GuocoLand (Malaysia) Berhad

A Member of the Hong Leong Group

Annual Report 2019

CONTENTS

CORPORATE SECTION

FINANCIAL SECTION

COMPANY PROFILE

GuocoLand (Malaysia) Berhad ("GuocoLand Malaysia"), listed on the Main Market of Bursa Malaysia Securities Berhad, is the property arm of Hong Leong Group. It is an established property developer for 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. During the financial year, GuocoLand Malaysia unveiled Emerald 9, a freehold development located at the prime location in Cheras 9th Mile. Dubbed as the iconic fully integrated development in Cheras, Emerald 9 comprises residential towers, office spaces and urban street shoppes as well as courtyard clustered around green spaces. To-date, the first tower, called Bruce on9, which comprises 477 units, has been launched, with strong response from homebuyers. GuocoLand Malaysia also unveiled Emerald Hills, a freehold development at one of the highest points in Alam Damai, Cheras.

Other recent notable prime projects include Damansara City ("DC") – an award winning integrated luxury development located in the prime neighbourhood of Damansara Heights; Emerald Rawang – a master planned township with commercial and residential components; 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.

In addition to 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 Plaza Zurich (formerly known as HP Towers) in strategic locations in Kuala Lumpur City Centre and Damansara Heights. GuocoLand Malaysia also owns DC Mall which comprises retail and speciality dining space with an average footfall of 4,500 visitors daily; 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)

REGISTRAR

Hong Leong Share Registration Services Sdn Bhd
Level 25, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur

Tel : 03-2088 8818
Fax : 03-2088 8990

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

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

1

Chairman/Non-Executive/Non-Independent
Age 63, 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 Directors ("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

2

Group Managing Director/Non-Independent
Age 56, 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.

Datuk Edmund Kong has more than 29 years of experience in property development and construction industry, starting after he returned to Malaysia in 1994 where he joined a renowned architecture firm and subsequently worked with several reputable property developers.

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

3

Non-Executive Director/Independent
Age 60, 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, Hong Leong Capital Berhad and HPMT Holdings Berhad, companies listed on the Main Market of Bursa Securities; and a Director of Allianz General Insurance Company (Malaysia) Berhad and Allianz Life Insurance Malaysia Berhad, both public companies.

ENCIK ZULKIFLEE BIN HASHIM

4

Non-Executive Director/Independent
Age 60, Male, Malaysian

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

Encik Zulkiflee has over 35 years' experience in the banking industry. He started his career with Citibank Malaysia in 1979 and left his position as Vice President in November 1991. From December 1991 to November 1997, Encik Zulkiflee was with Deutsche Bank Malaysia. He was the Deputy Managing Director 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"). Prior to his retirement in 2015, 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 and Corporate Communications & Public Relations.

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.

Encik Zulkiflee is a Director of Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank) and Hong Leong MSIG Takaful Berhad, both public companies.

BOARD OF DIRECTORS
cont'd

MS PATRICIA CHUA PUT MOY

5

Non-Executive Director/Independent
Age 63, 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 HPMT Holdings Berhad, a company listed on the Main Market of Bursa Securities; and 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 2019.

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

1

Executive Director, Projects
Age 54, Male, Malaysian

In GLM, Mr Lee Wee Kee heads the Projects Management team, Design & Planning Department and Cost & Contracts Department, overseeing all development projects.

He has more than 29 years' experience in property development and project management. Of this, approximately 20 years were spent within the Hong Leong Group, where he started as a Project Engineer and 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 worked with Tropicana Corporation Berhad as the Senior General Manager in charge of projects in Tropicana Golf and Country Resort and Tropicana Indah Resort. Subsequently, he joined Wing Tai Malaysia Berhad as Executive Director (Property Division) overseeing the Group's property development and investment business in Malaysia before re-joining GLM as the Executive Director, Projects on 18 July 2016.

Mr Lee 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 CHUA SENG HOOI

2

Executive Director, Marketing & Sales
Age 54, Male, Malaysian

Mr Chua Seng Hooi (Andy) joined GLM in January 2019 and has been instrumental in driving marketing and sales initiatives for the Group. He oversees marketing, sales, sales administration, corporate branding, public relations and customer relationship management.

He has more than 25 years in property development. Prior to joining GLM, Mr Chua was the Chief Operating Officer of Chun Fu Development Sdn Bhd, a Taiwan-based development company; and before that, with Mah Sing Group Berhad where he started as the Deputy Chief Operating Officer in April 2007 before being promoted to Chief Operating Officer in January 2010.

Mr Chua started his career in a foreign-owned bank before embarking in the property development industry with stints in Gasing Heights Sdn Bhd, IOI Properties Berhad and Mines Resort Berhad, among others.

He holds tertiary qualification in Marketing Management.

KEY SENIOR MANAGEMENT
cont'd

MR LOI KOK MUN

3

Chief Financial Officer
Age 49, Male, Malaysian

Mr Loi Kok Mun joined GLM in June 2018, as the Chief Financial Officer.

Mr Loi has more than 21 years of experience in finance and accounting, corporate finance, strategic planning, management and audit, risk management and assessment gained through his diverse experience in various public listed and private companies of a variety of industries. In 2011, he served as the General Manager, Finance, Wing Tai Malaysia Berhad for three years. From 2014 to 2015, he was the General Manager, Finance & Accounts, of Bukit Kiara Properties Sdn Bhd and then joined GLM for a year until 2016 as the Group Financial Controller.

He was with PRG Holdings Berhad in 2016 as the Chief Financial Officer and subsequently re-designated to Director of Corporate Planning in April 2017.

He is a member of The Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA).

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 2019.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninety-fifth 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, 30 October 2019 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 2019.

2. To declare a final single tier dividend of 2 sen per share for the financial year ended 30 June 2019 to be paid on 3 December 2019 to members registered in the Record of Depositors on 5 November 2019. ***(Resolution 1)***

3. To approve the payment of Director Fees of RM358,000 (2018: RM474,220) for the financial year ended 30 June 2019 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 95th AGM to the 96th AGM of the Company. ***(Resolution 2)***

4. To re-elect the following Directors:

   (a) YBhg Datuk Edmund Kong Woon Jun ***(Resolution 3)***

   (b) Ms Patricia Chua Put Moy ***(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 1 October 2019 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 1 October 2019 ("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 And New 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 1 October 2019, 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. **Special Resolution**
Proposed Adoption Of New Constitution

"THAT the proposed Constitution as set out in Appendix A, be approved and adopted as the new Constitution of the Company in substitution for and to the exclusion of the existing Constitution thereof;

NOTICE OF ANNUAL GENERAL MEETING
cont'd

AND THAT the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing." ***(Resolution 10)***

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

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 5 November 2019 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
1 October 2019

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 21 October 2019 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 RM358,000 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.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

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.

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 21 November 2018 and which will lapse at the conclusion of the 95th 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 1 October 2019 which is despatched together with the Company's 2019 Annual Report.

4. **Resolution 10 – Proposed Adoption of New Constitution**

The proposed Special Resolution, if passed, will bring the Company's Constitution in line with the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as to enhance administrative efficiency.

The proposed new Constitution of the Company is set out in Appendix A which is despatched together with the Company's 2019 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-fifth 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-fifth 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

Encik Zulkiflee bin Hashim
Independent Non-Executive Director

Ms Patricia Chua Put Moy
Independent Non-Executive Director

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. 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 2019 ("FY 2019") 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 2019, five (5) Committee meetings were held and the attendance of the Committee members was as follows:

Member	Attendance
Mr Peter Ho Kok Wai	5/5
Encik Zulkiflee bin Hashim	5/5
Ms Patricia Chua Put Moy	5/5

The Committee carried out the following key activities during FY 2019:

- 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 2019 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.
- 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.

BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

cont'd

ACTIVITIES *cont'd*

The Committee carried out the following key activities during FY 2019: *cont'd*

- Reviewed the Policy and Procedure of Recurrent Related Party Transaction and various recurrent 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 2019 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;
- Carried out site visits and quality inspections on Group's on-going projects; 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 2019 amounted to RM318,481.

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 2019 of the Company in relation to this statement is published on the Company's website, 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 2019, 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 composition of the NC is as follows:

  Mr Peter Ho Kok Wai
  Chairman, Independent Non-Executive Director

  Encik Zulkiflee bin Hashim
  Independent Non-Executive Director

  Ms Patricia Chua Put Moy
  Independent Non-Executive Director

  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.

  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.

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT
cont'd

BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

C. Board Committees *cont'd*

- Nominating Committee ("NC") *cont'd*

(ii) Re-election/Retention

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

- Assessment against Assessment Criteria and Guidelines
- Recommendation by the NC

→ Deliberation by the Board and decision thereof

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:

Identification of directors for Board Committees

→

- Assessment against Assessment Criteria and Guidelines
- Recommendation by the NC

→ Deliberation by the Board and decision thereof

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.

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.

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT
cont'd

BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

C. Board Committees *cont'd*

- Nominating Committee ("NC") *cont'd*

  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 2019 ("FY 2019") 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 2019. The NC considered and reviewed the following:

  - NC Charter, Process and Procedure of Assessment for New Appointment, Re-election or Retention of Directors or Chief Executive and Removal of Directors and 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, each Board Committee member and CFO, benchmarking their respective TOR and assessment criteria, and through the annual assessment conducted during FY 2019. 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.

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.

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT
cont'd

BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

D. Remuneration

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.

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.

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

E. Independence *cont'd*

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 2019 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 Edmund 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

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 2019, 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 2019, the Directors of the Company, collectively or on their own, attended various training programmes, seminars, briefings and/or workshops including:

- International Architecture and Design Conference (Datum Conference 2018)
- Post GE 14: Malaysia Capital Market Outlook and Direction
- Sun Tzu's Art of War for Traders and Investors Series: The Intelligent Investor
- Industry 4.0 and Its Impact of Malaysian Capital Market
- 12th Malaysian Property Summit 2019
- Directors' Duties & Powers – Recent developments in the law and how it affects you
- AMLA, 1MDB and The New Government's Policies and Challenges
- MFRS 16, Leases (Run 2) Workshop
- Sales Tax, Service Tax and Price Control and Anti-Profiteering - Latest Updates
- Briefing on Sales and Services Tax
- SuperCharger KL 2.0 Launch
- FinTech Industry Update, Platform & Disintermediation and Company Presentations
- Briefing on Integrated Reporting
- PIDM Dialogue with Board Members of Life Insurance Companies
- Cybersecurity Training
- Breakfast Series: "Non-Financials - Does It Matter?"
- Special Dialogue with Lembaga Hasil Dalam Negeri - Special Voluntary Disclosure Program
- FIDE Core Programme for Insurance Company Directors - Bank Negara Programme (Module A)
- Sustainability: Governance - Towards Long Term Value Creation
- FIDE Core Programme for Insurance Company Directors - Bank Negara Programme (Module B)
- Cyber Security in the Boardroom - Accelerating from Acceptance to Action
- Sustainability Engagement Series for Directors/CEOs
- International Professional Practices Framework for Audit Committee
- Audit Committee Institute (ACI) Breakfast Roundtable 2019
- Bursa Malaysia Thought Leadership Series - Leadership Greatness in Turbulent Times: Building Corporate Longevity
- Increase in additional Buyer Stamp Duty rates in Singapore
- Tightening loan-to-value limits in Singapore
- New Rules for Property Developers under the Developers (Anti-Money Laundering and Terrorism Financing) Bill of Singapore
- Changes to the Singapore Employment Act

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT
cont'd

BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

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.

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.

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

Accountability and Audit *cont'd*

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 2019 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.

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.

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*

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 2019 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 2019 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, Messrs Ernst & Young rotates its Engagement Partner and Concurring Partner once every 5 years to ensure objectivity, independence and integrity of the audit opinions.

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 2019, 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.

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

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.

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 CFO at:

Tel No. : 03-2726 1000
Fax No. : 03-2726 1120
Email address : 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. All Directors attended the last AGM held on 21 November 2018.

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.

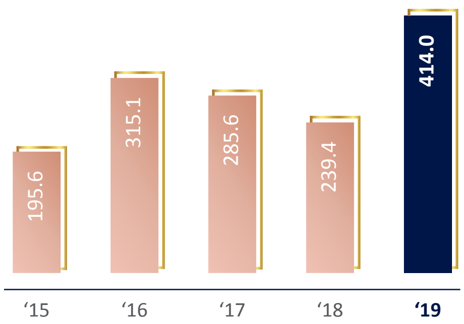
The Company has adopted electronic voting for the conduct of poll on all resolutions at the AGM.

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

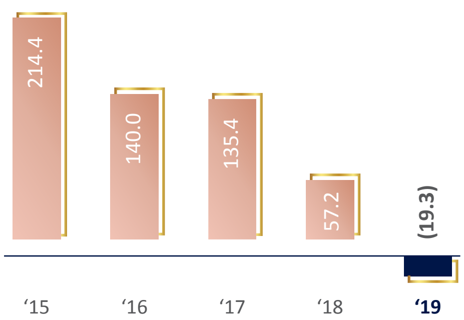
GROUP FINANCIAL HIGHLIGHTS

YEAR ENDED (RM Million)	June '15	June '16	June '17	June '18	June '19
Revenue	195.6	315.1	285.6	239.4	414.0
(Loss)/Profit before tax	214.4	140.0	135.4	57.2	(19.3)
(Loss)/Profit attributable to owners of the parent	188.9	114.0	121.8	21.1	(32.8)
Net earnings per share (sen)	28.2	17.0	18.2	3.2	(4.9)
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	1,122.6	1,223.3	1,332.4	1,340.2	1,294.1
Total assets	2,897.3	2,886.7	3,186.9	2,960.9	2,844.8

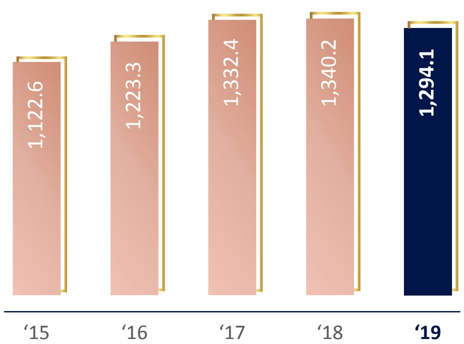
REVENUE
(RM Million)



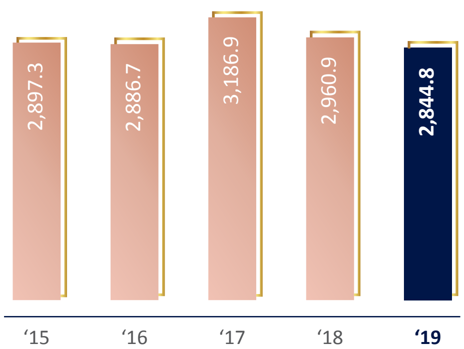
(LOSS)/PROFIT BEFORE TAX
(RM Million)



SHAREHOLDERS' FUNDS
(RM Million)



TOTAL ASSETS
(RM Million)



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors ("Board"), I am pleased to present to you the Annual Report and audited financial statements of GuocoLand (Malaysia) Berhad ("GLM" or the"Group") for the financial year ended 30 June 2019 ("FY 2019").

We are committed to leading the way ahead with innovative design and future planning in our developments. These traits are our hallmarks that have seen a consistently good response from our clients, and have made a positive impact on our property development and property investment revenue streams.

Nevertheless, the period under review was not without its challenges, predominantly from uncertain global economic factors as well as a soft property market environment and volatile commodity prices within Malaysia which had an impact on our various business segments.

ECONOMIC REVIEW

On the global front, slowing economic growth, uncertainties on China-US trade relations, fluctuating currencies and commodity prices have made for very challenging circumstances for the financial year under review. Impacted by the global economic environment, Malaysia's economy grew at a moderate pace of 4.7% in 2018 compared to 5.9% in 2017, driven mainly by private consumption.

On the property front, the country was still faced with issues on housing affordability, property overhang amid high supply of office spaces and residential properties, and tighter financing, among others. Having said that, there was a marginal improvement in the property market in Malaysia in 2018 with a slight increase in transaction activities by 0.6% and 0.3% in value compared to 2017.

Market analysts are of the opinion that the property market will remain cautious for the short-term due to mismatch in product offering and pricing affordability. However, given the efforts by the government striving to stabilise the housing market under its National Housing Policy 2.0, making property purchases more feasible under the Home Ownership Campaign (HOC), lower lending rate, and peer-to-peer lending platforms, it is highly likely that the local property market will set a positive momentum for the longer-term.

STRENGTHENING RESILIENCE

Given the uncertainties posed by the market during the period under review, we constantly relooked our direction to future-proof our business offerings for long-term sustainability and growth. We undertook an exercise to rebalance our portfolio which included placing more weightage on our property development segment to reflect our core strength in this area. At the same time, we continued to keep a very close eye on maintaining a healthy balance sheet that supports our focus to drive profitable growth for the future.

This focus has allowed us to be adaptable to market changes and chart our course accordingly, focusing our efforts on our award winning Emerald Hills project. Against a backdrop of intense competition within the commercial property space and office overhang, our Sofitel Hotel and property investment divisions held steady while the plantation business segment had turned in a muted performance.

CHAIRMAN'S STATEMENT
cont'd

The Group registered revenue of RM414.0 million in FY 2019, a 72.9% increase compared to RM239.4 million from the previous financial period. Revenue was driven primarily from sales of Emerald Hills in Cheras which is an on-going development project. However, GLM registered a loss after tax of RM28.9 million compared to a profit after tax of RM57.3 million in financial year 2018 which had included a one-off gain of RM104.1 million from the disposal of Thistle hotels.

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

During the year under review, we were honoured to win awards by the prestigious Haute Grandeur Global Hotel Awards, Bazaar Spa Awards, FEMALE Rest & Relax Awards and World Luxury Spa Awards for Sofitel Kuala Lumpur Damansara. The Group will continue to excel and deliver on our customers' expectations.

DIVIDENDS

The Group is committed to deliver value and sustainable returns to our shareholders. The Board has proposed a final single tier dividend of 2 sen per share for FY 2019. The proposed dividend is subject to approval at the forthcoming Annual General Meeting to be held on 30 October 2019.

LOOKING AHEAD

The year ahead looks set to be challenging given the ongoing uncertainties that outline the global economy, which will have an impact on Malaysia. We expect the property market in Malaysia to remain relatively lackluster against continued weakness in consumer sentiment for the short to medium-term.

For the year ahead, we will continue to seek opportunities, especially land banks in desired locations that will afford us the opportunity to stamp our mark as an innovative developer. We have launched and commenced work on our next exciting property development project – Emerald 9, a mixed development at Cheras 9^{th} Mile that comprises residential towers, office spaces as well as urban street shoppes.

For our property investment segment, we will be looking at reinvigorating the use of space in the DC Mall in Kuala Lumpur to attract and retain more tenants. The Manager for Tower REIT, GLM REIT Management Sdn Bhd, has also embarked on a space-redefining exercise which will see the assets under its portfolio enhanced to be more attractive to tenants. Menara HLA, one of the two buildings under Tower REIT's portfolio, will be positioned to be a tech-start up epicenter for the burgeoning technology-centric businesses, while the other building, Plaza Zurich will undergo a refurbishment exercise.

The Group's fundamentals remain strong and we have always adopted a prudent and long-term view in our business approach. We will continue to actively monitor sentiments in the property sector so that we are in a strong position to react appropriately.

We are committed to our disciplined approach in capitalising on opportunities that is well balanced with our cautious approach to capital management. Above all, we remain tenaciously focused on meeting and surpassing our customers' expectations. We will continue on a steady path, to create value and drive excellence in what we do.

APPRECIATION

We will not be where we are today without the support of many stakeholders. I would like to take this opportunity to thank my esteemed fellow Board members for their wise counsel and guidance. The Board and I extend our sincere appreciation to the Management and colleagues at GLM who have extended their service with dedication and commitment.

A special note of appreciation goes to all our customers, business partners, bankers, shareholders and regulators for your unwavering belief and support in us. We look forward to strengthening our journey in the years ahead.

Raymond Choong Yee How
Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dear valued shareholders,

We are pleased to present to you the Management's Discussion and Analysis of GuocoLand (Malaysia) Berhad ("GLM" or the "Group") for the financial year ended 30 June 2019 ("FY 2019").

The financial year under review proved to be both commendable and challenging for the Group. We grew our topline business in property development while holding steady on our property investment and hotel portfolios, but witnessed compression in earnings in our plantation business segment. Our performance for FY 2019 was underscored by a challenging economic, property and commodities market environment.

MANAGEMENT'S DISCUSSION AND ANALYSIS
cont'd

OVERVIEW OF OUR BUSINESS

GLM is an established property developer in building community centric residential townships as well as commercial and integrated development projects in Malaysia. We have a sizeable land bank for residential and commercial development in Greater Kuala Lumpur and Melaka. The integrated development of Damansara City in the prime neighbourhood of Damansara Heights, Kuala Lumpur is one of GLM's flagship development projects.

