia	-	70	-	30	Dissolved by members' voluntary liquidation
GuocoLand Development Sdn Bhd (formerly known as Bedford Development Sdn Bhd) and its subsidiaries:						
Corebright Housing Sdn Bhd	Malaysia	100	100	-	-	Provision of construction management services
+ Bedford Industrial Development Sdn Bhd	Malaysia	100	100	-	-	Property development

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

## 39. SUBSIDIARIES cont'd

Name of company	Country of incorporation	% of ownership interest held by				Principal activities
		Group		Non-controlling interest		
		2018	2017	2018	2017	
		%	%	%	%	
GuocoLand Development Sdn Bhd (formerly known as Bedford Development Sdn Bhd) and its subsidiaries: cont'd						
<sup>^+</sup> GLM Emerald (Jasin) Sdn Bhd (formerly known as Pembinaan Sri Jati Sdn Berhad) and its subsidiary:	Malaysia	100	100	-	-	Investment holding and property development
GLM Emerald Industrial Park (Jasin) Sdn Bhd (formerly known as Continental Estates Sdn Bhd)	Malaysia	68	68	32	32	Property development and operation of an oil palm estate
Sabna Development Sdn Bhd	Malaysia	100	100	-	-	Property development
Ace Acres Sdn Bhd	Malaysia	100	100	-	-	Property development
<sup>^</sup> Astute Modernization Sdn Bhd	Malaysia	100	100	-	-	Investment holding
<sup>^</sup> Titan Debut Sdn Bhd	Malaysia	100	100	-	-	Acquisition, enhancement and resale of properties
<sup>^</sup> GLM Emerald Hills (Cheras) Sdn Bhd (formerly known as GLM Alam Damai Sdn Bhd)	Malaysia	100	100	-	-	Property development and property investment
<sup>^+</sup> PJ Corporate Park Sdn Bhd	Malaysia	100	100	-	-	Property development
<sup>^+</sup> PJ City Development Sdn Bhd	Malaysia	100	100	-	-	Property development and property investment

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

## 39. SUBSIDIARIES cont'd

Name of company	Country of incorporation	% of ownership interest held by				Principal activities
		Group		Non-controlling interest		
		2018 %	2017 %	2018 %	2017 %	
GLM Real Estate Holdings Sdn Bhd and its subsidiaries:	Malaysia	100	100	-	-	Investment holding
^ GLM Land Sdn Bhd (formerly known as Bedford Land Sdn Bhd) and its subsidiaries:	Malaysia	100	100	-	-	Investment holding
BLV Fashions Sdn Bhd	Malaysia	100	100	-	-	In members' voluntary liquidation
^ Guobena Development Sdn Bhd	Malaysia	100	100	-	-	In members' voluntary liquidation
HL Bandar Sdn Bhd	Malaysia	100	100	-	-	In members' voluntary liquidation
Prophills Development Sdn Bhd	Malaysia	-	100	-	-	Dissolved by members' voluntary liquidation
DC Offices Sdn Bhd	Malaysia	100	100	-	-	Property investment
DC Hotel Sdn Bhd	Malaysia	100	100	-	-	Hotel operations
Damansara City Sdn Bhd	Malaysia	100	100	-	-	Property development and property investment
DC Town Square Sdn Bhd	Malaysia	100	100	-	-	Property investment
DC Parking Sdn Bhd	Malaysia	100	100	-	-	Car park operations and property investment



## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

## 39. SUBSIDIARIES cont'd

Name of company	Country of incorporation	% of ownership interest held by				Principal activities
		Group		Non-controlling interest		
		2018 %	2017 %	2018 %	2017 %	
GLM Equities Sdn Bhd	Malaysia	100	100	-	-	Investment holding
<sup>^</sup> HLL Overseas Limited and its subsidiary:	Jersey, Channel Islands	100	100	-	-	Investment holding and trading in securities
<sup>^</sup> Positive Vision Labuan Limited	Malaysia	100	100	-	-	Investment holding
<sup>^</sup> GLM Oval Sdn Bhd	Malaysia	100	100	-	-	Property investment
<sup>^</sup> GLM Property Services Sdn Bhd	Malaysia	100	100	-	-	Provision of property management services
<sup>^</sup> GLM Property Management Co Sdn Bhd	Malaysia	100	100	-	-	Provision of property management services
<sup>^</sup> GLM REIT Management Sdn Bhd	Malaysia	100	100	-	-	Provision of management services
<sup>^</sup> Raikon Building Management Co Sdn Bhd	Malaysia	100	100	-	-	Provision of property-related services
GLM Emerald Square (Cheras) Sdn Bhd (formerly known as Tujuan Optima Sdn Bhd)	Malaysia	100	100	-	-	Property development
GLM IHT Sdn Bhd	Malaysia	100	100	-	-	Provision of management services