We are also the master developer of a 1,000-acre mixed planned township called Emerald Rawang located in the fast-growing Rawang, Selangor. The Group's other noteworthy projects include a luxury condominium in the heart of Kuala Lumpur City Centre - The Oval Kuala Lumpur, and a commercial development at PJ City Corporate Hub in Petaling Jaya.

Under its property investment arm, the Group manages the leasing of its Damansara City development as well as invests in prime commercial office buildings through Tower Real Estate Investment Trust ("Tower REIT"). Tower REIT is listed on the Main Market of Bursa Malaysia Securities Berhad and its portfolio consists of Menara HLA and Plaza Zurich (formerly known as HP Towers) both located in Kuala Lumpur.

The Group also owns Sofitel Kuala Lumpur Damansara under its Hotels division.

FINANCIAL AND OPERATIONAL PERFORMANCE

The Group's performance for the year under review was impacted by the challenging property market and cautious consumer sentiments. Nonetheless, we remained committed to our strategy for growth and looked at rationalising our assets to enhance the resilience of the Group's portfolio. We also took into consideration the timing of our property development launches to meet market demands and we are actively pursuing land acquisitions opportunities to enhance our future earnings potential.

The Group posted a loss after tax of RM28.9 million for FY 2019 compared to profit after tax of RM57.3 million recorded in the previous financial year. Profit after tax from the previous financial year included a one-off gain of RM104.1 million from the sale of Thistle hotels.

Revenue from the property development segment almost tripled to RM320.3 million for the year in review compared to RM114.9 million from the previous year, contributed mainly by sales from Emerald Hills, Cheras where we launched the first phase condominiums in April 2018 and terrace houses in January 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS
cont'd

SEGMENTAL REVIEW - PROPERTY DEVELOPMENT

The property development segment remains the main segment and revenue driver for the Group, contributing 77% to total revenue for the year in review. The main contributor to revenue from property development for FY 2019 was from sales of Emerald Hills, DC Residensi and The Oval, Kuala Lumpur.


Artist's impression:
Aerial night view of Emerald 9 integrated development

Emerald 9 @ Cheras

We launched a new development in Cheras - Emerald 9 in May 2019 with a potential Gross Development Value ("GDV") of RM1.5 billion. This project is slated to be developed in two phases over a period of six years.

Situated on a 10.1-acre land, Emerald 9 will be a transit-oriented development (TOD) with its easy accessibility. The project is within a short walking distance from the mass rapid transit (MRT) station at Taman Suntex and is only eight stops away from the Kuala Lumpur City Centre.

Emerald 9 is an integrated development that comprises serviced apartment blocks, a block of affordable homes, offices as well as urban street shoppes. The integrated development will have 48 wellness and fun facilities which include swimming pools, shared kitchen for residents' easy accessibility, jogging track, boxing pavilions, amphitheater, sky communal lounge and a cabana. The aim of this integrated development is to foster a co-working and co-living approach within the space and create a sustainable ecosystem that enhances community living and improves living quality.


Artist's impression:
Urban street shoppes


Artist's impression:
48 Lifestyle facilities

MANAGEMENT'S DISCUSSION AND ANALYSIS
cont'd

SEGMENTAL REVIEW - PROPERTY DEVELOPMENT *cont'd*

Emerald Hills @ Cheras

Emerald Hills is a low-density guarded and gated residential development on 47.4-acre of hilly greens at the peak of Alam Damai. This low-density residential development boasts a density of only 33 units per acre.

This development comprises 1,378 condominium units in four blocks and 181 terraced homes in total. The built-ups for the condominiums range from 840 square feet to 1,400 square feet, while the terraced homes range from 2,484 square feet to 3,773 square feet.

The garden terraces and the lakefront condominiums will be surrounded by 21-acre of open space, with a central park and lake that are encircled by a 1.7km jogging and cycling track. Residents will be able to enjoy clubhouse facilities which include a 50m swimming pool, children's pool, multipurpose hall and an amphitheater.

The development provides owner-occupiers and buyers modern designs that offer maximum privacy. Residents will be able to enjoy generous open, green spaces that aims to encourage a healthy living environment for everyone in the family.

Emerald Hills clubhouse

Central park and open spaces

Gated & guarded haven

MANAGEMENT'S DISCUSSION AND ANALYSIS
cont'd

SEGMENTAL REVIEW - PROPERTY DEVELOPMENT *cont'd*

Emerald Rawang

The master-planned township development of Emerald Rawang, made up of two precincts - Emerald East and Emerald West, is located on a 1,000-acre land within the fast-expanding Rawang town. The township comprises link, cluster, semi-detached houses, townhouses, condominiums and bungalows. The development has recently undergone a re-design and re-planning exercise to improve and enhance community living. New features including lush landscapes of greenery, shaded pavements, well-equipped amenities and a modern central park with a lake and a recreational club will be introduced in the township.

This township is well connected to the new Rawang East-West link that was set up at the end of 2017. With a quick connectivity to the North-South Highway (PLUS), Emerald Rawang is highly accessible and near to a host of established schools, shops and amenities in Rawang and Kuala Lumpur.

Garland Residence in Emerald West is a gated development that features 299 freehold double-storey terrace houses that are known as 'homes within a garden' as the houses share a garden landscape that spans over 23.5 acres. The homes were designed and built to have an elegant, modern aesthetics with built-ups of 1,538 square feet.

Owner-occupiers of Garland Residence will enjoy a 1.1-acre park at the heart of the development that leads on to a linear garden with footpaths that traverse between the houses. Homes that are adjacent to the Garland Residence main garden will have the advantage of enjoying a dual-frontage design that offers access to both the road and the vast greenery of the main garden.


Artist's impression:
Garland Residence Double-storey terrace houses


Artist's impression:
Entrance statement


Artist's impression:
1.1-acre Garland Garden


Artist's impression:
Garland Residence interior

MANAGEMENT'S DISCUSSION AND ANALYSIS
cont'd

SEGMENTAL REVIEW - PROPERTY DEVELOPMENT *cont'd*

Pantai Sepang Putra, Sepang

Pantai Sepang Putra is a freehold master-planned residential township in Bagan Lalang, Sepang that is close in proximity to Kampung Baharu Sungai Pelek, Taman Seri Serbau and Sungai Pelek, a mere 60km from Kuala Lumpur.

The township development is designed to accommodate commercial, residential, recreational and educational components and other public amenities. Residents at Pantai Sepang Putra can enjoy a peaceful and quiet environment with easy access to numerous stretches of beautiful sandy beaches, some of which are popular idyllic holiday destinations.

Palmera comprises 56 units of semi-detached homes in the Pantai Sepang Putra enclave. These spacious homes are targeted for the comfort of multi-generational and large families. Areca consists of single and double-storey terrace houses catering to families looking for comfortable, practical and affordable homes.

Palmera Semi-Detached Home

Palmera surrounded by lakes and greeneries

MANAGEMENT'S DISCUSSION AND ANALYSIS
cont'd

SEGMENTAL REVIEW - PROPERTY INVESTMENT

Our property investment segment looks at generating a steady stream of income from leases from tenancies within Guoco Tower, DC Mall and DC Parking which are within the Damansara City development.

Damansara City mixed-use development

Damansara City

Damansara City is an 8.5-acre freehold mixed-use development that houses serviced apartment DC Residensi that is seamlessly integrated with the five-star Sofitel Kuala Lumpur Damansara, food-and-lifestyle centric DC Mall, and the Grade A offices in Guoco Tower and Hong Leong Tower.

DC Mall features a wide range of food and beverage (F&B) outlets, lifestyle and essential services within its premises. Its anchor tenant is Ben's Independent Grocers which caters well to the residents of Damansara Heights.

Guoco Tower is a 19-storey Grade A office building which is situated next to DC Mall. Occupancy rate for Guoco Tower continues to hold steady at 99% with top multinational companies as its tenants.

MANAGEMENT'S DISCUSSION AND ANALYSIS
cont'd

SEGMENTAL REVIEW - PROPERTY INVESTMENT *cont'd*

Plaza Zurich

Tower REIT

Tower REIT showed a steady performance despite concerns of overhang of office buildings in the market which had an impact on occupancy rates for the buildings under its portfolio. Tower REIT remained cautious in managing its business and looked towards maintaining an efficient level of operational costs. Tower REIT registered gross revenue of RM44.1 million for financial period ended 2019 for the 18-month period compared to RM32.6 million in FY 2017 of a 12-month period.

Menara HLA

MANAGEMENT'S DISCUSSION AND ANALYSIS
cont'd

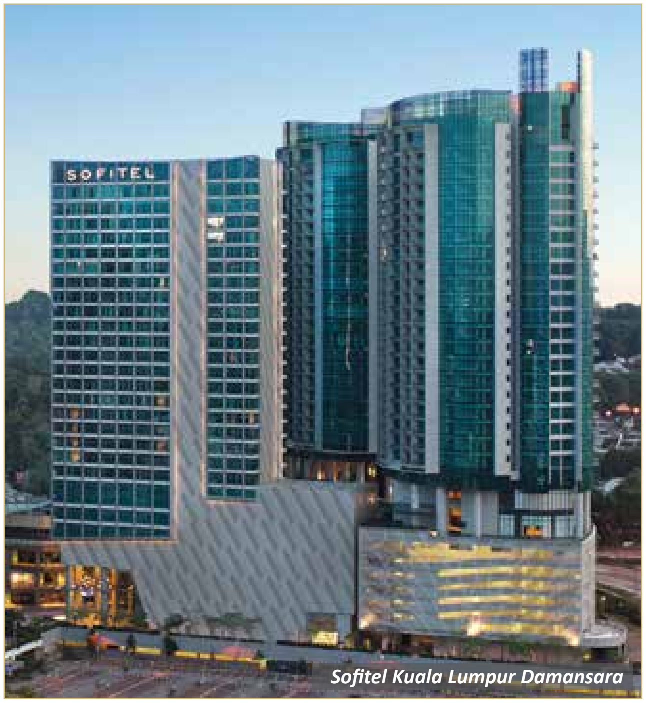
SEGMENTAL REVIEW - HOTEL OPERATIONS

Under the hotel business segment, we own the 5-star international luxury hotel Sofitel Kuala Lumpur Damansara, which boasts 312 lavish rooms in Damansara Heights. Since its launch in August 2017, the hotel has enjoyed a wide range of patronage from tourists and corporate entities.

We will continue with efforts to drive higher occupancy through the implementation of market-centric rates as well as elevating the quality of service for our hotel guests. We are confident that these efforts will see steady, if not higher occupancy rates in the coming year.

Luxury room

Swimming Pool



Sofitel Kuala Lumpur Damansara

In its first year of operation, Sofitel Kuala Lumpur Damansara was honoured to be the recipient of the prestigious Haute Grandeur Global Awards 2018. The hotel received awards for the ''Most Luxurious Hotel Lobby in Malaysia", "Best Spa Design in Malaysia", "Best New Hotel Spa in Asia", "Best Hotel Spa in Malaysia" and "Best Luxury Spa in Malaysia".

In 2019, the hotel's in-house spa won four awards at the Bazaar Spa Awards for "Best Green Tea Facial", "So Hammam Ritual", "So Organic Package" and "Cocoon Massage"; two awards at the FEMALE Rest & Relax for "Best Deep-Tissue Massage" and "Best Hammam Experience"; and three awards at the 2019 World Luxury Spa Awards for "Luxury Business Hotel Spa", "Luxury Hotel Spa" and "Luxury Hammam Experience".

Multi Award-wining Hotel

Multi Award-wining Hotel

MANAGEMENT'S DISCUSSION AND ANALYSIS
cont'd

MANAGING RISKS AND CHALLENGES

We are continuously identifying, evaluating and addressing potential risks and challenges related to the sustainable growth of our business and have in place measures to manage them adequately. A detailed overview of our material risks can be found in the Sustainability Statement in this Annual Report.

In the immediate term, the main challenge to our core business in property development is the subdued consumer sentiment. We will keep a close eye on what is happening on the ground and look to address the challenge through targeted marketing initiatives as well as time the launching of our upcoming developments in tandem with market demands and expectations.

To address the concerns of home ownership during this softer market period, we are looking into various initiatives and incentives that are targeted towards making home ownership easier. One of our campaigns to offer customers the opportunity to purchase GLM properties with greater ease is the Buy With Ease, Safe and Treasure (BEST) campaign which will run until the end of 2019. With this campaign, purchasers will be given special incentives which include zero down payment as well as no fees imposed on sales and purchase agreement, loan agreement as well as stamp duty on loan and title transfer, among others. These incentives will also help purchasers under the Home Ownership Campaign (HOC) programme to own their homes.

Our people are GLM's greatest assets and we work towards ensuring that they have a structured environment to work in so that they can continuously learn and contribute meaningfully. We are always looking at ways to equip them with the relevant skills and knowledge so that they are able to contribute purposefully to the Group. Our efforts to upskill our people will remain at the core of what we do so that our people can grow together with the Group.

STRATEGY FOR GROWTH

Our strategy for growth remains clear and unchanged, which is to focus on the right product concept and right pricing, for the right targeted audience, at the right location.

In everything that we do, we are guided by what matters most to our consumers, our shareholders and our stakeholders. Ultimately, what we want is for our customers to have peace-of-mind when living and working within our developed enclaves.

As an organisation with property development and property investment as its core business, we focus on what purchasers look for and meld those needs with a forward-looking innovative design that can stand the test of time. Underscoring our aim for innovative work and living spaces is the fundamental criteria of quality, our developments have consistently scored high on the Quality Assessment System for Building Construction Works (QLASSIC). Quality is a tenet that we will continue to uphold to solidify our reputation to be a leading developer in Malaysia.

We remain committed in our aim for sustainable earnings growth. The Group looks to ensure that its portfolio of assets is well-balanced against risk and growth.

MANAGEMENT'S DISCUSSION AND ANALYSIS
cont'd

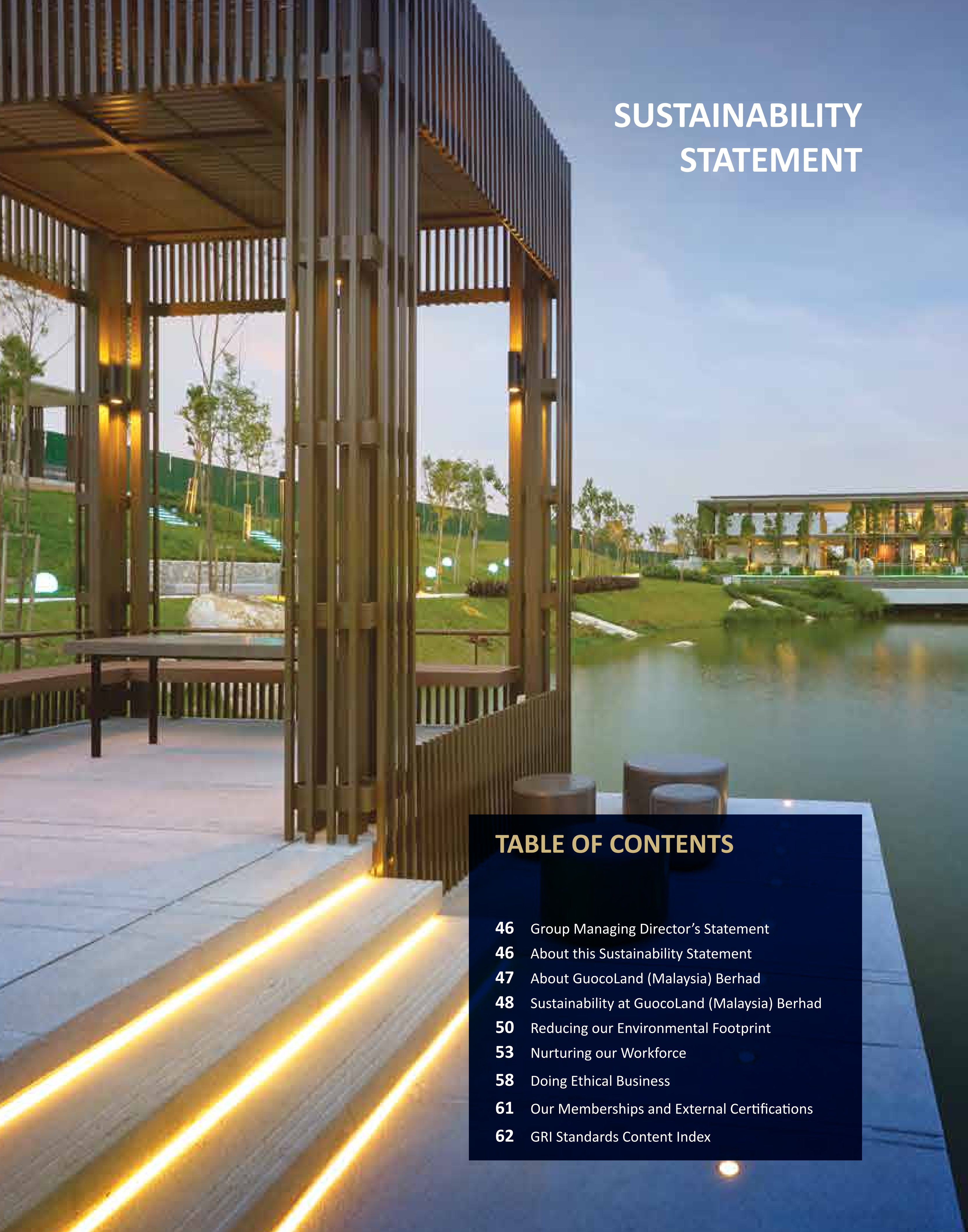
LOOKING AHEAD

On the property front, we believe that challenges in this sector will continue. We expect the concerns of property overhang, affordability and financing to remain uppermost on property players' minds, but we are also mindful that initiatives have been put in place to mitigate these such as the National Housing Policy 2.0, Home Ownership Campaign, lower lending rates and peer-to-peer lending platforms. The overall momentum and prospects of the property market in the near term is expected to remain soft and challenging.

Despite the current competitive market environment, we strive to continue to build contemporary residential and commercial developments that place emphasis on good quality design and space. We are also looking at incorporating technology within our property development value chain which includes using the Industrialised Building System (IBS) in production and construction for better efficiency, as well as other smart building solutions.

Barring any unforeseen circumstances, we are optimistic about the Group's outlook and the financial performance for year ahead.

Datuk Edmund Kong Woon Jun
Group Managing Director



SUSTAINABILITY STATEMENT

TABLE OF CONTENTS

SUSTAINABILITY STATEMENT
cont'd

GROUP MANAGING DIRECTOR'S STATEMENT

Dear valued stakeholders,

On behalf of the Board and management of GuocoLand (Malaysia) Berhad ("GLM"), I present our Sustainability Statement ("statement"), which summarises and highlights our sustainability performance and approach towards bringing a positive change within GLM and the wider community.

The Board continues to oversee GLM's sustainability performance in compliance with the Bursa Malaysia Securities Berhad ("Bursa Securities") guidelines on sustainability reporting. Last year, the Board determined the material Environmental, Social and Governance ("ESG") topics for GLM, and continues to exercise oversight in the management and monitoring of these topics.

We are seeing sustainability issues gaining greater importance in the decision making of our stakeholders. We foresee certain sustainability trends will provide guidance to the way we do business in future as our customers demand elements of green space and healthy living at their homes and as well as to our employees striving for greater engagement.

We continue to improve in all aspects of sustainability which include reducing our environmental footprint, nurturing our workforce and conducting ethical business practices.

We hope this statement will provide valuable insights to our stakeholders on GLM's sustainability efforts. We appreciate your interest and welcome your feedback on this statement.

ABOUT THIS SUSTAINABILITY STATEMENT

This statement presents the annual sustainability performance of GLM for the period of 1 July 2018 to 30 June 2019 ("FY 2019"). The statement covers material ESG topics identified in FY 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 primarily on our property development and property investment businesses.

The data and information presented in this statement have not been externally assured.

A softcopy of this statement can be found on our website at www.guocoland.com.my. For any further query/ clarification/suggestion related to this statement or GLM's sustainability initiatives, please reach out to us at glm.info@guocoland.com.

SUSTAINABILITY STATEMENT
cont'd

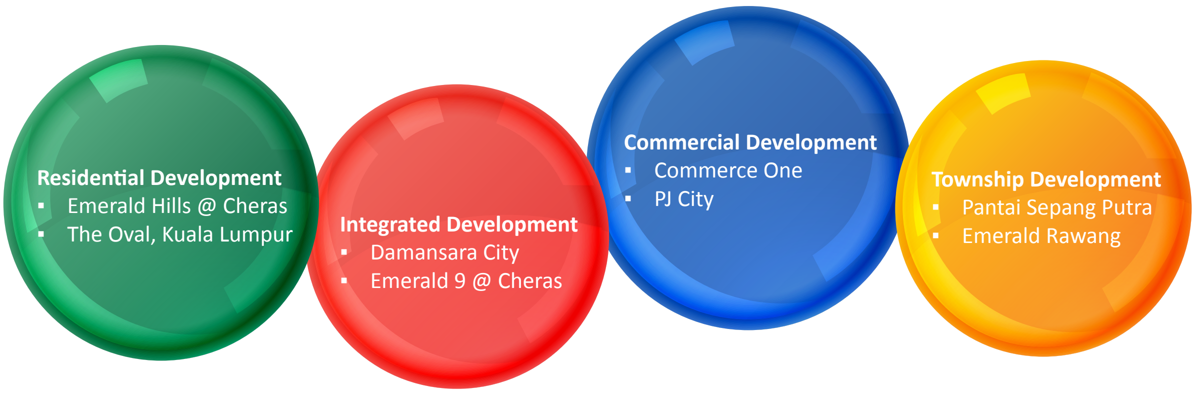
ABOUT GUOCOLAND (MALAYSIA) BERHAD

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

Our business segments are organised into the following three sub-categories:

Property Development

GLM has a portfolio of residential, commercial and industrial developments and our notable projects include:



The following are the latest three developments projects during FY 2019.

Emerald 9 @ Cheras

Launched in May 2019, this project with 10.1 acres land size located at the prime location in Cheras 9th Mile, and with direct linkage to the adjacent MRT Suntex Station, the development comprises residential towers, office spaces and urban street shoppes and courtyard clustered around a glorious series of pockets and green spaces. Emerald 9 represents GLM's vision to enrich the lifestyle of the buyers in a mixed-use placemaking development. Emerald 9 showcases the commitment to build high quality residential apartments, open spaces, and strategic blend of commercial and retail developments that will create a sustainable ecosystem that enhances appreciative value to our buyers while aiming to fulfil the needs of first time home buyers, young professionals, as well as young families.

Emerald Hills @ Cheras

Emerald Hills is a 47.4-acre freehold low-density residential development that sits amid hilly green with a calming central lake at its heart. The gated and guarded development comprises 2 & 3-storey garden terrace houses and lake front condominiums. The 21-acre open spaces for various facilities are designed to enhance the quality of life of residents.

Emerald Rawang

Emerald Rawang is a master planned township which comprises residential, commercial & recreation developments in Rawang. Since the introduction of Emerald Rawang more than 15 years ago, the population has grown to approximately 2,600 families as of today.

The new masterplan for the remaining 360 acres Emerald West Rawang will include 36-acre central park, which consists of a 15-acre lake, 4km of jogging & cycling track. A variety of community activity spaces created for all age groups, promote healthy lifestyle and community living. This new masterplan is set to transform Emerald Rawang into a successful self sustainable township, a charming community that offers a unique, modern and secured urban living experience with nature theme as its heart.

SUSTAINABILITY STATEMENT
cont'd

ABOUT GUOCOLAND (MALAYSIA) BERHAD *cont'd*

Property Investment

We have in our property investment portfolio – Guoco Tower, DC mall, DC parking and our investment in Tower Real Estate Investment Trust (Tower REIT). Tower REIT's portfolio comprises commercial buildings such as Menara HLA in KLCC vicinity and Plaza Zurich (formerly known as HP Towers) in Damansara Heights.

Hotel Business

We also own Sofitel Kuala Lumpur Damansara, a luxury 5-star hotel that is also a part of the integrated development of Damansara City, at Damansara Heights, Kuala Lumpur.

SUSTAINABILITY AT GUOCOLAND (MALAYSIA) BERHAD

Sustainability Governance

The Board of Directors has the overall responsibility for sustainability at GLM. The Group Managing Director's office continues to coordinate information and inputs from senior management team from key functions, namely: Marketing and Sales, Project Management, Cost and Contract, Property Management, Legal, Human Resources, and Finance to develop and improve our sustainability strategies and monitor performance.

Stakeholder engagement

Engagement with key stakeholder groups in FY 2019

We engage our stakeholders and value their feedback as a key input consideration to our sustainability strategy. The table below lists the engagement with our key stakeholders, which are identified based on their influence to our businesses.

Stakeholder	Frequency	Method	Topics raised	Our response
Employees	• Weekly • Monthly • Annual • Ad hoc	• Employee survey • Festive celebrations • Management meetings • Performance review discussions • Lunch talks • Knowledge sharing sessions • Internal newsletters and e-communications	• More staff engagement • More access to tools and materials	Refer to nurturing our workforce.
Investors	• Annual • Quarterly	• Annual General Meeting • Quarterly results announcements • Media releases and interviews	• Long term value creation • Strategy for growth • Corporate Governance	Refer to Chairman's Statement and Management's Discussion & Analysis in our annual report, and website.
Customers including home buyers, residents and tenants	• On-going • Ad hoc	• Social media engagement and outreach • Individual meetings • Festive events	• Greener space with Electric Vehicle charging facilities • Affordable housing • Healthy features • Multi-generational homes • Access to public transport	Refer to product quality, health and safety, reducing our environmental footprint.

SUSTAINABILITY STATEMENT
cont'd

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

Stakeholder engagement *cont'd*

Engagement with key stakeholder groups in FY 2019 *cont'd*

Stakeholder	Frequency	Method	Topics raised	Our response
Regulators/ Government	• Regularly	• On-site inspections • In person meetings	• Environmental compliance • Labour standard compliance • Bursa Securities listing requirements	Refer to reducing our environmental footprint and product quality, health and safety.
Suppliers	• Regularly	• On-site inspections • In-person meetings	• Occupational health and safety • Product quality, health and safety • Environmental compliance • Labour standards	Refer to occupational health and safety and responsible supply chain.
Community	• Ad hoc	• Community dialogue	• Social integration within the living community	Refer to nurturing our workforce.

Materiality assessment

Our materiality assessment was performed in line with the GRI principles. Based on our assessment process conducted for FY 2018, we have identified six material topics and have strategised them across three key pillars; environmental, social and governance. For FY 2019, we continue to report on the following topics in our statement as there has been no significant changes to our business strategies and market environment in Malaysia.

Material Topics	GRI Standard Reported	Geographical Boundary Reported for FY 2019	Impact Boundary
Reducing our Environmental Footprint			
Energy Consumption	• GRI 302: Energy • GRI 305: Emissions	Malaysia	• Managed properties
Nurturing our Workforce			
Human Capital Development	• GRI 401: Employment • GRI 404: Training and Education	Malaysia	• Employees
Occupational Health & Safety	• GRI 403: Occupational Health and Safety	Malaysia	• Employees • Regulators • Contractors
Doing Ethical Business			
Product Quality, Health and Safety	• GRI 416: Customer Health and Safety	Malaysia	• All construction projects
Business Ethics and Anti-Corruption	• GRI 205: Anti-corruption • GRI 418: Customer Privacy	Malaysia	• All business operations
Responsible Supply Chain	• GRI 308: Supplier Environmental Assessment • GRI 414: Supplier Social Assessment	Malaysia	• All construction projects • Contractors

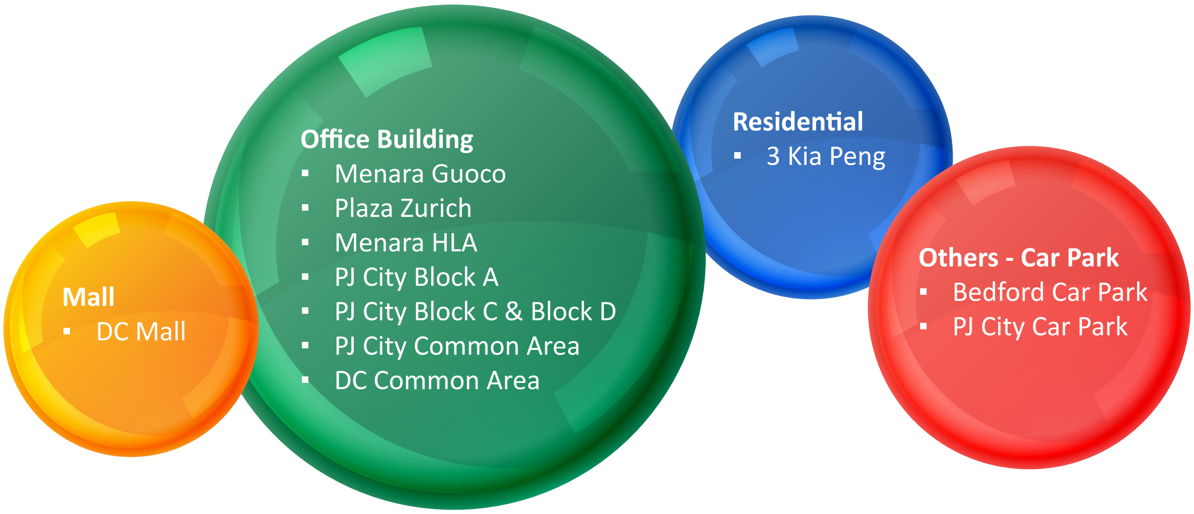
SUSTAINABILITY STATEMENT
cont'd

REDUCING OUR ENVIRONMENTAL FOOTPRINT

The development and operations of property require extensive use of energy and the resulting greenhouse gas ("GHG") emissions represent our environmental impact. We continue to be committed to doing our part in achieving Malaysia's nationally-determined targets agreed at the 2015 Paris Agreement to reduce its GHG emissions intensity of Gross Domestic Product ("GDP") by 45% by 2030 relative to the emissions intensity of GDP in 2005.

Energy savings at our managed properties

The assets listed below are the energy consuming properties that are managed by us.



In efforts to minimise our environmental footprint in FY 2018, we engaged an external energy consultant to inspect our buildings, Menara HLA and Plaza Zurich. The consultant conducted an energy audit and identified solutions for where and how we can optimise our consumption. This process involved the installation of intelligent energy monitoring devices and the careful assessment of our energy consumption patterns.

The evaluation of the project outcome was carried out in FY 2019. We noted that we have evidently reduced our electricity consumption by 3,970,000 kWh (or 15.5%) in Menara HLA and 4,100,000 kWh (or 4.6%) in Plaza Zurich respectively. This year we continue to engage the consultant to assess the energy consumption of DC Mall and DC Parking. We will report on the outcome of this initiative in our subsequent report.

The key recommendations proposed by the consultant are as follows:

1. ***Off-peak tariff rate control ("OPTR")***

   The consultant advised an off-peak tariff rate control practice at Menara HLA and Plaza Zurich. This involved understanding the pattern of the building's electricity consumption by assessment of the monthly electricity trend. Upon the assessment, we applied for a special off peak tariff rate from the electricity supplier. Although the key output was cost savings, the process helped us build an energy saving mindset and created an energy tracking practice on the electricity usage for the building.

2. ***Electrical product checklist control***

   Based on the pilot project outcome in FY 2018, the consultant has formulated a list of brands for eletrical components and specifications that would help in energy savings. This would help to drive our procurement of cleaner and more efficient equipment.

SUSTAINABILITY STATEMENT
cont'd

REDUCING OUR ENVIRONMENTAL FOOTPRINT *cont'd*

Energy savings at our managed properties *cont'd*

3. Energy management policy

The consultant had provided input on the DC Mall energy management policy which was implemented during FY 2019. The policy recognises the importance of energy management and energy efficiency at all operating levels and serves the following objectives:

i. To reduce electrical energy use by at least **2% kWh own usage** per month
ii. To carry out the following **four (4)** energy efficiency projects:
   - Replacement to all LED lighting at car park
   - Changing to C_1 rate for DC Mall and archive the discount target
   - Operating the ACMV system at most optimum efficiency
   - Operating the chiller at time restricted to 8am – 10pm daily
iii. To carry out an **energy audit** at least once a year
iv. To carry out monthly review of **demand** and **energy usage patterns**

Performance

Our energy consumption:

Energy Type	FY 2019	FY 2018	Remark
Electricity Consumption[1] (GJ)	75,179	12,689	Refer to Note (1) and Note (2)
Diesel Consumption[2] (GJ)	201	436	-
Total Energy Consumption (GJ)	**75,380**	**13,125**	
Direct Scope 1 Emissions[3] (tCO_{2e})	15	Not reported	
Indirect Scope 2 Emissions[4] (tCO_{2e})	13,637	Not reported	

Note (1)

The electricity consumption reported last year did not include the other two car parks (ie Bedford and PJ City) under the company's management. This year we have included the two car parks. This explains the increase in electricity consumption for the year.

Note (2)

Electricity consumption this year excluded The Oval - West Tower asset as we have handed over the management of the building to their Management Committee.

Targets

- Installation of LED lights for DC Parking to be completed by next reporting period
- Implementation of Lighting Zoning System to be completed in DC Parking by next reporting period

---

1 *Conversion factor from kwh to GJ = 0.0036; (20,882,980 kwh*0.0036 = 75,179)*
2 *Conversion factors from litres to GJ : Diesel density = 0.84 kg/l and Diesel NCV = 43 TJ/Gg ; (5,555l x 0.84 x 43)/1000 = 201 GJ*
3 *We use the emission factors 74,100 kg/TJ for calculation of CO_2 [Source:http://ghgprotocol.org/sites/default/files/ghgp/Emission_Factors_from_Cross_Sector_Tools_April_2014.xlsx]*
4 *We use the emission factors 0.653 $kgCO_2$/kWh for calculation of CO_2 [Source:https://pub.iges.or.jp/pub/iges-list-grid-emission-factors]*

SUSTAINABILITY STATEMENT
cont'd

REDUCING OUR ENVIRONMENTAL FOOTPRINT *cont'd*

Reducing the environmental footprint of our developments

We strive to reduce our environmental footprint and cater to the needs of the community through the way we plan and develop our buildings.

EMERALD 9

Emerald 9 in Cheras is a transit oriented integrated development. A key feature of this project is its easy accessibility to public transport. As an enhancement to this development, we shall built a 400m covered link walk way to the public train station, encouraging the users to take public transport and reduce reliance on cars and other personal vehicles.

EMERALD HILLS

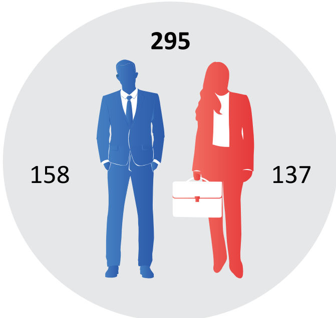
Emerald Hills focuses on providing ample green space for our residents, with more than half the land area used for landscaping and facilities. A jungle trail connecting to a reserve allows for close living with nature. A central lake is also designed to add to the green features and landscaping of the project.

Damansara City mixed - use development

SUSTAINABILITY STATEMENT
cont'd

NURTURING OUR WORKFORCE

Our employee profile [5, 6]:



	Male	Female	Total
Permanent	158	137	295
Temporary	4	4	8
Total	162	141	303

Human Capital Development

We value our employees who form the backbone of our businesses. 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 understand the needs of our people, invest in their growth and ensure their safety.

Listening to our employees

We conducted an employee engagement survey this year which gathered a high rate of participation with 92% of the employees completing the survey. Our objective of the survey was to understand employees' sentiments and needs. The results showed that our employees had good clarity on roles and were aligned to the goals of the company. They expressed the need to facilitate greater bonding between employees and also for enhanced tools and materials to support their work.

One of the follow up steps taken in response to the employee feedback was setting up of the GLM's Sports and Social Committee. The committee was formed to foster employees' communication and relationship, support employees' health and well-being, and encourage employees to engage in charitable purposes and other meaningful activities.

The committee organises bi-weekly sports events such as badminton and futsal with the aim to bring employees together aside from work and building a cohesive workplace inculcating team spirit. The sports events are open to all employees regardless of the department and ranks. We have also set up a "Broadcast" platform on Whatsapp that serves as a communication update tool to employees regarding non-work related matters such as for sports activities and other social events.

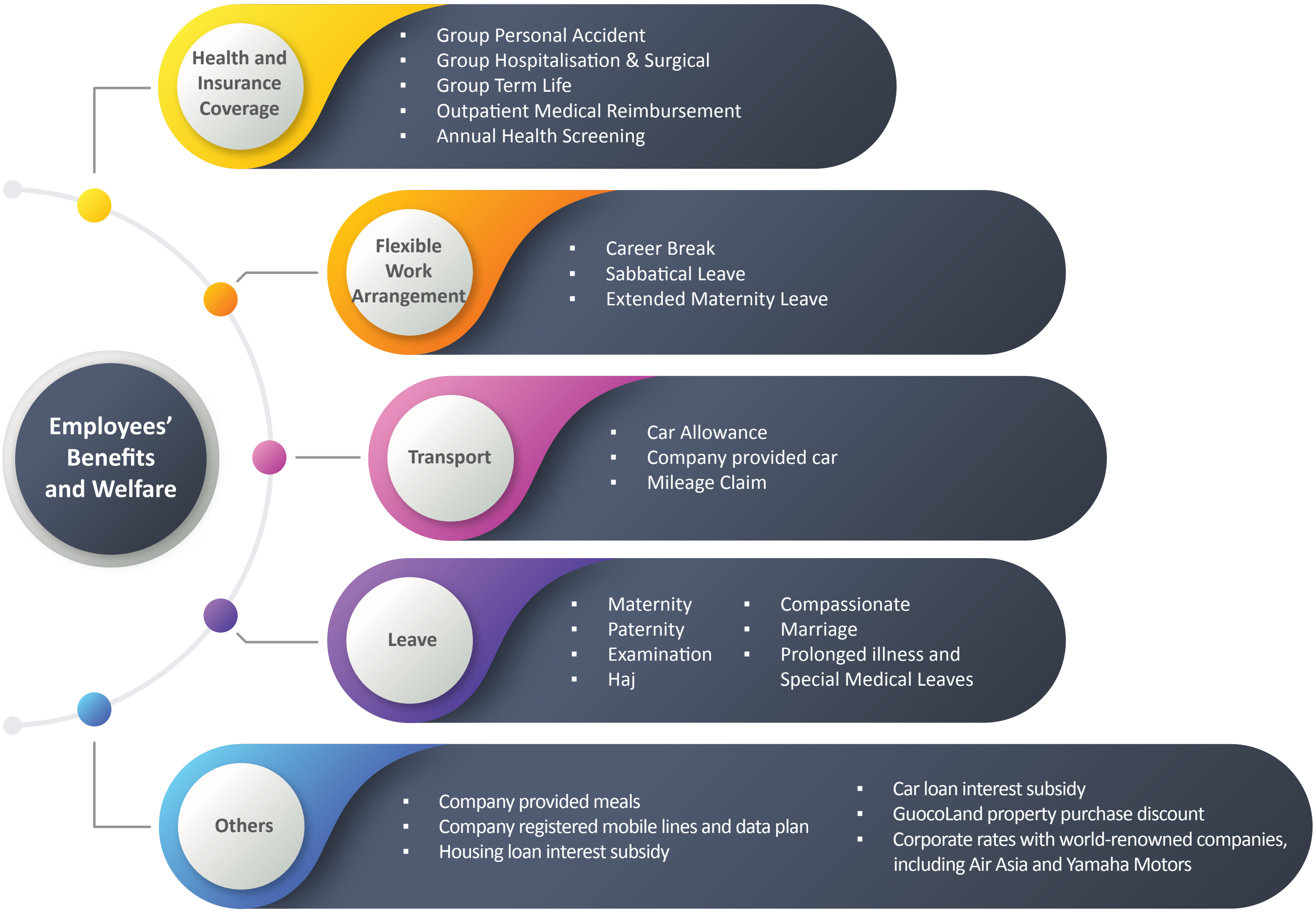
[5] *We do not have any employees to whom collective bargaining agreements apply.*
[6] *We do not have any part time employees.*

SUSTAINABILITY STATEMENT
cont'd

NURTURING OUR WORKFORCE *cont'd*

Employees' benefits and welfare

We understand that employee welfare and health are of utmost importance. We need a healthy and thriving workforce to serve our customers and to deliver our promise. GLM offers competitive benefits to motivate and to reward our people.



Training and developing our people

The rapid advancement of technology and its use in the property development industry is dynamic. GLM encourages employee training, workshops and education for all our employees to strengthen their skills and keep updated with changing requirements and trends. This includes both technical and soft-skills based learning.

Employee training needs are identified and discussed during the appraisal process. These discussions help to formulate need based and individual training plans. In FY 2019, we launched a learning calendar that serves as a monitoring platform to be used by staff and their mentors and helps track the training progress of the employees.

SUSTAINABILITY STATEMENT
cont'd

NURTURING OUR WORKFORCE *cont'd*

Training and developing our people cont'd

In FY 2019, our staff attended several courses, a sample of which are shown below.