<sup>+</sup> Subsidiaries consolidated under merger method of accounting.

<sup>^</sup> Not audited by member firms of Ernst & Young Global.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 40. JOINT VENTURES

The details of joint ventures are as follows:

Name of joint venture	Country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
GLM Emerald (Rawang) Sdn Bhd (formerly known as Bedford Damansara Heights Development Sdn Bhd) and its subsidiaries:	Malaysia	50	50	Investment holding
GLM Emerald West (Rawang) Sdn Bhd (formerly known as Promakmur Development Sdn Bhd)	Malaysia	50	50	Property development
<sup>^</sup> GLM Emerald East (Rawang) Sdn Bhd (formerly known as Kota Selatan Indah Sdn Bhd)	Malaysia	50	50	Property development

<sup>^</sup> Not audited by member firms of Ernst & Young Global.

## 41. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their business and maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2018 and 30 June 2017.

The Group and the Company monitor capital using Equity : Debt Ratio.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

### 41. CAPITAL MANAGEMENT cont'd

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Equity attributable to the owners of the parent	1,356,084	1,332,041	1,030,706	1,082,015
Loans and borrowings (Note 34)	1,217,803	1,418,721	78,200	9,300
Less: Cash and cash equivalents (Note 30)	(192,101)	(231,592)	(567)	(3,545)
Net debt	1,025,702	1,187,129	77,633	5,755
Equity : Debt Ratio	57 : 43	53 : 47	93 : 7	99 : 1

### 42. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and comprises four major business segments:

- (i) Property development - the development of residential properties and commercial properties for sale;
- (ii) Property investment - investments in residential and commercial properties and investment in Real Estate Investment Trusts;
- (iii) Hotels - management and operations of hotels; and
- (iv) Plantation - operation of oil palm estates and sale of fresh fruit bunches.

Other business segments include provision of management services, investment holdings and trading in securities.

The directors are of the opinion that all inter-segment transactions have been entered into on terms and conditions negotiated amongst the parties.

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

## 42. SEGMENT INFORMATION cont'd

	Property development		Property investment		Hotels		Plantation		Others		Elimination*		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>														
External sales	182,314	185,572	30,309	10,268	65,437	51,947	18,843	20,999	12,402	16,828	-	-	309,305	285,614
Inter-segment sales	-	-	1,959	-	-	-	-	-	72,492	188,576	(74,451)	(188,576)	-	-
Total revenue	182,314	185,572	32,268	10,268	65,437	51,947	18,843	20,999	84,894	205,404	(74,451)	(188,576)	309,305	285,614
<b>Results</b>														
Segment results	42,896	40,150	28,819	659	23,652	1,485	11,230	13,025	83,365	184,401	(72,492)	(188,576)	117,470	51,144
Unallocated corporate expenses													(1,267)	(759)
Profit from operations													116,203	50,385
Finance income	2,780	2,384	1,507	1,629	552	340	884	496	19,882	44,377	(20,773)	(44,995)	4,832	4,231
Finance costs													(51,076)	(39,597)
Share of results of associates	-	118,159	3,533	4,231	-	-	6,877	(578)	-	-	-	-	10,410	121,812
Share of results of joint ventures	136	(1,477)	-	-	-	-	-	-	-	-	-	-	136	(1,477)
Income tax expense	2,782	(25)	(350)	(341)	1	(1)	(737)	(2,375)	(7,843)	(6,148)	-	-	(6,147)	(8,890)
Profit net of tax													74,358	126,464
Non-controlling interests													(36,159)	(4,655)
Net profit for the year attributable to the owners of the parent													38,199	121,809

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 42. SEGMENT INFORMATION cont'd