Property & People Management

- **12th Malaysian Property Summit 2019** by Association of Valuers, Property Managers, Property Agents & Property Consultants (PEPS)
- **Property Management Time Bomb Seminar** by Malaysia Shopping Malls Association ("PPK")
- **Certification Course in Shopping Mall Management** by PPK
- **Asset Management Current Issues & Development** by the Seekers Pro Network Sdn Bhd
- **Seminar on Get Mobile Phone Signal Coverage in Your Mall At No Charge** by PPK
- **Qlassic Awareness Course** by Sysnovate Solutions Sdn Bhd
- **2nd Strata Management Seminar 2018** by Logic Plus Events
- **Property Development Conference CEO Series 2018** by the Real Estate and Housing Developers' Association ("REHDA")
- **Bridging Property Manager and Facility Manager** by Malaysian Institute of Property and Facility Managers
- **Land Development Class 2018** by Kelab Kebajikan Dan Sukan Pejabat Tanah & Galian Selangor
- **Strata Management Clinic** by REHDA Institute
- **Security and Safety Training Course** by PPK
- **Seminar on Personal Protective Equipment (PPE)** by Sirim QAS
- **Save Cost with Cogeneration** by PPK
- **Post GE 14: Malaysia Capital Market Outlook & Direction** by CHK Consultancy
- **Industry 4.0 and Its Impact of Malaysian Capital Market** by CHK Consultancy
- **IBS Professional Management** by CIDB Malaysia

Architecture & Design

- **Qlassic Awareness & Practical Training** by Canaan Building Inspections

Legal, Accounting & Finance

- **Protecting Company's Future by Preventing Fraud** by The Institute of Internal Auditors Malaysia ("IIAM")
- **ISO Awareness training**
- **Hiring Solution Workshop** by Jobstreet Academy
- **Staying Relevant in Digital Landscape** by IIAM
- **Accounting for Agriculture Sector** by Malaysian Institute of Accounts ("MIA")
- **Policies & Regulatory Updates Impacting HSE Industry** by the REHDA
- **Save Cost With Cogeneration** by PPK
- **Tax Seminar 2019** by REHDA
- **Important Industrial and Higher Court Decisions of 2018** by LS Human Capital Sdn Bhd
- **Finance for Non Finance** by Aspeqtrain Sdn Bhd
- **CIPAA in Construction Dispute Resolution** by Legal Plus Sdn Bhd
- **MFRS 16 Leases** by MIA
- **Big Data Analytics Course** by REHDA Institute
- **Briefing on Application on MFRS 15 Revenue** by REHDA Institute
- **AMLA, 1MDB and the New Government's Policies and Challenges** by CHK Consultancy

Supporting employee volunteerism

We encourage employee volunteer activities that support our local communities. This helps strengthen the bonds between our people and also supports the development of our communities.

During our previous project involvement in the suburban town of Sepang, our project team noted the need for supporting the Sungai Pelek community. Over the year, we were involved in refurbishing an old building into a library for the local community. Leveraging our core competencies, we have helped provide building material and architectural support. Our staff are also engaging with the youth to cultivate their reading habits.

SUSTAINABILITY STATEMENT
cont'd

NURTURING OUR WORKFORCE *cont'd*

Performance

Employee New Hire & Turnover by Age

No. of New Hires	FY 2019	FY 2018
Less than 30	46	54
Between 30 and 50	55	64
Over 50	3	5
Total	104	123

New Hire Rate[7]	FY 2019	FY 2018
Less than 30	0.70	0.44
Between 30 and 50	0.28	0.52
Over 50	0.10	0.04

No. of Employees Resigned	FY 2019	FY 2018
Less than 30	40	40
Between 30 and 50	56	55
Over 50	5	9
Total	101	104

Turnover Rate[8]	FY 2019	FY 2018
Less than 30	0.61	0.66
Between 30 and 50	0.28	0.28
Over 50	0.17	0.26

Employee New Hire & Turnover by Gender

No. of New Hires	FY 2019	FY 2018
Male	48	54
Female	56	69
Total	104	123

New Hire Rate[7]	FY 2019	FY 2018
Male	0.30	0.44
Female	0.41	0.56

No. of Employees Resigned	FY 2019	FY 2018
Male	57	53
Female	44	51
Total	101	104

Turnover Rate[8]	FY 2019	FY 2018
Male	0.36	0.32
Female	0.33	0.43

[7] *New Hire Rate = number of employees hired during the year/employees at end of FY 2019*
[8] *Turnover = number of employees that have left GLM Group/(employees at start of FY 2019 + employees at end of FY 2019)/2)*

SUSTAINABILITY STATEMENT
cont'd

NURTURING OUR WORKFORCE *cont'd*

Performance

Average Training Hours per Employee Category

	Total Number		Average Training Hours	
	FY 2019	FY 2018	FY 2019	FY 2018
Executive	214	199	1.9	3.3
Non-executive	81	95	1.1	2.6
Total	295	294	1.7	3.0

Targets

- Conduct open group sessions with the aim to bring employees from various department to share their viewpoints and brainstorm ideas
- Rollout new leadership courses
- Reduce overall turnover rate to less than 30%

Occupational health and safety

Our industry is prone to health and safety risks. Hence, it is imperative that we ensure occupational health and safety by having stringent safety policies and practices in place. We continue to work alongside our contractors to maximise the safety of our employees, workers and neighbouring communities.

In FY 2019, we continued to conduct annual fire drills and regular internal briefings for our Emergency Response Team ("ERT") to reduce response time in the event of any unforeseen accidents or catastrophe.

Performance

There were zero cases of fatalities, high consequence work-related injuries and recordable work-related injuries of our employees and contracted workers.

Targets

- Strengthen our risk management procedure to achieve zero workplace incidents
- Maintain zero workplace fatalities
- Attain Occupational Health and Safety Assessment Series ("OHSAS") accreditation for our Damansara City project

SUSTAINABILITY STATEMENT
cont'd

DOING ETHICAL BUSINESS

Product Quality, Health and Safety

Our reputation is built on the quality and safety of our buildings. Our customers not only expect the highest quality in construction, but also expect us to embody health and safety features that last through the lifetime of our developments.

Delivering safe and quality buildings

We continue to undergo stringent evaluations to raise our own standards. The Quality Assessment Systems in Construction (QLASSIC) inspects our buildings and awards points based on structure, architecture and monitoring and evaluation procedures. We also continue to keep abreast with best practices and compliance in regards to our operation in producing quality living homes by regularly attending conferences and informational courses.

Providing after sales support

Our Customer Relation Management ("CRM") department are responsible for after sale services. CRM are tasked on handling customer feedback in relation to any issues or defects that may arise on the handed over units. We abide by standard industry practices whereby any items reported are resolved by GLM at no cost within the period stipulated in our sales and purchase agreement ("SPA"). We also practice on reporting defects on a weekly basis. These defects reported are analysed by our project team with the objective of continuous improvement.

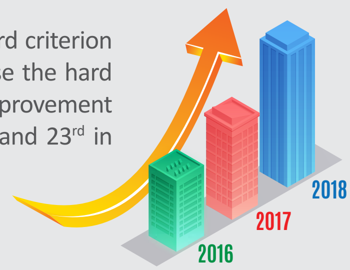
Embedding health and safety features into our developments

We place great emphasis on safe and healthy living in all of our property developments. Our properties come with controlled access to provide a safe and secure environment and feature well-designed communal spaces to encourage healthy community activities.

Performance

There were no incidents of non-compliance concerning building safety for our new constructions in FY 2019.

We have participated in The Edge Property Excellence award on a yearly basis. The award criterion are based on both quantitative and qualitative standards with the objective to recognise the hard work and pursuit of excellence of Malaysia's top property developers. We have seen improvement in our ranking over the years. We were ranked at 27th in year 2016, 25th in year 2017 and 23rd in year 2018. We will continue to strive in improving our ranking in the coming years.



Target

- Maintain zero incidents of non-compliance with building safety matters for our new constructions in FY 2020
- Continue to incorporate and improve health and safety considerations in our properties

Business Ethics & Anti-corruption

At GLM, we have deep-seeded values of integrity, honesty and commitment in delivering excellence. As such, we enforce good ethics at all stages of business, both internally and externally.

Fair marketing

Fair marketing is key to retain the trust of our customers. We provide comprehensive in-house briefing to our real estate agents who are at the front line in serving our potential home buyers. We brief our agents on GLM's sales and marketing policies; enabling them to provide consistent, accurate and up-to-date messaging to our buyers.

SUSTAINABILITY STATEMENT
cont'd

DOING ETHICAL BUSINESS *cont'd*

Engaging our communities

At GLM, we hold festive events for public at our sales galleries. It is a platform to engage with our communities; provide a platform to dialogue with our customers and; introduce our new products. Highlights from some of our open house events that took place during the year are presented below.

- Raya open house at Emerald 9 Sales Gallery



- Chinese New Year event at Emerald 9 Sales Gallery



- Customer Appreciation and Property Talk



- Carnival Night at Emerald Hills Sales Gallery



SUSTAINABILITY STATEMENT
cont'd

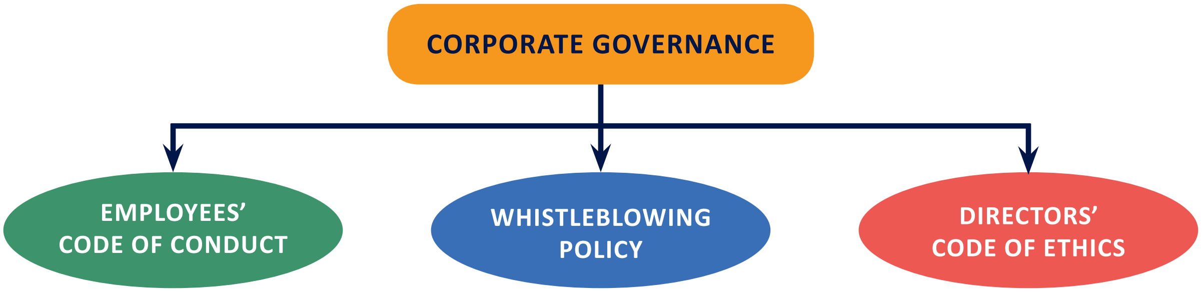
DOING ETHICAL BUSINESS *cont'd*

- Mid Autumn festival at Emerald Hills



Corporate Governance

Our three pillars of corporate governance describes how we deal with risks such as anti-corruption, data leaks and fraud in the organisation.



Employees' Code of Conduct

Every new employee at GLM is given a briefing on GLM's Employees' Code of Conduct. We also continue to train our employees on sharing confidential information with third parties and ensuring that they abide closely to personal data protection regulations.

Whistleblowing Policy

We have a Whistleblowing Policy to meet the Malaysian regulatory practices. The policy provides a safe channel for employees to report any suspected misconduct within GLM. The aim of this policy is to provide an avenue for employees and others who have serious concerns about any suspected misconduct to come forward and voice those concerns.

Directors' Code of Ethics

To instil a culture that is corruption-free, we believe in starting from the top management and cascading down to the floor. With that aspiration, GLM's Board of Directors observes the Code of Ethics for Company Directors established by the Companies Commission of Malaysia ("Code of Ethics"). The principles on which this Code of Ethics rely are those that concern transparency, integrity, accountability and corporate social responsibilities.

SUSTAINABILITY STATEMENT
cont'd

DOING ETHICAL BUSINESS *cont'd*

Corporate Governance *cont'd*

Performance

In FY 2019, we had no issues relating to corruption. There were no cases of staff dismissal, fines, disciplinary action nor grievances registered on matters relating to corruption. There were also no reports of breaches in customer data privacy in FY 2019.

Targets

Maintain zero incidents of corruption, unethical behaviour or reports of breaches in customer data privacy in FY 2020.

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. For instance, carbon emissions can be reduced by sourcing our building materials locally. We value the quality, performance and speed of delivery of our materials but are placing increasing focus on sustainability.

We have stringent tender processes in place which include social and environmental requirements. The awarded contractor is also stipulated to a site public safety clause which requires them to comply with all prevailing site and public safety regulations, by-laws and other statutory requirements as well as compliance with Occupational Safety and Health Act 1994 (Act 514).

Performance and Target

We will continue to improve our processes and engage with our suppliers and contractors to:
- Identify and manage risks
- Increase productivity and efficiency within the supply chain

OUR MEMBERSHIPS AND EXTERNAL CERTIFICATIONS

External Certifications

ISO 9001:2015

Memberships

Construction Industry Development Board (CIDB)
The International Real Estate Federation (FIABCI)
Real Estate and Housing Developer's Association Malaysia (REHDA)
Malaysia Shopping Mall Association (PPKM)
Malaysia Green Building Federation
Building Management Association Malaysia (BMAM)

SUSTAINABILITY STATEMENT
cont'd

GRI STANDARDS CONTENT INDEX

Disclosure Number	Disclosure Title	Section of Statement
General disclosures		
102-1	Name of the organisation	About GuocoLand (Malaysia) Berhad
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 the Annual Report
102-11	Precautionary Principle or approach	Sustainability at GuocoLand (Malaysia) Berhad
102-12	External initiatives/charters	Our Memberships, External Initiatives and Charters
102-13	Membership of associations	
102-14	Statement from senior decision-maker	Management's Discussion and Analysis
102-16	Values, principles, standards, and norms of behaviour	Doing Ethical Business
102-18	Governance structure	Sustainability at GuocoLand (Malaysia) Berhad
102-40	List of stakeholder groups	Stakeholder Engagement
102-41	Collective bargaining agreements	Nurturing our Workforce
102-42	Identifying and selecting stakeholders	Stakeholder Engagement
102-43	Approach to stakeholder engagement	Stakeholder Engagement
102-44	Key topics and concerns raised	Stakeholder Engagement
102-45	Entities included in the consolidated financial statements	Annual Report
102-46	Defining report content and topic boundaries	About this sustainability statement
102-47	List of material topics	Sustainability at GuocoLand (Malaysia) Berhad
102-48	Restatements of information	Nil
102-49	Changes in reporting	Nil
102-50	Reporting period	Annual
102-51	Date of most recent report	30 June 2018

SUSTAINABILITY STATEMENT
cont'd

GRI STANDARDS CONTENT INDEX *cont'd*

Disclosure Number	Disclosure Title	Section of Statement
General disclosures *cont'd*		
102-52	Reporting cycle	About this sustainability statement
102-53	Contact point for questions regarding the report	
102-54	Claims of reporting in accordance with the GRI Standards	About this sustainability statement
102-55	GRI content index	GRI content index
102-56	External assurance	About this sustainability statement
Specific disclosures		
GRI Standard: Energy and Emissions		
103-1/2/3	Management Approach	Reducing our Environmental Footprint
302-1	Energy consumption within the organization	
302-4	Reduction of energy consumption	
305-1	Direct (Scope 1) GHG Emissions	
305-2	Energy Indirect (Scope 2) GHG Emissions	
GRI Standard: Employment		
103-1/2/3	Management Approach	Nurturing our Workforce: Human Capital Development
401-1	New employee hires and employee turnover	
GRI Standard: Training and Education		
103-1/2/3	Management Approach	Nurturing our Workforce: Human Capital Development
404-1	Average training hours per year per employee	
GRI Standard: Occupational Health and Safety		
103-1/2/3	Management Approach	Nurturing our Workforce: Occupational Health & Safety
403-9	Work-related Injuries	
GRI Standard: Customer Health and Safety		
103-1/2/3	Management Approach	Doing Ethical Business: Product Quality, Health and Safety
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	

SUSTAINABILITY STATEMENT
cont'd

GRI STANDARDS CONTENT INDEX *cont'd*

Disclosure Number	Disclosure Title	Section of Statement
Specific disclosures *cont'd*		
GRI Standard: Customer Privacy		
103-1/2/3	Management Approach	Doing Ethical Business: Business Ethics & Anti-Corruption
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	
GRI Standard: Anti-Corruption		
103-1/2/3	Management Approach	Doing Ethical Business: Business Ethics & Anti-Corruption
205-3	Confirmed incidents of corruption and actions taken	
GRI Standard: Supplier Environmental Assessment		
103-1/2/3	Management Approach	Doing Ethical Business: Responsible Supply Chain
308-2	New suppliers that were screened using environmental criteria	
GRI Standard: Supplier Social Assessment		
103-1/2/3	Management Approach	Doing Ethical Business: Responsible Supply Chain
414-1	New suppliers that were screened using social criteria	

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 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are as stated in Note 40 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
Loss net of tax	**(28,928)**	**(20,097)**
(Loss)/profit attributable to:		
Owners of the parent	**(32,780)**	**(20,097)**
Non-controlling interests	**3,852**	**-**
	(28,928)	**(20,097)**

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.

DIRECTORS' REPORT
cont'd

DIVIDENDS

The dividend paid by the Company since 30 June 2018 was as follows:

	RM'000
In respect of the financial year ended 30 June 2018:	
Final single tier dividend of 2 sen per share on 669,880,418 (net of ESS Trust shares) ordinary shares paid on 13 December 2018	**13,398**

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 30 June 2019, 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 2020.

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	(Chairman)
YBhg Datuk Edmund Kong Woon Jun	(Group Managing Director)
Mr Peter Ho Kok Wai	
Encik Zulkiflee bin Hashim	
Ms Patricia Chua Put Moy	

The names of the directors of the Company's subsidiaries are set out in the respective subsidiaries' audited 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 1.7.2018	Acquired	Sold	As at 30.6.2019
Interests of Mr Raymond Choong Yee How in:				
Hong Leong Financial Group Berhad	3,000,000	-	-	**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 1.7.2018	**Acquired**	**Sold**	**As at 30.6.2019**
Interest of YBhg Datuk Edmund Kong Woon Jun in:				
GuocoLand (Malaysia) Berhad	15,000,000*	-	-	**15,000,000***

None of the other directors in office at the end of the financial year had any interest in the ordinary shares or options over ordinary shares in the Company or its related corporations during the financial year.

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 under the Value Creation Incentive Plan.

Since the end of the previous financial year, no director has received or became 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 the remuneration of the directors of the Company are disclosed in Note 11 to the financial statements whilst the details of the 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	**2,197**	**-**
Defined contribution plans	**264**	**-**
Fees	**210**	**210**
Estimated money value of benefits-in-kind	**66**	**-**
Other emoluments	**148**	**148**
	2,885	**358**

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 RM62,000,000). 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 RM4,806.

ISSUE OF SHARES AND DEBENTURES

There were no issue of shares and debentures of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

The details of the Executive Share Scheme and the Value Creation Incentive Plan of the Company are disclosed in Note 37 to the financial statements.

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.

DIRECTORS' REPORT
cont'd

OTHER STATUTORY INFORMATION cont'd

(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.

(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 significant events disclosed elsewhere in this report.

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	425	121
Other auditors	174	-
	599	**121**

DIRECTORS' REPORT
cont'd

AUDITORS cont'd

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 or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 September 2019.

DATUK KONG WOON JUN **PETER HO KOK WAI**

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 78 to 189 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 September 2019.

DATUK KONG WOON JUN

PETER HO KOK WAI

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 78 to 189 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 25 September 2019

LOI KOK MUN
[MIA 29321]

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 2019 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 78 to 189.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

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

<u>How our audit addressed the matter</u>

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 development properties classified as inventories

(Refer to Note 23 to the financial statements)

As at 30 June 2019, the carrying amount of completed development properties classified as inventories is RM495,097,000, representing approximately 17% 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.

<u>How our audit addressed the matter</u>

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

Key audit matters cont'd

Revenue and cost of sales in respect of property development activities

(Refer to Note 4 and Note 5 to the financial statements)

A significant proportion of the Group's revenues and profits are derived from property development contracts which span more than one accounting period. For the financial year ended 30 June 2019, property development revenue of RM100,284,000 and cost of sales of RM95,483,000 accounted for approximately 24% and 30% of the Group's revenue and cost of sales respectively. For these property development contracts where revenue is recognised over time, the Group uses the input method which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects in accounting for the progress towards complete satisfaction of the Group's performance obligation.

We identified revenue and cost of sales in respect of property development activities as areas requiring audit focus as significant management's judgement and estimates are involved in estimating the total property development costs which include the common infrastructure costs (which is used to determine progress towards complete satisfaction of the Group's performance obligation and gross profit margin of the property development activities undertaken by the Group).

<u>How our audit addressed this matter</u>

To address these areas of audit focus, we performed, amongst others, the following procedures:

- We obtained an understanding of the internal controls over the accuracy and timing of revenue recognised in the financial statements, including controls performed by management in estimating the total property development cost, gross profit margin and progress towards complete satisfaction of the Group's performance obligation of the property development activities;

- For significant property development phase, we read the sale and purchase agreements entered into with the customers to obtain an understanding of the specific terms and conditions;

- We evaluated the assumptions applied in estimating the total property development costs for each property development phase by examining documentary evidence such as letters of award issued to contractors to support the total budgeted costs. We also considered the historical accuracy of management's forecasts for the similar property development projects in evaluating the estimated total property development costs;

- We evaluated the determination of the progress towards complete satisfaction of the Group's performance obligation by examining supporting evidence such as contractors' progress claims and suppliers' invoices; and

- We observed the progress of the property development phases by performing site visit and examined physical progress reports. We also discussed the status of on-going property development phases with management, finance personnel and project officials.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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: (cont'd)

- 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 40 to the financial statements.