	Property development		Property investment		Hotels		Plantation		Others		Elimination*		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>														
Segment assets	1,261,885	1,400,511	568,465	571,126	420,346	539,655	331,710	321,794	34,540	28,050	-	-	2,616,946	2,861,136
Investments in associates	-	-	117,919	118,032	-	-	85,895	79,861	23	23	-	-	203,837	197,916
Available-for-sale investments	-	-	-	-	-	-	-	-	-	1,566	-	-	-	1,566
Investments in joint ventures	110,485	110,873	-	-	-	-	-	-	-	-	-	-	110,485	110,873
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	10,424	7,347
Tax recoverable	-	-	-	-	-	-	-	-	-	-	-	-	10,827	7,548
Consolidated total assets													2,952,519	3,186,386
<b>Liabilities</b>														
Segment liabilities	80,344	130,849	49,609	62,615	49,294	78,411	1,448	945	33,671	7,079	-	-	214,366	279,899
Loans and borrowings	-	-	-	-	-	-	-	-	-	-	-	-	1,217,803	1,418,721
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	29,857	32,244
Tax payable	-	-	-	-	-	-	-	-	-	-	-	-	119	5,093
Consolidated total liabilities													1,462,145	1,735,957
<b>Other Information</b>														
Additions in non-current assets:														
- Property, plant and equipment	41	21	4,387	-	20,941	188,439	558	547	1,291	6,377	-	-	27,218	195,384
- Investment properties	-	-	193	15,208	-	-	-	-	-	-	-	-	193	15,208

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

## 42. SEGMENT INFORMATION cont'd

Other Information cont'd	Property development		Property investment		Hotels		Plantation		Others		Elimination*		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Depreciation	19	9	43	2	10,615	5,299	337	643	1,220	771	-	-	12,234	6,724
Net gain from fair value adjustments on investment properties	-	-	(487)	(610)	-	-	-	-	-	-	-	-	(487)	(610)
Realisation of goodwill	2,410	1,484	-	-	-	-	-	-	-	-	-	-	2,410	1,484
Property, plant and equipment written off	-	-	-	-	-	-	-	4	45	1,067	-	-	45	1,071
Allowance for impairment on trade and other receivables	-	427	851	-	-	43	-	-	-	20	-	-	851	490
Gain on disposal of property, plant and equipment	-	-	-	-	-	(85)	-	-	(58)	(215)	-	-	(58)	(300)
Reversal of allowance for impairment on trade and other receivables	(18)	(15)	-	-	-	-	-	-	-	-	-	-	(18)	(15)
Net fair value gain on derivative financial assets	-	(79)	(22)	42	(25)	(30)	-	-	-	-	-	-	(47)	(67)
Gain on disposal of a subsidiary	-	-	-	-	-	-	-	-	104,081	-	-	-	104,081	-
Gain on disposal of AFS investments	-	-	-	-	-	-	-	-	739	691	-	-	739	691

\* Inter-segment revenues are eliminated on consolidation.

Segmental reporting by geographical location has not been presented as the Group's operations are substantially carried out in Malaysia.



## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

### 43. SIGNIFICANT RELATED PARTY TRANSACTIONS

#### (a) Related parties

The Group has related party transactions with corporations which are related to the directors and/or major shareholders of the Company and/or persons connected with them.

Hong Leong Company (Malaysia) Berhad (“HLCM”) is the ultimate holding company of the Company through GLL (Malaysia) Pte Ltd. YBhg Tan Sri Quek Leng Chan, a past director and a major shareholder of the Company, is a director and major shareholder of HLCM. HLCM is a person connected with YBhg Tan Sri Quek Leng Chan.

The related parties and their relationship with the Group are as follows:

Related parties	Relationship
Hong Leong Financial Group Berhad and subsidiaries (“HLFG Group”)	Subsidiaries of HLCM
HLCM Assets Sdn Bhd and subsidiaries (“HLCM Assets Group”)	Subsidiaries of HLCM
HL Management Co Sdn Bhd and subsidiaries (“HLMC Group”)	Subsidiaries of HLCM
HLCM Capital Sdn Bhd	Subsidiary of HLCM
GL Limited and subsidiaries (“GL Group”)	Subsidiaries of HLCM
GuocoLand Limited and subsidiaries (“GLL Group”)	Subsidiaries of HLCM
Hong Leong Industries Berhad and subsidiaries (“HLI Group”)	Subsidiaries of HLCM
Hume Furniture Industries Sdn Bhd (“HFI”)	Subsidiary of HLCM
HLMG Management Co Sdn Bhd (“HLMG”)	Subsidiary of HLCM
Guardian Security Consultants Sdn Bhd (“GSC”)	Associated company of HLCM
Tower Real Estate Investment Trust (“Tower REIT”)	An investment trust in which the Group, HLCM and certain directors have interests
GLM Emerald (Sepang) Sdn Bhd	Associated company of the Company
GLM Emerald (Rawang) Sdn Bhd and subsidiaries	Joint ventures in which certain directors have interests

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

## 43. SIGNIFICANT RELATED PARTY TRANSACTIONS cont'd

## (b) Transactions within the Group

	COMPANY	
	2018 RM'000	2017 RM'000
Dividend income	52,353	151,118
Interest income	5,314	15,774
Interest expense	(6,126)	(4,188)

## (c) Related party transactions

	GROUP	
	2018 RM'000	2017 RM'000
Management services income received/receivable from joint ventures	1,410	989
Rental income received/receivable from:		
- HLFG Group	211	18
- HLMG	19	-
Management services income received/receivable from:		
- GL Group	-	122
- Tower REIT	1,839	2,004
Property management fees received/receivable from:		
- HLFG Group	1,123	855
- Tower REIT	90	40
Sale of property to HLMG	-	33,400
Sale of subsidiaries to GLL Group (Note 18)	229,359	-
Interest income received/receivable from HLFG Group	-	2,158
Dividend income from:		
- associates	3,646	124,079
Security guard services fees paid/payable to GSC	(2,865)	(1,665)
Management services fees paid/payable to GL Group	(1,040)	(2,075)
Office rental paid/payable to:		
- HLFG Group	(83)	(80)
- Tower REIT	(149)	(1,371)
Financial and treasury services fees paid/payable to HLMC Group	(4,308)	(810)
Shares, warrants and ESS administration services fees paid/payable to HLMC Group	(136)	(11)
Rental income received/receivable from related parties of directors of HLCM	853	-
Sale of property to related parties of directors of HLCM	-	11,569

## NOTES TO FINANCIAL STATEMENTS

30 June 2018

cont'd

### 43. SIGNIFICANT RELATED PARTY TRANSACTIONS cont'd

#### (c) Related party transactions cont'd

The above transactions have been carried out on terms consistent with the usual business practices and policies of the Group and of the Company and on terms negotiated amongst the related parties.

Information regarding the outstanding balances arising from related party transactions as at 30 June 2018 are disclosed in Notes 27 and 35.

#### (d) Compensation of key management personnel

The directors of the Company are key management personnel who have the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly or indirectly. Directors' remunerations are as disclosed in Note 11.

### 44. CAPITAL COMMITMENTS

	GROUP	
	2018 RM'000	2017 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	353	7,022

### 45. LEASE COMMITMENTS

#### (a) The Group as lessee

The Group has entered into non-cancellable operating lease agreements for the use of buildings. These leases have an average life of between 1 to 3 years with no purchase option included in the contracts. There are no restrictions placed on the Group by entering into these leases.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are as follows:

	GROUP	
	2018 RM'000	2017 RM'000
Not later than 1 year	29	29
Later than 1 year and not later than 5 years	29	29
More than 5 years	-	14
	58	72

## NOTES TO FINANCIAL STATEMENTS

30 June 2018  
cont'd

## 45. LEASE COMMITMENTS cont'd

**(b) The Group as lessor**

The Group has entered into non-cancellable operating lease agreements on its investment property portfolio.

The future aggregate minimum lease receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables are as follows:

	GROUP	
	2018 RM'000	2017 RM'000
Not later than 1 year	27,851	24,124
Later than 1 year and not later than 5 years	21,785	26,954
More than 5 years	-	16,328
	49,636	67,406

## 46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no significant events during the financial year other than the disposal of subsidiaries as disclosed in Note 18.