OTHER MATTERS

1. As stated in Note 2.2 to the financial statements, GuocoLand (Malaysia) Berhad adopted Malaysian Financial Reporting Standards and International Financial Reporting Standards on 1 July 2018 with a transition date of 1 July 2017. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 30 June 2018 and 1 July 2017, and the income statements, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year ended 30 June 2018 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 June 2019, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2018 do not contain misstatements that materially affect the financial position as at 30 June 2019 and financial performance and cash flows for the financial year then ended.

2. 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

EDWIN JOSEPH FRANCIS
No. 03370/05/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
25 September 2019

INCOME STATEMENTS

For the financial year ended 30 June 2019

		GROUP		COMPANY	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	**413,952**	239,400	**17,620**	52,353
Cost of sales	5	**(317,499)**	(169,594)	**-**	-
Gross profit		**96,453**	69,806	**17,620**	52,353
Selling and marketing expenses		**(14,520)**	(12,115)	**(10)**	-
Administrative expenses		**(73,192)**	(71,242)	**(7,713)**	(4,080)
Other net operating income/(loss)	6	**7,770**	107,068	**(24,217)**	(82,684)
Profit/(loss) from operations		**16,511**	93,517	**(14,320)**	(34,411)
Finance income	7	**7,480**	4,832	**7,859**	5,366
Finance costs	8	**(49,640)**	(51,202)	**(13,975)**	(10,562)
Share of results of associates		**1,825**	10,339	**-**	-
Share of results of joint ventures		**4,569**	(331)	**-**	-
(Loss)/profit before tax	9	**(19,255)**	57,155	**(20,436)**	(39,607)
Income tax (expense)/benefit	12	**(9,673)**	95	**339**	1,696
(Loss)/profit net of tax		**(28,928)**	57,250	**(20,097)**	(37,911)
(Loss)/profit attributable to:					
Owners of the parent		**(32,780)**	21,117	**(20,097)**	(37,911)
Non-controlling interests		**3,852**	36,133	**-**	-
		(28,928)	57,250	**(20,097)**	(37,911)
Earnings per share attributable to owners of the parent (sen per share):					
Basic	13	**(4.89)**	3.15		
Diluted	13	**(4.89)**	3.15		

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 2019

	GROUP		COMPANY	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(Loss)/profit net of tax	**(28,928)**	57,250	**(20,097)**	(37,911)
Other comprehensive income to be reclassified to profit or loss in subsequent periods*:				
Foreign currency translation, representing total other comprehensive income	**87**	11	**-**	-
Total comprehensive (loss)/income for the financial year	**(28,841)**	57,261	**(20,097)**	(37,911)
Total comprehensive (loss)/income attributable to:				
Owners of the parent	**(32,693)**	21,128	**(20,097)**	(37,911)
Non-controlling interests	**3,852**	36,133	**-**	-
	(28,841)	57,261	**(20,097)**	(37,911)

* *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 - GROUP

As at 30 June 2019

	Note	30/06/2019 RM'000	30/06/2018 RM'000	01/07/2017 RM'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	**349,175**	375,520	523,832
Investment properties	16	**536,163**	540,563	544,318
Investments in associates	18	**202,724**	203,745	197,895
Investments in joint ventures	19	**113,523**	110,018	110,873
Goodwill	20	**6,079**	9,747	11,813
Deferred tax assets	21	**17,454**	16,984	7,347
Inventories	23	**302,489**	302,489	438,673
		1,527,607	1,559,066	1,834,751
CURRENT ASSETS				
Derivative financial assets	22	**-**	-	118
Inventories	23	**912,817**	1,106,532	1,001,539
Trade and other receivables	24	**46,576**	49,375	108,308
Contract asset	25	**72,247**	-	-
Contract cost asset	26	**59,598**	30,194	-
Other current assets	27	**4,031**	581	894
Tax recoverable		**4,538**	10,827	7,548
Biological assets	28	**360**	434	542
Other investment	29	**8,900**	11,779	1,615
Cash and bank balances	30	**208,116**	192,101	231,592
		1,317,183	1,401,823	1,352,156
TOTAL ASSETS		**2,844,790**	2,960,889	3,186,907

STATEMENTS OF FINANCIAL POSITION - GROUP

As at 30 June 2019
cont'd

	Note	30/06/2019 RM'000	30/06/2018 RM'000	01/07/2017 RM'000
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	31	**385,318**	385,318	385,318
Reserves	32	**932,636**	978,727	970,997
Equity funds		**1,317,954**	1,364,045	1,356,315
Shares held by ESS Trust	33	**(23,883)**	(23,883)	(23,883)
		1,294,071	1,340,162	1,332,432
Non-controlling interests		**138,116**	134,264	118,388
TOTAL EQUITY		**1,432,187**	1,474,426	1,450,820
NON-CURRENT LIABILITIES				
Deferred tax liabilities	21	**33,826**	30,305	32,374
Loans and borrowings	34	**878,042**	930,193	1,162,110
Trade and other payables	35	**4,524**	9,754	8,674
		916,392	970,252	1,203,158
CURRENT LIABILITIES				
Derivative financial liabilities	22	**-**	-	103
Loans and borrowings	34	**343,732**	287,610	256,611
Trade and other payables	35	**137,003**	204,959	271,122
Contract liabilities	36	**14,391**	23,523	-
Tax payable		**1,085**	119	5,093
		496,211	516,211	532,929
TOTAL LIABILITIES		**1,412,603**	1,486,463	1,736,087
TOTAL EQUITY AND LIABILITIES		**2,844,790**	2,960,889	3,186,907

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

STATEMENTS OF FINANCIAL POSITION - COMPANY

As at 30 June 2019

	Note	30/06/2019 RM'000	30/06/2018 RM'000	01/07/2017 RM'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	**22**	44	79
Investments in subsidiaries	17	**1,215,017**	1,155,394	1,085,193
Investments in associates	18	**56,000**	56,000	56,000
		1,271,039	1,211,438	1,141,272
CURRENT ASSETS				
Trade and other receivables	24	**180,586**	204,876	89,699
Tax recoverable		**2,471**	1,760	-
Cash and bank balances	30	**2,504**	567	3,545
		185,561	207,203	93,244
TOTAL ASSETS		**1,456,600**	1,418,641	1,234,516
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	31	**385,318**	385,318	385,318
Reserves	32	**635,776**	669,271	720,580
Equity funds		**1,021,094**	1,054,589	1,105,898
Shares held by ESS Trust	33	**(23,883)**	(23,883)	(23,883)
TOTAL EQUITY		**997,211**	1,030,706	1,082,015
NON-CURRENT LIABILITIES				
Trade and other payables	35	**336,700**	309,036	141,401
CURRENT LIABILITIES				
Loans and borrowings	34	**122,000**	78,200	9,300
Trade and other payables	35	**689**	699	618
Tax payable		**-**	-	1,182
		122,689	78,899	11,100
TOTAL LIABILITIES		**459,389**	387,935	152,501
TOTAL EQUITY AND LIABILITIES		**1,456,600**	1,418,641	1,234,516

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 2019

	Attributable to owners of the parent									
		Non-Distributable					Distributable			
	Share capital (Note 31) RM'000	Exchange reserve (Note 32) RM'000	Fair value reserve (Note 32) RM'000	Merger reserve (Note 32) RM'000	Other reserve (Note 32) RM'000	Shares held by ESS Trust (Note 33) RM'000	Retained profits (Note 32) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
GROUP										
At 1 July 2017 (As presented under FRS)	385,318	8	769	(24,028)	27	(23,883)	993,830	1,332,041	118,388	1,450,429
Effect of adoption of MFRS	-	-	-	-	-	-	391	391	-	391
At 1 July 2017 (As presented under MFRS)	385,318	8	769	(24,028)	27	(23,883)	994,221	1,332,432	118,388	1,450,820
(Loss)/profit for the financial year	-	-	(769)	-	-	-	21,886	21,117	36,133	57,250
Other comprehensive income	-	11	-	-	-	-	-	11	-	11
Total recognised income/ (loss) for the financial year	-	11	(769)	-	-	-	21,886	21,128	36,133	57,261
Transactions with owners:										
Dividend paid (Note 14)	-	-	-	-	-	-	(13,398)	(13,398)	(22,437)	(35,835)
Disposal of subsidiary	-	-	-	-	-	-	-	-	2,180	2,180
At 30 June 2018	**385,318**	**19**	**-**	**(24,028)**	**27**	**(23,883)**	**1,002,709**	**1,340,162**	**134,264**	**1,474,426**
(Loss)/profit for the financial year	**-**	**-**	**-**	**-**	**-**	**-**	**(32,780)**	**(32,780)**	**3,852**	**(28,928)**
Other comprehensive income	**-**	**87**	**-**	**-**	**-**	**-**	**-**	**87**	**-**	**87**
Total recognised income/ (loss) for the financial year	**-**	**87**	**-**	**-**	**-**	**-**	**(32,780)**	**(32,693)**	**3,852**	**(28,841)**
Transactions with owners:										
Dividend paid (Note 14)	**-**	**-**	**-**	**-**	**-**	**-**	**(13,398)**	**(13,398)**	**-**	**(13,398)**
At 30 June 2019	**385,318**	**106**	**-**	**(24,028)**	**27**	**(23,883)**	**956,531**	**1,294,071**	**138,116**	**1,432,187**

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2019
cont'd

		Non-Distributable		Distributable	
	Share capital (Note 31) RM'000	Merger reserve (Note 32) RM'000	Shares held by ESS Trust (Note 33) RM'000	Retained profits (Note 32) RM'000	Total equity RM'000
COMPANY					
At 1 July 2017	385,318	68,219	(23,883)	652,361	1,082,015
Loss for the financial year	-	-	-	(37,911)	(37,911)
Transaction with owners:					
Dividend paid (Note 14)	-	-	-	(13,398)	(13,398)
At 30 June 2018	**385,318**	**68,219**	**(23,883)**	**601,052**	**1,030,706**
Loss for the financial year	**-**	**-**	**-**	**(20,097)**	**(20,097)**
Transaction with owners:					
Dividend paid (Note 14)	**-**	**-**	**-**	**(13,398)**	**(13,398)**
At 30 June 2019	**385,318**	**68,219**	**(23,883)**	**567,557**	**997,211**

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 2019

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before tax	**(19,255)**	57,155	**(20,436)**	(39,607)
Adjustments for:				
Share of results of associates	**(1,825)**	(10,339)	**-**	-
Share of results of joint ventures	**(4,569)**	331	**-**	-
Finance income	**(7,480)**	(4,832)	**(7,859)**	(5,366)
Finance costs	**49,640**	51,202	**13,975**	10,562
Dividend income	**(449)**	(219)	**(17,620)**	(52,353)
Overprovision of property development costs in prior years	**-**	(1,236)	**-**	-
Property, plant and equipment:				
- depreciation	**11,501**	12,234	**22**	35
- written off	**5**	45	**-**	-
- gain on disposal	**-**	(58)	**-**	-
Bad debts written off	**177**	98	**-**	-
Reversal of allowance for impairment on trade receivables	**(850)**	(18)	**-**	-
Allowance for impairment on				
- trade receivables	**3,211**	851	**-**	-
- other receivables	**18**	-	**-**	-
Realisation of goodwill	**3,668**	2,066	**-**	-
Provision for foreseeable losses of property development activities	**990**	2,140	**-**	-
Net gain on fair value adjustments of investment properties	**(7,870)**	(487)	**-**	-
Net fair value gain on derivative financial assets and liabilities	**-**	(47)	**-**	-
Gain on disposal of subsidiaries	**-**	(104,081)	**-**	-
Gain on disposal of financial assets at fair value through profit or loss	**-**	(739)	**-**	-
Net loss on fair value of financial assets at fair value through profit or loss	**-**	769	**-**	-
Impairment loss on investment in subsidiaries	**-**	-	**24,211**	82,684
Operating profit/(loss) before working capital changes carried forward	**26,912**	4,835	**(7,707)**	(4,045)

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2019
cont'd

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES cont'd				
Operating profit/(loss) before working capital changes brought forward	**26,912**	4,835	**(7,707)**	(4,045)
Loss on fair value on biological assets	**74**	108	**-**	-
Unrealised profit arising from transactions with joint ventures and associates	**1,418**	1,367	**-**	-
Working capital changes:				
Inventories	**123,942**	60,560	**-**	-
Trade and other receivables	**(3,207)**	60,250	**24,290**	(62,824)
Contract asset	**(72,247)**	-	**-**	-
Contract cost asset	**45,905**	(50,327)	**-**	-
Trade and other payables	**(37,285)**	(49,478)	**27,654**	167,716
Contract liabilities	**(9,132)**	23,523	**-**	-
Cash flows generated from operations	**76,380**	50,838	**44,237**	100,847
Interest paid	**(56,166)**	(50,550)	**(13,975)**	(10,562)
Tax refunded/(paid)	**633**	(19,870)	**(372)**	(1,246)
Net cash flows generated from/(used in) operating activities	**20,847**	(19,582)	**29,890**	89,039
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property, plant and eqiupment (Note a)	**(8,792)**	(27,218)	**-**	-
Additions in:				
- investment properties and investment properties under construction	**-**	(193)	**-**	-
Dividend income from:				
- subsidiaries	**-**	-	**17,620**	-
- associates	**2,492**	3,646	**-**	-
Disposal/(addition) in other investments	**2,879**	(10,164)	**-**	-
Purchase of additional unquoted shares in subsidiaries	**-**	-	**(83,834)**	(152,885)
Net cash flows used in investing activities carried forward	**(3,421)**	(33,929)	**(66,214)**	(152,885)

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2019
cont'd

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES cont'd				
Net cash flows used in investing activities brought forward	**(3,421)**	(33,929)	**(66,214)**	(152,885)
Proceeds from disposals of:				
- property, plant and equipment	**-**	59	**-**	-
- subsidiaries	**-**	209,559	**-**	-
- investment securities	**449**	189	**-**	-
Interest received	**7,480**	4,832	**7,859**	5,366
Net cash flows generated from/(used in) investing activities	**4,508**	180,710	**(58,355)**	(147,519)
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of bank borrowings	**262,848**	299,060	**98,500**	240,011
Repayment of bank borrowings	**(258,877)**	(486,354)	**(54,700)**	(171,111)
Placement of deposits with licensed banks not available for use	**(6,608)**	(361)	**(12)**	(355)
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	**(16,035)**	(200,991)	**30,390**	55,147
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**9,320**	(39,863)	**1,925**	(3,333)
Effect of exchange rate changes	**87**	11	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	**191,570**	231,422	**212**	3,545
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (Note 30)	**200,977**	191,570	**2,137**	212

Note:

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

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash, representing total additions (Note 15)	**8,792**	27,218	**-**	-

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office 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 40. 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 25 September 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

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

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 First time adoption of Malaysian Financial Reporting Standards ("MFRS")

The financial statements of the Group and of the Company for financial year ended 30 June 2019 are the first set of financial statements prepared in accordance with the MFRS Framework, hence MFRS 1 First-time Adoption of Malaysian Financial Standards has been applied. The MFRS Framework is effective for the Group and for the Company from 1 July 2018 and the date of transition to the MFRS Framework for the purpose of preparation of the MFRS compliant financial report is 1 July 2017.

In presenting their first MFRS financial statements, the Group and the Company have restated the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition has been made retrospectively, against opening retained profits.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.2 First time adoption of Malaysian Financial Reporting Standards ("MFRS") cont'd

The material impacts arising from the adoption of MFRS Framework are discussed below:

(a) MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

As provided in MFRS 1, first-time adopter of MFRS Framework can elect optional exemptions from full retrospective application of MFRS. The Group has elected not to apply MFRS 3 Business Combinations and MFRS 10 Consolidated Financial Statements retrospectively, that is not to restate any of its business combinations that occurred before the date of transition to MFRS.

In addition, MFRS 1 provides the option to apply MFRS 123 Borrowing Costs, prospectively from the date of transition or from a specified date prior to the date of transition. This provides relief from full retrospective application of MFRS 123 which would require restatement of borrowing costs component capitalised prior to the date of transition. The Group has elected to apply MFRS 123 prospectively from the date of transition.

The Group and the Company have consistently applied the same accounting policies in their opening MFRS statements of financial position as at 1 July 2017 and throughout all comparable periods presented, as if these policies had always been in effect. Comparative information in these financial statements have been restated to give effect to above changes.

(b) MFRS 15 Revenue from Contracts with Customers

The key effects as a result of adopting this standard on the property development activities of the Group are as follows:

(i) in respect of sales of properties that do not come under the purview of the Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 23 Application of MFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties issued by the Malaysian Institute of Accountants, the Group has to assess if the property has an alternative use to the Group and whether the sales and purchase arrangement provides the Group with an enforceable right to payment for work completed to date, in determining whether or not the sale of property units should be recognised at a point in time (completion method) or over time (percentage of completion method);

(ii) it requires the identification of separate performance obligations arising from the sale of property units from the various property development projects of the Group, such as the sale of property with complimentary giveaways, and may result in the acceleration or deferment of revenue recognition relating to these separate performance obligations depending on when the related goods and/or services are delivered or satisfied. This would affect the timing of revenue recognition for the property development activities;

(iii) it requires that expenses attributable to securing contracts with customers such as commission expense be capitalised and expensed by reference to the progress towards complete satisfaction of the performance obligation; and

(iv) it views liquidated ascertained damages payable when the developer fails to deliver vacant possession within the stipulated period as consideration payable to customers and is presented as a reduction of the transaction price which would then be accounted for in the profit or loss over the tenure of the respective property development project instead of being accounted for as a direct charge to the profit or loss when the obligation arises.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.2 First time adoption of Malaysian Financial Reporting Standards ("MFRS") cont'd

(b) MFRS 15 Revenue from Contracts with Customers cont'd

Apart from the above, pursuant to the adoption of MFRS 15 Revenue from Contracts with Customers, the FRSIC Consensus 17 Development of Affordable Housing, which requires the upfront recognition of provision for foreseeable losses on the development of affordable housing on an involuntary basis, is no longer effective and was effectively withdrawn on 7 March 2018. This does not have any impact to the financial statements of the Group and of the Company.

(c) Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture - Agriculture: Bearer Plants

With the adoption of the Amendments to MFRS 116 and MFRS 141, new planting expenditure and replanting expenditure are accounted for as property, plant and equipment in accordance with MFRS 116 and measured at cost less accumulated depreciation, whereas biological assets-agricultural produce within the scope of MFRS 141 are measured at fair value less costs to sell.

(d) MFRS 9 Financial Instruments

The classification and measurement requirements of MFRS 9 did not have a significant impact to the Group and the Company. All financial assets previously held at fair value continued to be measured by the Group and the Company at fair value.

MFRS 9 introduces an expected credit loss model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The effects on the adoption of MFRS Framework are disclosed in Note 48.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Standards issued but not yet effective

The standards, amendments to MFRSs and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Effective for financial periods beginning on or after 1 January 2019:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendment to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendment to MFRS 3 and MFRS 11	Previously Held Interest in a Joint Arrangements (Annual Improvements to MFRSs 2015-2017 Cycle)
Amendment to MFRS 112	Income Taxes Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements to MFRSs 2015-2017 Cycle)
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendment to MFRS 123	Borrowing Costs Eligible for Capitalisation (Annual Improvements to MFRSs 2015-2017 Cycle)

Effective for financial periods beginning on or after 1 January 2020:

Amendments to MFRS 2	Share-based Payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 3	Definition of business
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 101 and MFRS 108	Definition of material
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets - Web Site Costs

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Standards issued but not yet effective cont'd

Effective for financial periods beginning on or after 1 January 2021:

MFRS 17	Insurance Contracts

Effective date deferred to a date to be determined by MASB:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

These standards and interpretations are not expected to have a significant impact on the financial statements in the period of initial application apart from the changes to disclosure and presentation, except as discussed below:

MFRS 16 Leases

MFRS 16 was issued in April 2016 and it replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-to-use asset). The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interests and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into principal (which will be presented as financial cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 July 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group and the Company are assessing the impact of the adoption of MFRS 16. The Group and the Company shall adopt MFRS 16 in its financial statements for the financial year ending 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.4 Basis of consolidation cont'd

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.

Under the acquisition 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 2.14. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.7 Associates cont'd

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.9 Foreign currency cont'd

(b) Foreign currency transactions cont'd

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.

(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.

Oil palms are classified as bearer plants within property, plant and equipment. Expenditure that are directly related to the planting and upkeep of oil palms are capitalised until the palms reach maturity. Upon maturity, further maintenance and upkeep costs for oil palms are expensed to profit or loss. Bearer plants commence depreciation when oil palms reach maturity.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.10 Property, plant and equipment cont'd

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%
Bearer Plants	4.5%

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.

2.11 Biological assets

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

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

2.12 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.13 Inventories

(a) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at 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 are referred to as inventories properties under construction and comprise the cost of land, direct building costs and a share of development costs common to the entire development project where applicable. Once sold, the cost of these property development costs is recognised in profit or loss as and when control transfers to the respective customers.

Property development costs are stated at the lower of cost and net realisable value. Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

(c) Completed development properties

Completed development properties represent completed residential properties and commercial properties.

Inventories of completed residential and commercial properties are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of acquisition of land, related development costs to project and direct building costs.

(d) Consumable stores and spares

Inventories of consumables stores and spares are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis.

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

2.14 Goodwill

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.14 Goodwill cont'd

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 of is included in the carrying amount of the operation when determining the gain or loss on disposal 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.

2.15 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.

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.

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")).

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.15 Impairment of non-financial assets cont'd

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.

2.16 Financial instruments - initial recognition and subsequent measurement

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

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company applied the practical expedient, the Group and the Company have initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. The assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.16 Financial instruments - initial recognition and subsequent measurement cont'd

(a) Financial assets cont'd

Subsequent measurement

For purposes of subsequent measurement, financial assets of the Group and of the Company are classified in two categories:

- Financial assets at amortised cost (debt instruments)

- Financial assets at fair value through profit or loss

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in the profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost are disclosed in Note 24.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income ("OCI"), debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with the net changes in fair value recognised in the profit or loss.

This category includes investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on investments are also recognised as other income in the profit or loss when the right of payment has been established.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.16 Financial instruments - initial recognition and subsequent measurement cont'd

(a) Financial assets cont'd

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or

- The Group or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group or the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group or the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group or the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group or the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group or the Company has retained.

On derecognition of a financial asset the difference between the carrying amount and the sum of the consideration received together with any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

Impairment of financial assets

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

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.16 Financial instruments - initial recognition and subsequent measurement cont'd

(a) Financial assets cont'd

Impairment of financial assets cont'd

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have performed its assessment based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. In making this assessment, the Group and the Company also take into consideration that it would maintain its name as the registered owner of the properties until full settlement is made by the purchasers or the purchasers' end-financiers.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.16 Financial instruments - initial recognition and subsequent measurement cont'd

(b) Financial liabilities cont'd

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.17 Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to date. A contract asset is stated at cost less accumulated impairment. Contract assets are subject to impairment in accordance of MFRS 9 Financial Instruments.

A contract liability is the obligation to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.18 Contract cost asset

Contract cost asset represents the incremental costs of obtaining a contract with customers and costs to fulfil a contract.

(a) Costs to obtain contracts with customers

Costs to obtain contracts with customers are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtain such as sales commission.

(b) Costs to fulfill a contract

Costs to fulfill a contract are the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify, the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future and the costs are expected to be recovered.

Contract cost asset is amortised on a systematic basis that is consistent with the transfer to customer of the goods or services to which asset relate.

The Group recognises an impairment loss in the profit or loss to the extent that the carrying amount of contract cost asset exceeds:

(i) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less

(ii) the costs that relate directly to providing those goods or services and that not been recognised as expenses.

2.19 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.

2.20 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 THE FINANCIAL STATEMENTS

30 June 2019
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.21 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.24 Leases cont'd

(a) As lessee cont'd

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(b).

2.25 Revenue recognition

(a) Revenue from property development

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

The transaction price from property development is measured at the fixed transaction price agreed under the sale and purchase agreement net of variable consideration and consideration payable to a customer such as rebate, discount, liquidated damages, legal fees and maintenance charges paid on behalf of the customer, if any.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.25 Revenue recognition cont'd

(a) Revenue from property development cont'd

This is generally established when:

- the promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan and the purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised residential property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group; and

- the Group has the right to payment for performance completed to date and is entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payment.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

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

If the Group has determined that it has a significant financing component related to the sales of its property units being developed under the deferred payment scheme, the amount of the promised consideration is adjusted for the significant financing component and the related interest income is recognised using the effective interest method over the term of the deferment.

(b) 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.

(c) Hotel income

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

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.25 Revenue recognition cont'd

(e) 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.

(f) Sale of fresh fruit bunch

Revenue from sale of fresh fruit bunch is recognised at the point when control of the goods transferred to the customer.

(g) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.26 Income tax cont'd

(b) Deferred tax cont'd

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.

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'')

The net amount of GST being the difference between output and input of GST, payable to or receivable from the respective authority at the reporting date, is included in trade and other payables or receivables in the statement of financial position.

GST ceased to be effective on 1 September 2018.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.26 Income tax cont'd

(d) Sales and Service Tax (''SST'')

Revenues, expenses and assets are recognised net of the amount of SST except:

- when the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- for receivables and payables that are stated with the amount of SST included.

The net amount of SST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements 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").

(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.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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.

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.29 Fair value measurement cont'd

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 financial assets at fair value through profit or loss 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 financial assets at fair value through profit or loss, 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 heirarchy as explained above.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.30 Current versus non-current classification cont'd

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 arrises from past events and whose existence will be confirmed only by the occurence 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES cont'd

3.1 Critical judgements made in applying accounting policies cont'd

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

The Group has developed certain criteria based on MFRS 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) Revenue recognition of property development activities

The Group recognises property development revenue and expenses in the income statements by using an input method which is based on costs incurred for work performed up to the reporting period relative to the total expected cost to the satisfaction of that performance obligations.

Significant judgement is required in determining the progress towards complete satisfaction of the performance obligation and this includes determining the extent of property development costs incurred and the total estimated costs or property development, which in turn is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group. In making these judgements, management relies on past experience and the work of specialists.

(b) 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 THE FINANCIAL STATEMENTS

30 June 2019
cont'd

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES cont'd

3.2 Key sources of estimation uncertainty cont'd

(c) 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 21.

(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.

(d) 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 23.

(e) Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent professional valuers to perform valuation on its investment properties at each reporting date. The valuation methodology commonly used is the comparison method which is based on comparable historical transactions adjusted for specific market factors such as location, size, condition, accessibility and design of the respective properties and the investment method which entails determination of the ent income applying suitable growth rates and capitalising of the net income by a suitable rate of return. Certain properties were valued based on the cost method which is based on current estimates of construction costs less depreciation, obsolescence and existing physical conditions of the respective properties.

Details of investment properties are disclosed in Note 16. Details of significant inputs used in the valuation are disclosed in Note 39.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES cont'd

3.2 Key sources of estimation uncertainty cont'd

(f) Provision of expected credit loss of trade receivables, other receivables and contract assets

The Group and the Company assess the credit risk at each reporting date, whether there have been significant increases in credit risk since initial recognition on an individual basis. To determine whether there is a significant increase in credit risks, the Group and the Company had considered factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

Where there is a significant increase in credit risk, the Group and the Company determine the lifetime expected credit loss by considering the loss given default and the probability of default assigned to each counterparty customer. The financial assets are written off either partially or full when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-offs.

The carrying amounts of the receivables and contract assets are disclosed in Notes 24 and 25 respectively.

(g) 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 RM24,211,000 (2018: RM82,684,000). The carrying amount of investments in subsidiaries as at 30 June 2019 are RM1,215,017,000 (2018: RM1,155,394,000). Further details are disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

cont'd

4. REVENUE

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue from contract with customers	**381,924**	208,939	**-**	-
Revenue from other sources:				
- rental income from investment properties	**31,968**	30,309	**-**	-
- dividend income from:				
- investment in securities	**60**	152	**-**	-
- subsidiaries	**-**	-	**17,620**	52,353
	413,952	239,400	**17,620**	52,353
Disaggregation of the revenue from contract with customers:				
Major goods and services				
Property development:				
- sale of properties under development	**100,284**	-	**-**	-
- sale of property inventories	**219,984**	114,885	**-**	-
Revenue from hotel operations	**39,873**	65,437	**-**	-
Management fees	**8,208**	9,774	**-**	-
Sale of fresh fruit bunch	**13,575**	18,843	**-**	-
	381,924	208,939	**-**	-
Geographical market				
Malaysia	**381,924**	208,939	**-**	-
Timing of revenue recognition				
- at a point in time	**281,640**	208,939	**-**	-
- over time	**100,284**	-	**-**	-
	381,924	208,939	**-**	-

Revenue from contracts with customers of the Group includes RM22,228,000 (2018: RM Nil) that was included in contract liabilities at the beginning of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

cont'd

5. COST OF SALES

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cost to fulfill a contract (Note 26)	**80,436**	-	**-**	-
Cost to obtain a contract (Note 26)	**15,047**	8,180	**-**	-
Overprovision of property development costs in prior years	**-**	(1,236)	**-**	-
Cost of property inventories sold (Note 23)	**168,176**	89,821	**-**	-
Cost of rental of properties	**17,518**	18,574	**-**	-
Cost of hotel operations	**27,689**	46,648	**-**	-
Cost of fresh fruit bunch sold	**8,633**	7,607	**-**	-
	317,499	169,594	**-**	-

6. OTHER NET OPERATING INCOME/(LOSS)

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment:				
- written off	**(5)**	(45)	**-**	-
- gain on disposal	**-**	58	**-**	-
Rental income	**4,054**	5,266	**-**	-
Bad debts written off	**(177)**	(98)	**-**	-
Reversal of allowance for impairment on:				
- trade receivables (Note 24)	**850**	18	**-**	-
Allowance for impairment on:				
- trade receivables (Note 24)	**(3,211)**	(851)	**-**	-
- other receivables (Note 24)	**(18)**	-	**-**	-
Realisation of goodwill (Note 20)	**(3,668)**	(2,066)	**-**	-
Provision for foreseeable losses of property development activities (Note 35)	**(990)**	(2,140)	**-**	-
Net gain on fair value adjustments of investment properties (Note 16)	**7,870**	487	**-**	-
Balance carried forward	**4,705**	629	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

6. OTHER NET OPERATING INCOME/(LOSS) cont'd

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Balance brought forward	4,705	629	-	-
Net fair value gain on derivative financial assets and liabilities (Note 22)	-	47	-	-
Gain on compulsory land acquisition	-	900	-	-
Net realised exchange (loss)/gain	(83)	11	-	-
Gain on disposal of subsidiaries (Note 17)	-	104,081	-	-
Gain on disposal of financial assets at fair value through profit or loss	-	739	-	-
Net loss on fair value of financial assets at fair value through profit or loss	-	(769)	-	-
Impairment loss on investment in subsidiaries (Note 17)	-	-	(24,211)	(82,684)
Loss on fair value on biological assets (Note 28)	(74)	(108)	-	-
Dividend income received	389	67	-	-
Forfeiture income/deposit	1,813	313	-	-
Other expenses	(300)	(2)	(6)	-
Other income	1,320	1,160	-	-
	7,770	107,068	(24,217)	(82,684)

7. FINANCE INCOME

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest income from:				
- subsidiaries	-	-	7,644	5,314
- late payment interests	104	87	-	-
- short-term deposits	6,634	4,745	-	-
- others	742	-	215	52
	7,480	4,832	7,859	5,366

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

cont'd

8. FINANCE COSTS

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- loans and borrowings	**47,538**	49,772	**4,231**	3,723
- subsidiaries	**-**	-	**9,093**	6,126
Others	**2,102**	1,430	**651**	713
	49,640	51,202	**13,975**	10,562

9. (LOSS)/PROFIT BEFORE TAX

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

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- statutory audit	**533**	413	**121**	103
- underprovision in previous years	**66**	13	**-**	-
Direct operating expenses of income generating investment properties	**17,518**	18,574	**-**	-
Depreciation of property, plant and equipment (Note 15)	**11,501**	12,234	**22**	35
Employee benefits expense (Note 10)	**41,053**	45,789	**9**	10
Non-executive directors' remuneration (Note 11)	**358**	514	**358**	474
Office rental	**266**	164	**-**	-
Liquidated ascertained damages	**-**	22	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

10. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	**34,034**	39,384	**-**	-
Defined contribution plans	**3,707**	3,571	**-**	-
Social security contributions	**281**	273	**-**	-
Other benefits	**3,031**	2,561	**9**	10
	41,053	45,789	**9**	10

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration excluding benefits-in-kind amounting to RM2,461,000 and RM Nil (2018: RM2,492,000 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	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Executive:				
Salaries and other emoluments	**2,197**	2,229	**-**	-
Defined contribution plans	**264**	260	**-**	-
Fees	**-**	3	**-**	-
Estimated money value of benefits-in-kind	**66**	51	**-**	-
	2,527	2,543	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

11. DIRECTORS' REMUNERATION cont'd

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

	GROUP		COMPANY	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Non-Executive:				
Fees	**210**	366	**210**	326
Other emoluments	**148**	148	**148**	148
	358	514	**358**	474
Total directors' remuneration	**2,885**	3,057	**358**	474
Total directors' remuneration excluding benefits-in-kind				
- Executive directors (Note 10)	**2,461**	2,492	**-**	-
- Non-executive directors (Note 9)	**358**	514	**358**	474
Total directors' remuneration excluding benefits-in-kind	**2,819**	3,006	**358**	474

The number of directors (including directors who had resigned) of the Company whose total remuneration during the respective financial years fall within the following bands is analysed below:

	Number of directors	
	2019	**2018**
Executive directors:		
RM2,500,001 - RM2,550,000	**1**	1
Non-executive directors:		
RM50,000 and below	**1**	2
RM50,001 - RM100,000	**-**	1
RM100,001 - RM150,000	**3**	4
	4	7

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

cont'd

12. INCOME TAX EXPENSE/(BENEFIT)

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

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current income tax:				
- Malaysian income tax	**7,596**	8,997	**285**	899
- Overprovision in prior years	**(974)**	(4,282)	**(624)**	(2,595)
	6,622	4,715	**(339)**	(1,696)
Real property gains tax	**-**	6,896	**-**	-
	6,622	11,611	**(339)**	(1,696)
Deferred tax (Note 21):				
- relating to origination and reversal of temporary differences	**427**	(11,707)	**-**	-
- underprovision in prior year	**2,624**	1	**-**	-
	3,051	(11,706)	**-**	-
Income tax expense/(benefit) for the financial year	**9,673**	(95)	**(339)**	(1,696)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

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

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the financial year.

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

A reconciliation of income tax expense/(benefit) applicable to (loss)/profit 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	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(Loss)/profit before tax	**(19,255)**	57,155	**(20,436)**	(39,607)
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	**(4,621)**	13,717	**(4,905)**	(9,506)
Deferred tax recognised at different tax rates	**5,000**	(92)	**-**	-
Tax effect on share of results of associates and joint ventures	**(1,535)**	(2,402)	**-**	-
Tax effect on dividend income from an associate	**598**	875	**-**	-
Effect on income tax taxed under real property gain tax	**-**	(26,205)	**-**	-
Income not subject to tax	**(108)**	(38,190)	**(4,229)**	(12,565)
Expenses not deductible for tax purposes	**4,356**	49,051	**9,419**	22,970
Utilisation of previously unrecognised deferred tax assets	**(168)**	(1,396)	**-**	-
Deferred tax assets not recognised during the year	**4,501**	8,828	**-**	-
Overprovision of income tax expense in prior years	**(974)**	(4,282)	**(624)**	(2,595)
Underprovision of deferred tax in prior year	**2,624**	1	**-**	-
Income tax expense/(benefit) for the financial year	**9,673**	(95)	**(339)**	(1,696)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

13. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the (loss)/profit for the financial 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 (loss)/profit for the financial 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	
	2019	**2018**
	RM'000	**RM'000**
(Loss)/profit attributable to owners of the parent	**(32,780)**	21,117
	Number of shares	**Number of shares**
	'000	**'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
Earnings per share attributable to owners of the parent (sen per share):		
Basic	**(4.89)**	3.15
Diluted	**(4.89)**	3.15

* *18,000,000 share options granted in previous 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, there have been no other transactions involving ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

14. DIVIDEND

	Amount		Net dividend per share	
	2019	2018	2019	2018
	RM'000	RM'000	Sen	Sen
GROUP/COMPANY				
In respect of financial year ended 30 June 2018				
- Final single tier dividend of 2 sen per share paid on 13 December 2018	**13,398**	-	**2.00**	-
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
	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 2019, 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 2020.

15. PROPERTY, PLANT AND EQUIPMENT

	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	Bearer plants RM'000	Total RM'000
GROUP											
Cost											
At 1 July 2018	-	364,581	-	-	-	7,218	12,658	1,112	1,954	7,283	394,806
Additions	-	642	-	-	-	7,580	328	15	57	170	8,792
Reclassification	-	-	-	-	-	(895)	(114)	1,011	(2)	-	-
Adjustment [1]	-	(23,631)	-	-	-	-	-	-	-	-	(23,631)
Written off	-	(184)	-	-	-	(150)	-	(48)	-	(21)	(403)
At 30 June 2019	-	341,408	-	-	-	13,753	12,872	2,090	2,009	7,432	379,564
Accumulated depreciation											
At 1 July 2018	-	8,535	-	-	-	1,165	6,055	695	664	2,172	19,286
Charge for the year (Note 9)	-	7,936	-	-	-	1,392	1,394	125	352	302	11,501
Reclassification	-	-	-	-	-	(420)	-	419	1	-	-
Written off	-	(184)	-	-	-	(150)	-	(48)	-	(16)	(398)
At 30 June 2019	-	16,287	-	-	-	1,987	7,449	1,191	1,017	2,458	30,389
Net carrying amount											
At 30 June 2019	-	325,121	-	-	-	11,766	5,423	899	992	4,974	349,175

[1] *During the financial year, the Group has finalised certain costs incurred for one of its freehold land and buildings and RM23,631,000 was adjusted against other payables.*

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

15. PROPERTY, PLANT AND EQUIPMENT cont'd

	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	Bearer plants RM'000	Total RM'000
GROUP											
Cost											
At 1 July 2017	2,271	82,967	5,250	108,461	345,603	9,305	17,283	19,903	1,969	6,747	599,759
Additions	-	18,664	-	-	-	5,236	1,905	140	737	536	27,218
Reclassification	-	333,561	-	-	(333,561)	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	(136)	-	(136)
Disposal of subsidiaries	(2,271)	(70,611)	(5,250)	(108,461)	(12,042)	(7,315)	(6,523)	(18,810)	(616)	-	(231,899)
Written off	-	-	-	-	-	(8)	(7)	(121)	-	-	(136)
At 30 June 2018	-	364,581	-	-	-	7,218	12,658	1,112	1,954	7,283	394,806
Accumulated depreciation											
At 1 July 2017	-	12,094	1,511	30,447	-	4,287	10,555	14,056	1,041	1,936	75,927
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)	(1,511)	(30,447)	-	(5,345)	(5,816)	(13,381)	(577)	-	(68,649)
Written off	-	-	-	-	-	(10)	(4)	(77)	-	-	(91)
At 30 June 2018	-	8,535	-	-	-	1,165	6,055	695	664	2,172	19,286
Net carrying amount											
At 30 June 2018	-	356,046	-	-	-	6,053	6,603	417	1,290	5,111	375,520
At 1 July 2017	2,271	70,873	3,739	78,014	345,603	5,018	6,728	5,847	928	4,811	523,832

15. PROPERTY, PLANT AND EQUIPMENT cont'd

	Office equipment RM'000	Furniture and fittings RM'000	Total RM'000
COMPANY			
At 30 June 2019			
Cost			
At 1 July 2018/ 30 June 2019	**258**	**172**	**430**
Accumulated depreciation			
At 1 July 2018	**230**	**156**	**386**
Charge for the year (Note 9)	**18**	**4**	**22**
At 30 June 2019	**248**	**160**	**408**
Net carrying amount			
At 30 June 2019	**10**	**12**	**22**
At 30 June 2018			
Cost			
At 1 July 2017/ 30 June 2018	258	172	430
Accumulated depreciation			
At 1 July 2017	212	139	351
Charge for the year (Note 9)	18	17	35
At 30 June 2018	230	156	386
Net carrying amount			
At 30 June 2018	28	16	44
At 1 July 2017	46	33	79

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM8,792,000 (2018: RM27,218,000). The cash outflow on acquisition of property, plant and equipment of the Group and the Company amounted to RM8,792,000 (2018: RM27,218,000).

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

	GROUP	
	2019 RM'000	2018 RM'000
Freehold land and buildings	**325,121**	356,046

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

cont'd

16. INVESTMENT PROPERTIES

Movements in the investment properties are as follows:

	GROUP	
	2019	2018
	RM'000	RM'000
At beginning of the financial year	**540,563**	544,318
Adjustment [1]	**(12,270)**	(4,435)
Additions from subsequent expenditure	**-**	193
Net gain on fair value adjustments (Note 6)	**7,870**	487
At end of the financial year	**536,163**	540,563
Comprising:		
At valuation:		
Completed investment properties:		
- Leasehold land and buildings	**4,500**	4,500
- Freehold land and buildings	**531,663**	536,063
At end of the financial year	**536,163**	540,563

[1] *During the financial year, the Group has finalised certain costs incurred for the investment properties and RM12,270,000 (2018: RM4,435,000) 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.