## OTHER INFORMATION

### 1. TOP 10 PROPERTIES HELD BY THE SUBSIDIARIES AS AT 30 JUNE 2018

No	Location	Tenure	Existing Usage	Approximate Land Area (acres)/ Gross Floor Area (sqm)*	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition
1	<b>Sofitel Kuala Lumpur Damansara</b> Lot 58303 Bukit Damansara Kuala Lumpur	Freehold	Hotel	39,508 *	1	331,076	9/11/1994
2	<b>DC Residensi</b> Lot 58303 Bukit Damansara Kuala Lumpur	Freehold	Residential	31,957 *	1	291,943	9/11/1994
3	Vacant land at Mukim of Jasin Melaka Darul Amin	Freehold	Development land	3,869	-	291,086	22/05/1996
4	<b>Oval Kuala Lumpur</b> Oval Condominium at Seksyen 63, Bandar & Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	Freehold	Residential	29,655 *	10	284,133	8/08/2007
5	<b>Menara Guoco</b> Lot 58303 Bukit Damansara Kuala Lumpur	Freehold	Commercial building ^	28,817 *	1	242,000	9/11/1994
6	<b>Emerald Hills @ Cheras</b> Lot 7585 to 7589 Lot 7597 to 7600 and PT 15231 Mukim Petaling Wilayah Persekutuan Kuala Lumpur	Freehold	Development land	47.4	-	212,106	13/04/2012
7	<b>DC Mall</b> Lot 58303 Bukit Damansara Kuala Lumpur	Freehold	Retail mall ^	34,098 *	1	190,000	9/11/1994
8	<b>Emerald 9 @ Cheras</b> Lot 809 and 810 Cheras Batu 8 1/4 and Batu 8 1/2, Jalan Cheras Daerah Hulu Langat Selangor	Freehold	Development land	10.1	-	164,895	5/07/2016
9	<b>DC Parking</b> Lot 58303 Bukit Damansara Kuala Lumpur	Freehold	Car park ^	106,692 *	1	104,500	9/11/1994
10	<b>PJ Corporate Park</b> Lot 13507 Seksyen 32 Bandar Petaling Jaya Daerah Petaling Selangor	Leasehold Expiry Date: 12/12/2107	Commercial development	3.2	-	73,311	10/09/2004

**Notes:**

\* applicable for high-rise building

^ investment properties are generating rental income and carried at fair value.

## OTHER INFORMATION

cont'd

## 2. LANDBANK OF JOIN VENTURES AND ASSOCIATES AS AT 30 JUNE 2018

	Location	Tenure	Approximate Land Area (acres)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition
1	<i>GLM Emerald West (Rawang) Sdn Bhd</i> <b>Emerald West</b> Residential development at Mukim of Rawang Districts of Gombak & Ulu Selangor Selangor Darul Ehsan	Freehold	528.7	-	271,329	31/05/2000
2	<i>GLM Emerald (Sepang) Sdn Bhd</i> <b>Pantai Sepang Putra</b> Residential development at Mukim of Sepang Districts of Sepang & Kuala Langat Selangor Darul Ehsan	Freehold	3,072.3	-	218,342	27/03/1992
3	<i>GLM Emerald East (Rawang) Sdn Bhd</i> <b>Emerald East</b> Residential development at Mukim of Rawang Districts of Gombak & Ulu Selangor Selangor Darul Ehsan	Freehold	26.5	-	15,785	11/10/1999



## OTHER INFORMATION

cont'd

## 3. ANALYSIS OF SHAREHOLDINGS AS AT 28 SEPTEMBER 2018

Class of Shares : Ordinary shares  
 Voting Rights : 1 vote for each share held

## Distribution Schedule Of Shareholders

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	414	4.37	15,940	0.00
100 – 1,000	2,385	25.17	2,180,243	0.31
1,001 – 10,000	4,874	51.45	22,206,947	3.17
10,001 – 100,000	1,580	16.68	48,724,744	6.96
100,001 – less than 5% of issued shares	220	2.32	171,823,864	24.53
5% and above of issued shares	1	0.01	455,506,780	65.03
	9,474	100.00	700,458,518	100.00