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	
	2019	2018
	RM'000	RM'000
Freehold land and buildings	**531,663**	536,063

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

17. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost	**1,421,498**	1,337,664
Less: Accumulated impairment losses	**(206,481)**	(182,270)
	1,215,017	1,155,394

Details of the subsidiaries are disclosed in Note 40.

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

	COMPANY	
	2019	2018
	RM'000	RM'000
At beginning of the financial year	**182,270**	99,586
Add: Allowance for impairment (Note 6)	**24,211**	82,684
At end of the financial year	**206,481**	182,270

Disposal of subsidiaries

In the previous 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 44 (c)) for a total cash consideration of RM229,359,000.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

17. INVESTMENTS IN SUBSIDIARIES cont'd

Disposal of 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	Total 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 44(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 subsidiary disposed of			(13,200)
Retention sum			(6,600)
Net cash inflow on disposals			209,559

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

17. INVESTMENTS IN SUBSIDIARIES cont'd

Subscription/Acquisition 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 33,400,000 ordinary shares in GLM Real Estate Holdings Sdn Bhd for a total consideration of RM33,400,000.

b) Subscription of 8,747,100 ordinary shares in GLM Oval Sdn Bhd for a total consideration of RM8,747,100.

c) Subscription of 500,000 ordinary shares in GLM REIT Management Sdn Bhd for a total consideration of RM500,000.

d) Subscription of 100,000 ordinary shares in Astute Modernization Sdn Bhd for a total consideration of RM100,000.

e) Subscription of 33,237,000 ordinary shares in GLM Emerald Square (Cheras) Sdn Bhd for a total consideration of RM33,237,000.

f) Subscription of 6,999,998 ordinary shares in GLM IHM Sdn Bhd (formerly known as GLM IHT Sdn Bhd) for a total consideration of RM6,999,998.

g) Acquisition of 800,000 ordinary shares in HLX Management Sdn Bhd for a total consideration of RM800,000.

h) Subscription of 10,000 ordinary shares and 140,000 RPS in Positive Vision Labuan Limited for a total consideration of RM49,666.

In the previous 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 for a total consideration of RM82,801,000.

b) Subscription of 38,899 RPS in GLM Emerald Square (Cheras) Sdn Bhd for a total consideration of RM38,899,000.

c) Subscription of 16,685 RPS in GLM Oval Sdn Bhd for a total consideration of RM16,685,000.

d) Subscription of 12,000 RPS in GLM Real Estate Holdings Sdn Bhd for a total consideration of RM12,000,000.

e) Subscription of 2,500,000 RPS in Titan Debut Sdn Bhd for a total consideration of RM2,500,000.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

17. INVESTMENTS IN SUBSIDIARIES cont'd

Winding up of subsidiaries

During the financial year, Positive Vision Labuan Limited and Astute Modernization Sdn Bhd, both wholly-owned subsidiaries of the Company, had been placed under member's voluntary winding-up pursuant to Section 131(1) of Labuan Companies Act 1990 and Section 439(1)(b) of the Companies Act 2016 respectively.

In the previous 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 MFRS 12 Disclosure of Interests In Other Entities are not presented.

18. INVESTMENTS IN ASSOCIATES

	GROUP		COMPANY	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**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)	**-**	-
	120,890	120,890	**56,000**	56,000
Share of post acquisition reserves	**82,314**	83,177	**-**	-
Unrealised profit arising from transactions with associates	**(185)**	(27)	**-**	-
Share of post acquisition translation reserve	**(295)**	(295)	**-**	-
	202,724	203,745	**56,000**	56,000
Represented by:				
Share of net assets of associates	**202,724**	203,745	**N/A**	N/A
Market value of quoted shares	**53,477**	59,553	**N/A**	N/A

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

18. INVESTMENTS IN ASSOCIATES cont'd

Details of the associates are as follows:

	Name of the Company	Country of incorporation	Effective equity interest 2019 %	2018 %	Principal activities
^	Luck Hock Venture Holdings, Inc.	Philippines	**28**	28	Dormant
^	Tower Real Estate Investment Trust ("Tower REIT")	Malaysia	**22**	22	Investment in real estate and real estate-related assets
	GLM Emerald (Sepang) Sdn Bhd ("GLMES")	Malaysia	**40**	40	Property development and operation of an oil palm estate

^ *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 3.20% (2018: 3.30%) per annum over the next 5 years and thereafter, grow at a steady rate of 3.20% (2018: 3.30%) 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 5.80% (2018: 6.30%). 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 THE FINANCIAL STATEMENTS

30 June 2019

cont'd

18. INVESTMENTS IN ASSOCIATES cont'd

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

	GROUP	
	2019 RM'000	2018 RM'000
Assets and liabilities		
Non-current assets	**197,280**	197,659
Current assets	**22,923**	21,695
Total assets	**220,203**	219,354
Non-current liabilities	**(6,775)**	(5,842)
Current liabilities	**(10,704)**	(9,767)
Total liabilities	**(17,479)**	(15,609)
Results		
Revenue	**14,841**	13,207
Profit for the year	**1,825**	10,338

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 RM354,000 (2018: RM843,000) during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

18. INVESTMENTS IN ASSOCIATES cont'd

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.

(i) Summarised statement of financial position

	Tower REIT		GLMES		Total	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Non-current assets	**562,300**	562,000	**192,173**	189,823	**754,473**	751,823
Current assets	**9,866**	6,330	**51,964**	50,810	**61,830**	57,140
Total assets	**572,166**	568,330	**244,137**	240,633	**816,303**	808,963
Non-current liabilities	**(23,262)**	(18,966)	**(4,340)**	(4,335)	**(27,602)**	(23,301)
Current liabilities	**(8,828)**	(4,960)	**(25,439)**	(21,733)	**(34,267)**	(26,693)
Total liabilities	**(32,090)**	(23,926)	**(29,779)**	(26,068)	**(61,869)**	(49,994)
Net assets	**540,076**	544,404	**214,358**	214,565	**754,434**	758,969

(ii) Summarised statement of comprehensive income

	Tower REIT		GLMES		Total	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Revenue	**33,963**	28,680	**18,712**	17,488	**52,675**	46,168
Profit before tax	**17,781**	16,308	**(240)**	1,156	**17,541**	17,464
Profit for the year, representing total comprehensive income	**7,173**	16,308	**(207)**	14,911	**6,966**	31,219

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

	Tower REIT		GLMES		Total	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Net assets at beginning of the financial year	**544,404**	544,926	**214,565**	199,657	**758,969**	744,583
Profit for the year	**7,173**	16,308	**(207)**	14,911	**6,966**	31,219
Dividend paid during the financial year	**(11,500)**	(16,830)	**-**	-	**(11,500)**	(16,830)
Net assets at end of the financial year	**540,077**	544,404	**214,358**	214,568	**754,435**	758,972
Interest in associates as at year end	**21.66%**	21.66%	**40.00%**	40.00%		
Carrying value of Group's interest in associates	**116,981**	117,918	**85,743**	85,827	**202,724**	203,745

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

cont'd

19. INVESTMENTS IN JOINT VENTURES

	GROUP	
	2019	**2018**
	RM'000	**RM'000**
Investments, at cost	**75,872**	75,872
Share of post acquisition reserves	**38,197**	34,959
Unrealised profit arising from transactions with joint ventures	**(546)**	(813)
	113,523	110,018

Details of the joint ventures are disclosed in Note 41.

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

	GROUP	
	2019	**2018**
	RM'000	**RM'000**
Assets and liabilities		
Non-current assets	**67,878**	79,734
Current assets	**170,079**	165,906
Total assets	**237,957**	245,640
Non-current liabilities	**(46,268)**	(46,849)
Current liabilities	**(78,166)**	(88,773)
Total liabilities	**(124,434)**	(135,622)
Results		
Revenue	**10,277**	10,318
Expenses, including finance costs and income tax expense	**(5,708)**	(10,649)
Profit/(loss) for the year	**4,569**	(331)

The Group has recorded elimination of intragroup transactions of RM1,064,000 (2018: RM524,000) during the financial year.

Summarised financial information in respect of each of the Group's material joint venture is set out below. The summarised financial information represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

cont'd

19. INVESTMENTS IN JOINT VENTURES cont'd

(i) Summarised statement of financial position

	GEWR	
	2019	2018
	RM'000	RM'000
Non-current assets	497	81
Current assets	343,208	334,417
Total assets	343,705	334,498
Non-current liabilities	93,471	71,698
Current liabilities	141,133	159,797
Total liabilities	234,604	231,495
Net assets	109,101	103,003

(ii) Summarised statement of comprehensive income

	GEWR	
	2019	2018
	RM'000	RM'000
Revenue	64,343	21,914
Profit/(loss) before tax	8,154	(2,566)
Profit/(loss) for the year, representing total comprehensive income	8,273	(2,550)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interests in joint ventures

	GEWR	
	2019	2018
	RM'000	RM'000
Net assets as at beginning of the financial year	103,003	105,552
Profit/(loss) for the year	8,273	(2,550)
Intra-group transactions eliminations	(1,049)	(373)
Net assets as at end of the financial year	110,227	102,629
Interests in joint ventures as of year end	50%	50%
Carrying value of Group's interests in joint ventures	55,114	51,315

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

cont'd

19. INVESTMENTS IN JOINT VENTURES cont'd

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

	2019 RM'000	2018 RM'000
The Group's share of profit before tax	**5,096**	129
The Group's share of profit/(loss) after tax, representing total comprehensive income	**4,569**	(331)

20. GOODWILL

	GROUP	
	2019 RM'000	2018 RM'000
At beginning of the financial year	**9,747**	11,813
Realisation during the year (Note 6)	**(3,668)**	(2,066)
At end of the financial year	**6,079**	9,747

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 MFRS 3 Business Combination. Accordingly, paragraph 15(b)(i) of MFRS 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 financial year, the Group recognised such realisation of goodwill amounting to RM3,668,000 (2018: RM2,066,000) due to the reversal of the deferred tax liability relating to the property inventories sold during the financial year.

21. DEFERRED TAX

	GROUP	
	2019 RM'000	2018 RM'000
At beginning of the financial year	**13,321**	25,027
Recognised in the profit or loss (Note 12)	**3,051**	(11,706)
At end of the financial year	**16,372**	13,321

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

21. DEFERRED TAX cont'd

Presented after appropriate offsetting as follows:

	GROUP 2019 RM'000	GROUP 2018 RM'000
Deferred tax assets	**(17,454)**	(16,984)
Deferred tax liabilities	**33,826**	30,305
	16,372	13,321

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

	Inventories RM'000	Investment properties RM'000	Accelerated capital allowances RM'000	Total RM'000
At 1 July 2017	25,229	6,063	1,082	32,374
Recognised in the profit or loss	(3,442)	39	8,842	5,439
At 30 June 2018/1 July 2018	21,787	6,102	9,924	37,813
Recognised in the profit or loss	**441**	**7,012**	**(2,484)**	**4,969**
At 30 June 2019	**22,228**	**13,114**	**7,440**	**42,782**

Deferred tax assets of the Group

	Provision RM'000	Unused tax losses and unabsorbed capital allowances RM'000	Contract cost asset RM'000	Total RM'000
At 1 July 2017	(305)	(162)	(6,880)	(7,347)
Recognised in the profit or loss	(4,332)	(9,923)	(2,890)	(17,145)
At 30 June 2018/1 July 2018	(4,637)	(10,085)	(9,770)	(24,492)
Recognised in the profit or loss	**(906)**	**(766)**	**(246)**	**(1,918)**
At 30 June 2019	**(5,543)**	**(10,851)**	**(10,016)**	**(26,410)**

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

21. DEFERRED TAX cont'd

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

	GROUP	
	2019	**2018**
	RM'000	**RM'000**
Unused tax losses	**137,223**	131,001
Unabsorbed capital allowances	**90,009**	82,036
Others	**41,180**	37,321
	268,412	250,358

Following the amendments to the Income Tax Act, 1967 after the Finance Bill 2018 was passed, the unused tax losses that are available for offset against future taxable profits of the Company can only be carried forward for seven consecutive year of assessments ("YAs") from YA 2019, i.e until 2025, subject to guidelines issued by the tax authority.

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.

22. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

The Group uses interest rate swaps and foreign exchange forward contracts 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 previous financial year, the Group recognised a net gain of RM47,000 (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 38(g). The fair value hierarchy of derivatives is disclosed in Note 39.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

23. INVENTORIES

	GROUP 2019 RM'000	GROUP 2018 RM'000
Non-current		
Land held for property development	**302,489**	302,489
Current		
Completed development properties	**495,097**	662,308
Consumable stores and spares	**1,036**	1,078
Property development costs	**416,684**	443,146
	912,817	1,106,532
Total inventories	**1,215,306**	1,409,021

The cost of property inventories of the Group recognised as cost of sales during the financial year amounted to RM168,176,000 (2018: RM89,821,000) as disclosed in Note 5.

As at the reporting date, the carrying amount of completed development properties of RM494,517,000 (2018: RM593,917,000) have been pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 34.

(a) Land held for property development

	GROUP 2019 RM'000	GROUP 2018 RM'000
At beginning of the financial year		
Freehold land	**303,247**	435,041
Development expenditure	**-**	4,390
	303,247	439,431
Disposal	**-**	(862)
Transfer to property development costs (Note 23(b))	**-**	(135,322)
At end of the financial year	**303,247**	303,247
Accumulated impairment		
At beginning/end of the financial year	**(758)**	(758)
Carrying amount	**302,489**	302,489

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

23. INVENTORIES cont'd

(b) Property development costs

	GROUP	
	2019	**2018**
	RM'000	**RM'000**
Cost		
At beginning of the financial year	**443,146**	245,383
Development costs incurred during the financial year	**49,212**	81,860
Transfers from/(to):		
Contract cost assets (Note 26)	**(75,674)**	(19,419)
Land held for property development (Note 23(a))	**-**	135,322
At end of of the financial year	**416,684**	443,146

During the financial year, the finance costs and management fees capitalised into property development costs of the Group amounted to RM5,900,612 (2018: RM10,821,098) and RM1,582,301 (2018: RM2,309,103) respectively.

As at the reporting date, the carrying amounts of land held for property development and related property development costs pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 34 amounted to RM456,905,000 (2018: RM450,312,000).

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

24. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade receivables	21,653	16,609	-	-
Less: Allowance for impairment	(3,974)	(1,613)	-	-
	17,679	14,996	-	-
Other receivables	22,896	28,171	178	180
Less: Allowance for impairment	(2,074)	(2,056)	-	-
	20,822	26,115	178	180
Amount due from subsidiaries	-	-	180,408	204,693
Amount due from related companies	2,611	3,634	-	-
Amount due from associates	2,263	2,930	-	-
Amount due from joint ventures	3,201	1,700	-	3
Total trade and other receivables	46,576	49,375	180,586	204,876
Total trade and other receivables	46,576	49,375	180,586	204,876
Less: GST receivable	(5,284)	(5,283)	(95)	(300)
Add: Cash and bank balances (Note 30)	208,116	192,101	2,504	567
Total financial assets at amortised cost (debt instruments)	249,408	236,193	182,995	205,143

Trade receivables are non-interest bearing and are generally on 7 to 90 days (2018: 7 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from related companies, associates and joint ventures are unsecured, non-interest bearing and repayable on demand.

Amounts due from subsidiaries are unsecured, repayable on demand and bore interest at rates ranging 4.15% to 4.75% (2018: 4.15% to 4.75%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

24. TRADE AND OTHER RECEIVABLES cont'd

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.

The ageing analysis of the Group's trade receivables is as follows:

	Nominal amounts 2019 RM'000	Allowance for impairment 2019 RM'000	Nominal amounts 2018 RM'000	Allowance for impairment 2018 RM'000
GROUP				
Not past due	**12,833**	**-**	143	-
Past due 1 to 30 days	**1,050**	**-**	1,249	-
Past due 31 to 90 days	**2,703**	**-**	13,604	-
More than 90 days past due	**5,067**	**(3,974)**	1,613	(1,613)
	21,653	**(3,974)**	16,609	(1,613)

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 2019 RM'000	GROUP 2018 RM'000
Trade receivables - nominal amounts	**3,974**	1,613
Less: Allowance for impairment	**(3,974)**	(1,613)
Net impaired trade receivable	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

24. 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	
	2019	2018
	RM'000	RM'000
At beginning of the financial year	**1,613**	1,007
Add: Allowance for impairment (Note 6)	**3,211**	851
Less: Reversal of impairment (Note 6)	**(850)**	(18)
Less: Disposal of subsidiaries	**-**	(227)
At end of the financial year	**3,974**	1,613

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	
	2019	2018
	RM'000	RM'000
At beginning of the financial year	**2,056**	2,056
Add: Allowance for Impairment (Note 6)	**18**	-
At end of the financial year	**2,074**	2,056

25. CONTRACT ASSET

	GROUP	
	2019	2018
	RM'000	RM'000
Current		
Accrued billings in respect of sales of development properties, representing total contract asset	**72,247**	-

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

26. CONTRACT COST ASSET

	GROUP	
	2019	2018
	RM'000	RM'000
Contract cost asset		
Costs to fulfill a contract	**52,945**	26,635
Costs to obtain contracts with customers	**6,653**	3,559
	59,598	30,194
Costs to fulfill a contract		
At beginning of the financial year	**26,635**	-
Additions	**31,072**	7,216
Transfer from inventories (Note 23(b))	**75,674**	19,419
Amortisation for the financial year (Note 5)	**(80,436)**	-
At end of the financial year	**52,945**	26,635
Costs to obtain contracts with customers		
At beginning of the financial year	**3,559**	-
Additions	**18,141**	11,739
Amortisation for the financial year (Note 5)	**(15,047)**	(8,180)
At end of the financial year	**6,653**	3,559

Finance costs and management fees capitalised during the financial year under property development costs amounting to RM624,715 (2018: RM189,975) and RM109,584 (2018: RM Nil) respectively.

27. OTHER CURRENT ASSETS

	GROUP	
	2019	2018
	RM'000	RM'000
Prepayments	**4,031**	581

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

28. BIOLOGICAL ASSETS

	GROUP	
	2019	**2018**
	RM'000	**RM'000**
At fair value		
Fresh fruit bunches		
At beginning of the financial year	**434**	542
Changes in fair value less costs to sell (Note 6)	**(74)**	(108)
At end of the financial year	**360**	434

The biological assets of the Group comprise fresh fruit bunches ("FFB") prior to harvest. The valuation model adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB. To arrive at the fair value, the management has considered the oil content of the unripe FFB and derived the assumption that the net cash flows to be generated from FFB prior to more than 15 days to harvest is negligible, therefore quantity of unripe FFB on bearer plant of up to 15 days to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 80% of the ripe FFB, based on actual oil extraction rate and kernel extraction rate of the unripe FFB from the laboratory tests. Costs to sell include harvesting cost, transport and windfall profit levy.

During the financial year, the Group harvested approximately 33,774 tonnes (2018: 36,227 tonnes) of FFB.

As at 30 June 2019, none of the biological assets are pledged as securities for liabilities.

The fair value measurement of the Group's biological assets are categorised within Level 3 of the fair value hierarchy. If the FFB selling price changes by 10%, profit or loss for the Group would have equally increased or decreased by approximately RM36,000 (2018: RM43,400).

There were no transfers between all three (3) levels of the fair value hierarchy during the financial year.

29. OTHER INVESTMENT

Other investment represents income management fund investment managed by a licensed financial institution.

	GROUP	
	2019	**2018**
	RM'000	**RM'000**
Short-term investment		
Cash fund, representing total amount of financial asset at fair value through profit or loss	**8,900**	11,779

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

30. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	**172,157**	155,867	**1,967**	355
Cash in hand and at banks	**35,959**	36,234	**537**	212
Cash and bank balances (Notes 24 and 42)	**208,116**	192,101	**2,504**	567
Of which the balances of amounts placed with a related company, which is a licensed financial institution, are as follows:				
- deposits	**62,061**	86,930	**1,600**	-
- bank balances	**10,381**	10,490	**261**	117

For the purpose of statement of cash flows:

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	**208,116**	192,101	**2,504**	567
Less:				
- Cash and bank balances not available for use	**(7,139)**	(531)	**(367)**	(355)
Total cash and cash equivalents	**200,977**	191,570	**2,137**	212

Cash and bank balances of the Group include RM12,918,000 (2018: RM8,315,000) 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 2.50% to 3.55% (2018: 0.7% to 3.82%) per annum and 2.95% to 3.20% (2018: 3.25%) 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 2 to 365 days (2018: 7 to 365 days) and 90 days (2018: 90 days) respectively.