## Thirty Largest Shareholders

Name of Shareholders	No. of Shares	%
1. GLL (Malaysia) Pte Ltd	455,506,780	65.03
2. Assets Nominees (Tempatan) Sdn Bhd - Exempt AN for GuocoLand (Malaysia) Berhad (ESOS)	30,578,100	4.37
3. Citigroup Nominees (Asing) Sdn Bhd - CBNY for The Bank Of Nova Scotia	21,729,500	3.10
4. YBhg Tan Sri Quek Leng Chan	19,506,780	2.78
5. CIMSEC Nominees (Asing) Sdn Bhd - Exempt AN for CGS-CIMB Securities (Singapore) Pte. Ltd (Retail Clients)	10,171,748	1.45
6. UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	6,566,242	0.94
7. HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Credit Suisse (HK BR-TST-Asing)	3,192,000	0.46
8. AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ong Siew Eng @ Ong Chai (8040800)	3,161,000	0.45
9. Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	2,907,563	0.42
10. Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	2,754,100	0.39
11. HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Credit Suisse (SG BR-TST-Asing)	2,591,700	0.37
12. RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Poh Soon Sim (CEB)	2,443,300	0.35

## OTHER INFORMATION

cont'd

## 3. ANALYSIS OF SHAREHOLDINGS AS AT 28 SEPTEMBER 2018 cont'd

## Thirty Largest Shareholders cont'd

Name of Shareholders	No. of Shares	%
13. Low Keng Boon Holdings Sdn Bhd	2,308,100	0.33
14. Tan Liew Cheun	2,085,200	0.30
15. Lee Sik Pin	2,073,400	0.30
16. Goh Cheah Hong	1,776,500	0.25
17. AMSEC Nominees (Asing) Sdn Bhd - <i>Lim &amp; Tan Securities Pte Ltd for Low Check Kian</i>	1,638,200	0.24
18. Low Keng Boon @ Lau Boon Sen	1,546,700	0.22
19. Citigroup Nominees (Asing) Sdn Bhd - <i>CBNY for DFA Emerging Markets Small Cap Series</i>	1,528,400	0.22
20. UOB Kay Hian Nominees (Asing) Sdn Bhd - <i>Exempt AN for UOB Kay Hian (Hong Kong) Limited (A/C Clients)</i>	1,480,000	0.21
21. Chua Holdings Sdn Bhd	1,428,465	0.20
22. HLB Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Surinder Singh A/L Wassan Singh</i>	1,425,000	0.20
23. AMSEC Nominees (Tempatan) Sdn Bhd - <i>AmBank (M) Berhad (Hedging)</i>	1,270,200	0.18
24. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - <i>Deutsche Trustees Malaysia Berhad for Hong Leong Strategic Fund</i>	1,234,200	0.18
25. RHB Nominees (Asing) Sdn Bhd - <i>Exempt AN for RHB Securities Singapore Pte Ltd (A/C Clients)</i>	1,005,630	0.14
26. CIMSEC Nominees (Tempatan) Sdn Bhd - <i>CIMB Bank for Teoh Ewe Jin (MY0829)</i>	914,140	0.13
27. Citigroup Nominees (Asing) Sdn Bhd - <i>CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc</i>	910,900	0.13
28. Lee Joo Ping	899,400	0.13
29. Citigroup Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Lee Kwong Joo (471898)</i>	865,860	0.12
30. Affin Hwang Nominees (Asing) Sdn Bhd - <i>Exempt AN for DBS Vickers Securities (Singapore) Pte Ltd (Clients)</i>	832,687	0.12
	586,331,795	83.71

## OTHER INFORMATION

cont'd

## 3. ANALYSIS OF SHAREHOLDINGS AS AT 28 SEPTEMBER 2018 cont'd

## Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 28 September 2018 are as follows:

Names of Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
1. Hong Leong Company (Malaysia) Berhad	-	-	455,574,796	65.04*A
2. HL Holdings Sdn Bhd	-	-	455,574,796	65.04*B
3. Tan Sri Quek Leng Chan	19,506,780	2.78	455,574,796	65.04*B
4. Kwek Leng Beng	-	-	456,074,796	65.11*C
5. Kwek Holdings Pte Ltd	-	-	456,074,796	65.11*C
6. Hong Realty (Private) Limited	-	-	456,074,796	65.11*C
7. Hong Leong Investment Holdings Pte Ltd	-	-	456,074,796	65.11*C
8. Kwek Leng Kee	-	-	456,074,796	65.11*C
9. Davos Investment Holdings Private Limited	-	-	456,074,796	65.11*C
10. GLL (Malaysia) Pte Ltd	455,506,780	65.03	-	-
11. GuocoLand Limited	-	-	455,506,780	65.03*D
12. GuocoLand Assets Pte Ltd	-	-	455,506,780	65.03*D
13. Guoco Group Limited	-	-	455,506,780	65.03*D
14. GuoLine Overseas Limited	-	-	455,506,780	65.03*D
15. GuoLine Capital Assets Limited	-	-	455,506,780	65.03*D

## Notes:

\*A Held through subsidiaries

\*B Held through Hong Leong Company (Malaysia) Berhad

\*C Held through Hong Leong Company (Malaysia) Berhad and a company in which the substantial shareholder has interest

\*D Held through GLL (Malaysia) Pte Ltd

**OTHER INFORMATION**cont'd

---

**4. DIRECTORS' INTERESTS AS AT 28 SEPTEMBER 2018**

Subsequent to the financial year end, there was no change, as at 28 September 2018, to the Directors' interests in the ordinary shares and/or options over ordinary shares of the Company and/or its related corporations (other than wholly-owned subsidiaries), appearing in the Directors' Report on pages 61 to 62 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of Companies Act 2016.

**5. MATERIAL CONTRACTS**

There are no material contracts (not being contracts entered into the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of Directors, chief executive and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year pursuant to Item 21, Part A, Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This page has been intentionally left blank.

---



# GuocoLand (Malaysia) Berhad (300-K)

A Member of the Hong Leong Group

## FORM OF PROXY

I/We \_\_\_\_\_

NRIC/Passport/Company No. \_\_\_\_\_

of \_\_\_\_\_

being a member of **GuocoLand (Malaysia) Berhad** ("Company"), hereby appoint \_\_\_\_\_

\_\_\_\_\_

NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_

or failing him/her, \_\_\_\_\_

\_\_\_\_\_

NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_

\_\_\_\_\_

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Ninety-fourth Annual General Meeting of the Company to be held at the Auditorium, Ground Floor, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Wednesday, 21 November 2018 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy/proxies is/are to vote on a poll as indicated below with an "X":

NO.	RESOLUTIONS	FOR	AGAINST
1.	To declare a final single tier dividend of 2 sen per share		
2.	To approve the payment of Director Fees and Directors' Other Benefits		
3.	To re-elect Mr Raymond Choong Yee How as a Director		
4.	To re-elect Encik Zulkiflee bin Hashim as a Director		
5.	To re-appoint Messrs Ernst & Young as Auditors and authorise the Directors to fix their remuneration		
<b>Special Business</b>			
6.	To approve the ordinary resolution on authority to Directors to allot shares		
7.	To approve the ordinary resolution on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Hong Leong Company (Malaysia) Berhad ("HLCM") and persons connected with HLCM		
8.	To approve the ordinary resolution on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with the Directors and major shareholders of the Company and persons connected with them		
9.	To approve the ordinary resolution on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Tower Real Estate Investment Trust		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Number of shares held

Signature(s) of Member

Fold This Flap For Sealing

Then Fold Here

Affix  
Stamp

The Company Secretaries  
**GuocoLand (Malaysia) Berhad** (300-K)  
Level 10, Wisma Hong Leong  
18 Jalan Perak  
50450 Kuala Lumpur  
Malaysia

1st Fold Here

**NOTES:**

1. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 12 November 2018 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
2. If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.
3. If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
4. A proxy may but need not be a member of the Company.
5. Save for a member who is an exempt authorised nominee, a member shall not be entitled to appoint more than two (2) proxies to attend, participate, speak and vote at the same meeting. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.
6. Where two (2) or more proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which, the appointments shall be invalid (please see note 9 below).
7. In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
8. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting.
9. In the event two (2) or more proxies are appointed, please fill in the ensuing section:

Name of Proxies	% of shareholdings to be represented

10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the Ninety-fourth Annual General Meeting will be put to a vote by way of a poll.



**GuocoLand** (Malaysia) Berhad (300-K)

Level 13

Menara Guoco

Damansara City

No. 6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel : 03-2726 1000

Fax: 03-2726 1001

**[www.guocoland.com.my](http://www.guocoland.com.my)**