Cash and bank balances not available for use of the Group and of the Company are deposits amounting to RM7,138,558 (2018: RM531,189) and RM367,063 (2018: RM355,460) which are pledged as securities for bank guarantees granted to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

31. SHARE CAPITAL

	GROUP/COMPANY Ordinary shares			
	2019 Number of shares '000	2018 Number of shares '000	2019 Amount RM'000	2018 Amount RM'000
Issued and fully paid				
At beginning/end of the financial year	**700,459**	700,459	**385,318**	385,318

32. RESERVES

		GROUP		COMPANY	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-distributable:					
Exchange reserve	(a)	**106**	19	**-**	-
Merger reserve	(b)	**(24,028)**	(24,028)	**68,219**	68,219
Other reserve		**27**	27	**-**	-
		(23,895)	(23,982)	**68,219**	68,219
Distributable:					
Retained profits	(c)	**956,531**	1,002,709	**567,557**	601,052
		932,636	978,727	**635,776**	669,271

(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) 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.

(c) Retained profits

The Company may distribute dividend out of its entire retained profits as at 30 June 2019 under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
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	
	Lowest	Highest	Average	shares	Total
	RM	RM	RM	'000	RM'000
At 1 July 2018/30 June 2019	**0.62**	**1.72**	**0.78**	**30,578**	**23,883**

The main features and the details of the ESS are disclosed in Note 37.

34. LOANS AND BORROWINGS

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current				
Revolving credits - secured	**178,320**	78,320	**-**	-
Revolving credits - unsecured	**122,000**	78,200	**122,000**	78,200
Term loans - secured	**43,412**	131,090	**-**	-
	343,732	287,610	**122,000**	78,200
Non-current				
Term loans - secured	**878,042**	930,193	**-**	-
Total loans and borrowings (Notes 35 and Note 42)	**1,221,774**	1,217,803	**122,000**	78,200

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

34. LOANS AND BORROWINGS cont'd

Changes in liabilities arising from financing activities

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At beginning of the financial year	**1,217,803**	1,418,721	**78,200**	9,300
Disposal of subsidiaries	**-**	(14,150)	**-**	-
Drawdown of borrowings	**262,848**	299,060	**98,500**	240,011
Repayment of borrowings	**(258,877)**	(486,354)	**(54,700)**	(171,111)
Others	**-**	526	**-**	-
At end of the financial year	**1,221,774**	1,217,803	**122,000**	78,200

The maturity of loans and borrowings are as follows:

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
On demand or within 1 year	**343,732**	287,610	**122,000**	78,200
More than 1 year but less than 2 years	**80,440**	133,590	**-**	-
More than 2 years but less than 5 years	**797,602**	784,943	**-**	-
More than 5 years	**-**	11,660	**-**	-
	1,221,774	1,217,803	**122,000**	78,200

The range of interest rates per annum at the reporting date for borrowings were as follows:

	2019 %	2018 %
Revolving credits (secured)	**4.53 – 4.70**	4.40 – 4.70
Term loans	**4.44 – 5.42**	4.25 – 5.00

The revolving credits and term loans of the Group are secured by legal charges on certain assets of the Group as follows:

(i) fixed and floating charges over property, plant and equipment as disclosed in Note 15;
(ii) fixed and floating charges over certain investment properties as disclosed in Note 16;
(iii) fixed and floating charges over certain inventories as disclosed in Note 23.

The revolving credits (unsecured) 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 4.02% to 4.95% (2018: 4.01% to 4.75%) and 4.02% to 4.95% (2018: 4.01% to 4.75%) respectively per annum.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

35. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payables	**10,308**	12,217	**-**	-
Amount due to an associate	**137**	137	**-**	-
Amount due to related companies	**-**	3,399	**-**	-
Provision for foreseeable loss in land and development	**9,165**	8,175	**-**	-
Provision for liquidated ascertained damages	**37**	37	**-**	-
Accrual for further cost	**32,987**	83,802	**-**	-
Retention sum	**28,665**	33,740	**-**	-
Accrued operating expenses	**16,113**	16,356	**646**	640
Deposits received	**7,725**	5,896	**-**	-
Amount due to non-controlling interests	**-**	22,437	**-**	-
Other payables	**31,866**	18,763	**43**	59
	137,003	204,959	**689**	699
Non-current				
Other payables	**4,524**	9,754	**-**	-
Amounts due to subsidiaries	**-**	-	**336,700**	309,036
	4,524	9,754	**336,700**	309,036
Total trade and other payables	**141,527**	214,713	**337,389**	309,735
Total trade and other payables	**141,527**	214,713	**337,389**	309,735
Less: Provision for foreseeable loss in land and development	**(9,165)**	(8,175)	**-**	-
Less: Provision for liquidated ascertained damages	**(37)**	(37)	**-**	-
Less: GST payable	**(94)**	(398)	**(12)**	(20)
Add: Loans and borrowings (Note 34)	**1,221,774**	1,217,803	**122,000**	78,200
Total financial liabilities carried at amortised cost	**1,354,005**	1,423,906	**459,377**	387,915

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

35. TRADE AND OTHER PAYABLES cont'd

The normal credit terms granted by the trade payables range from 30 to 60 days (2018: 30 to 60 days).

Amounts due to an associate and related companies are unsecured, non-interest bearing and repayable on demand.

Amounts due to subsidiaries are unsecured, bore interest at rate 3.00% (2018: 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	
	2019	**2018**
	RM'000	**RM'000**
At beginning of the financial year	**8,175**	6,035
Provision during the financial year (Note 6)	**990**	2,140
At end of the financial year	**9,165**	8,175

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	
	2019	**2018**
	RM'000	**RM'000**
At beginning of the financial year	**37**	15
Provision during the financial year (Note 9)	**-**	22
At end of the financial year	**37**	37

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

36. CONTRACT LIABILITIES

	GROUP	
	2019	2018
	RM'000	RM'000
Contract liabilitites from property development		
At beginning of the financial year	**23,523**	-
Revenue recognised during the financial year	**(219,984)**	(114,885)
Progress billings during the financial year	**210,852**	138,408
At end of the financial year	**14,391**	23,523

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

37. EMPLOYEE BENEFITS

(a) Executive Share Scheme

The Executive Share Scheme ("ESOS") of the Company was implemented on 21 March 2012 and shall be in force for a period of 10 years.

The Executive Share Grant Scheme ("ESGS") of the Company was implemented on 28 February 2014.

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 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.

37. EMPLOYEE BENEFITS cont'd

(a) Executive Share Scheme 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 issued and paid-up ordinary share capital (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 issued and paid-up ordinary share capital of the Company on the date the ESOS was approved by the shareholders of GGL, 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 issued and paid-up ordinary share capital 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

37. EMPLOYEE BENEFITS cont'd

(b) Value Creation Incentive Plan

On 22 August 2011, the Company had established a Value Creation Incentive Plan ("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:

	2019		2018	
	No.	**WAEP**	**No.**	**WAEP**
Group	**'000**	**RM**	**'000**	**RM**
Outstanding at 1 July	**18,000**	**1.16**	-	-
- Granted	**-**	**-**	20,000	1.16
- Lapsed	**-**	**-**	(2,000)	1.16
Outstanding at 30 June	**18,000**	**1.16**	18,000	1.16
Exercisable at 30 June	**-**	**-**	-	-

In previous financial year, options over 20,000,000 GLM shares, representing 2.86% of the total number of issued shares of the Company, had been granted to eligible executives of the Group pursuant to the Company's VCIP, out of which 2,000,000 options had lapsed in June 2018. 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 by the Board following the end of the respective performance periods.

There were no shares granted or options over shares granted or vested to eligible executives of the Group during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

37. EMPLOYEE BENEFITS cont'd

(b) Value Creation Incentive Plan 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 RM0.807 to RM0.1791 per option. This was calculated using the Binomial option pricing model. The model inputs were the share price at grant date of RM1.12, exercise price of RM1.16 expected option life of 1.5 years to 5.5 years, expected volatility of 15%, dividend yield rate of 2% and risk-free interest rate of 3.44% to 3.88%.

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.

38. 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 (2018: less than 6 months) from the reporting date.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

38. FINANCIAL INSTRUMENTS cont'd

(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
GROUP				
Financial assets				
At 30 June 2019:				
Deposits placed with licensed banks	**2.50 - 3.60**	**-**	**172,157**	**172,157**
At 30 June 2018:				
Deposits placed with licensed banks	0.70 - 3.82	-	155,867	155,867
Financial liabilities				
At 30 June 2019:				
Loans and borrowings	**4.02 - 5.42**	**1,221,774**	**-**	**1,221,774**
At 30 June 2018:				
Loans and borrowings	4.01 - 5.00	1,217,803	-	1,217,803
COMPANY				
Financial assets				
At 30 June 2019:				
Deposits placed with licensed banks	**2.95 - 3.20**	**-**	**1,967**	**1,967**
Amount due from subsidiaries	**4.17 - 4.75**	**180,408**	**-**	**180,408**
At 30 June 2018:				
Deposits placed with licensed banks	3.25	-	355	355
Amount due from subsidiaries	4.15 - 4.75	204,693	-	204,693
Financial liabilities				
At 30 June 2019:				
Loans and borrowings	**4.02 - 4.80**	**122,000**	**-**	**122,000**
Amount due to subsidiaries	**3.00**	**336,700**	**-**	**336,700**
At 30 June 2018:				
Loans and borrowings	4.01 - 4.75	78,200	-	78,200
Amount due to subsidiaries	3.00	309,036	-	309,036

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

cont'd

38. FINANCIAL INSTRUMENTS cont'd

(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 24.

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 24. 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.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

cont'd

38. FINANCIAL INSTRUMENTS cont'd

(e) Liquidity risk cont'd

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's 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
At 30 June 2019				
GROUP				
Financial liabilities:				
Trade and other payables	137,003	4,524	-	141,527
Loans and borrowings	348,597	998,132	26,242	1,372,971
Total undiscounted financial liabilities	485,600	1,002,656	26,242	1,514,498
COMPANY				
Financial liabilities:				
Trade and other payables	689	-	-	689
Amounts due to subsidiaries	15,387	368,178	-	383,565
Loans and borrowings	127,650	-	-	127,650
Total undiscounted financial liabilities	143,726	368,178	-	511,904

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

38. FINANCIAL INSTRUMENTS cont'd

(e) Liquidity risk cont'd

Analysis of financial instruments by remaining contractual maturities cont'd

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. cont'd

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 30 June 2018				
GROUP				
Financial liabilities:				
Trade and other payables	204,959	9,754	-	214,713
Loans and borrowings	301,004	1,093,386	15,148	1,409,538
Total undiscounted financial liabilities	505,963	1,103,140	15,148	1,624,251
COMPANY				
Financial liabilities:				
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

(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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

38. FINANCIAL INSTRUMENTS cont'd

(f) Foreign currency risk cont'd

The Group's exposures to foreign currencies against the functional currencies at the reporting date are as follows:

	Singapore Dollar RM'000
GROUP	
At 30 June 2019	
Cash and cash equivalents	**56**
At 30 June 2018	
Cash and cash equivalents	55

As at reporting date, the Group did not enter into forward exchange contracts to hedge the Group's foreign exchange exposure.

(g) 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)	24
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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

38. FINANCIAL INSTRUMENTS cont'd

(g) Fair values of financial instruments cont'd

Financial assets at fair value through profit or loss

The fair value of financial assets at fair value through profit or loss 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.

39. 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

39. FAIR VALUE MEASUREMENT cont'd

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
At 30 June 2019				
GROUP				
Investment properties	**-**	**-**	**536,163**	**536,163**
Investments in associates	**53,477**	**-**	**-**	**53,477**
Biological assets	**-**	**-**	**360**	**360**
Other investments	**8,900**	**-**	**-**	**8,900**
	62,377	**-**	**536,523**	**598,900**
At 30 June 2018				
GROUP				
Investment properties	-	-	540,563	540,563
Investments in associates	59,553	-	-	59,553
Biological assets	-	-	434	434
Other investments	11,779	-	-	11,779
	71,332	-	540,997	612,329

There have been no transfers between the fair value hierarchy during the financial years ended 2019 and 2018.

Fair value reconciliation of investment properties measured at Level 3

	Commercial RM'000
At 30 June 2019	
At 1 July 2018	
Measured at valuation	**540,563**
Net gain on fair value adjustments (Note 6)	**7,870**
Adjustment [1]	**(12,270)**
At 30 June 2019	**536,163**
Valuation gain for the year included in profit or loss (recognised in other operating income)	**7,870**

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

39. FAIR VALUE MEASUREMENT cont'd

Fair value reconciliation of investment properties measured at Level 3 cont'd

	Commercial RM'000
At 30 June 2018	
At 1 July 2017	
Measured at valuation	544,318
Net gain on fair value adjustments (Note 6)	487
Adjustment [1]	(4,435)
Additions from subsequent expenditure	193
At 30 June 2018	540,563
Valuation gains for the year included in profit or loss (recognised in other operating income)	487

[1] *During the financial year, the Group has finalised certain costs incurred for the investment properties and RM12,270,000 (2018: RM4,435,000) was adjusted against other payables.*

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)
As at 30 June 2019			
Completed	Investment method	Estimated rental value per square foot per month	RM6.40 - RM6.55
		Estimated outgoings per square foot per month	RM1.35 - RM1.38
		Void allowance	2.50%
		Yield	5.50% - 5.75%
		Capitalisation rate - term	5.50%
		Capitalisation rate - reversionary	5.75%
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.	-25% to 80%

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

39. FAIR VALUE MEASUREMENT cont'd

Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3: cont'd

Property category	Valuation method	Significant unobservable inputs	Range (Weighted average)
As at 30 June 2018			
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%

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

39. FAIR VALUE MEASUREMENT cont'd

Investment method cont'd

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.

40. SUBSIDIARIES

The subsidiaries are as follows:

		% of ownership interest held by				
		Group		Non-controlling interest		
Name of company	Country of incorporation	2019 %	2018 %	2019 %	2018 %	Principal activities
^ Guoman Hotel & Resort Holdings Sdn Bhd and its subsidiaries:	Malaysia	**70**	70	**30**	30	Investment holding
^ Kiapeng Development Sdn Bhd	Malaysia	**70**	70	**30**	30	Property development and property investment
^ Megawise Philippines, Inc. (formerly known as Guoman Philippines, Inc.)	Philippines	**70**	70	**30**	30	Dormant
^ JB Parade Condominium Sdn Bhd	Malaysia	**70**	70	**30**	30	Property development
^ GuocoLand Development Sdn Bhd and its subsidiaries:	Malaysia	**100**	100	**-**	-	Investment holding and property development
^ Corebright Housing Sdn Bhd	Malaysia	**100**	100	**-**	-	Provision of construction management services
+ Bedford Industrial Development Sdn Bhd	Malaysia	**100**	100	**-**	-	Property development

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

40. SUBSIDIARIES cont'd

		% of ownership interest held by				
		Group		Non-controlling interest		
Name of company	Country of incorporation	2019 %	2018 %	2019 %	2018 %	Principal activities
GuocoLand Development Sdn Bhd and its subsidiaries: (cont'd)						
^+ GLM Emerald (Jasin) Sdn Bhd and its subsidiary:	Malaysia	**100**	100	**-**	-	Investment holding and property development
GLM Emerald Industrial Park (Jasin) 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
^ Astute Modernization Sdn Bhd	Malaysia	**100**	100	**-**	-	In member's voluntary liquidation
^ Titan Debut Sdn Bhd	Malaysia	**100**	100	**-**	-	Acquisition, enhancement and resale of properties
GLM Emerald Hills (Cheras) Sdn Bhd	Malaysia	**100**	100	**-**	-	Property development and property investment
^+ PJ Corporate Park Sdn Bhd	Malaysia	**100**	100	**-**	-	Property development
^+ PJ City Development Sdn Bhd	Malaysia	**100**	100	**-**	-	Property development and property investment

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

cont'd

40. SUBSIDIARIES cont'd

		% of ownership interest held by				
		Group		Non-controlling interest		
Name of company	Country of incorporation	2019	2018	2019	2018	Principal activities
		%	%	%	%	
^ GLM Real Estate Holdings Sdn Bhd and its subsidiaries:	Malaysia	**100**	100	**-**	-	Investment holding
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
^ GLM Land Sdn Bhd and its subsidiaries:	Malaysia	**100**	100	**-**	-	Investment holding
DC Offices Sdn Bhd	Malaysia	**100**	100	**-**	-	Property investment
DC Hotel Sdn Bhd	Malaysia	**100**	100	**-**	-	Hotel operations
BLV Fashions Sdn Bhd	Malaysia	**100**	100	**-**	-	In member's voluntary liquidation
^ Guobena Development Sdn Bhd	Malaysia	**100**	100	**-**	-	In member's voluntary liquidation
HL Bandar Sdn Bhd	Malaysia	**-**	100	**-**	-	Dissolved by member's voluntary liquidation
^ GLM Equities Sdn Bhd	Malaysia	**100**	100	**-**	-	Investment holding
^ Megagrowth Limited (formerly known as HLL Overseas Limited)	Jersey, Channel Islands	**-**	100	**-**	-	Dissolved
^ Positive Vision Labuan Limited	Malaysia	**100**	100	**-**	-	In member's voluntary liquidation
^ GLM Oval Sdn Bhd	Malaysia	**100**	100	**-**	-	Property investment
^ GLM Property Services Sdn Bhd	Malaysia	**100**	100	**-**	-	Provision of property management services
^ GLM Property Management Co Sdn Bhd	Malaysia	**100**	100	**-**	-	Provision of property management services
^ GLM REIT Management Sdn Bhd	Malaysia	**100**	100	**-**	-	Provision of management services
^ Raikon Building Management Co Sdn Bhd	Malaysia	**100**	100	**-**	-	Provision of property-related services

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

40. SUBSIDIARIES cont'd

		% of ownership interest held by				
		Group		Non-controlling interest		
Name of company	Country of incorporation	2019	2018	2019	2018	Principal activities
		%	%	%	%	
GLM Emerald Square (Cheras) Sdn Bhd	Malaysia	**100**	100	**-**	-	Property development
GLM IHM Sdn Bhd (formerly known as GLM IHT Sdn Bhd)	Malaysia	**100**	100	**-**	-	Provision of management services
^ HLX Management Sdn Bhd	Malaysia	**100**	-	**-**	-	Provision of consultancy and event management services

\+ *Subsidiaries consolidated under merger method of accounting.*
^ *Not audited by member firms of Ernst & Young Global.*

41. JOINT VENTURES

The details of joint ventures are as follows:

		Effective equity interest		
Name of joint venture	Country of incorporation	2019	2018	Principal activities
		%	%	
^ GLM Emerald (Rawang) Sdn Bhd and its subsidiaries:	Malaysia	**50**	50	Investment holding
GLM Emerald West (Rawang) Sdn Bhd ("GEWR")	Malaysia	**50**	50	Property development
^ GLM Emerald East (Rawang) Sdn Bhd	Malaysia	**50**	50	Property development

^ *Not audited by member firms of Ernst & Young Global.*

42. 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 2019 and 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

42. CAPITAL MANAGEMENT cont'd

The Group and the Company monitor capital using Equity : Debt Ratio.

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Equity attributable to the owners of the parent	**1,294,071**	1,340,162	**997,211**	1,030,706
Loans and borrowings (Note 34)	**1,221,774**	1,217,803	**122,000**	78,200
Less: Cash and bank balances (Note 30)	**(208,116)**	(192,101)	**(2,504)**	(567)
Net debt	**1,013,658**	1,025,702	**119,496**	77,633
Equity : Debt Ratio	**56 : 44**	57 : 43	**89 : 11**	93 : 7

43. SEGMENT INFORMATION

The Group predominantly carries out its operations in Malaysia. The Group's operations is presented using the following business segments, reviewed by the chief operating decision maker:

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 THE FINANCIAL STATEMENTS

30 June 2019
cont'd

43. SEGMENT INFORMATION cont'd

	Property development		Property investment		Hotels		Plantation		Others		Elimination*		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	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
Revenue														
External sales	**320,268**	114,885	**31,968**	30,309	**39,873**	65,437	**13,575**	18,843	**8,268**	9,926	**-**	-	**413,952**	239,400
Inter-segment sales	**-**	-	**2,146**	1,959	**-**	-	**-**	-	**38,254**	72,492	**(40,400)**	(74,451)	**-**	-
Total revenue	**320,268**	114,885	**34,114**	32,268	**39,873**	65,437	**13,575**	18,843	**46,522**	82,418	**(40,400)**	(74,451)	**413,952**	239,400
Results														
Segment results	**69,779**	42,654	**16,202**	28,819	**11,847**	23,652	**4,942**	11,230	**46,522**	83,365	**(53,190)**	(72,492)	**96,102**	117,228
Unallocated corporate expenses													**(79,591)**	(23,711)
Profit from operations													**16,511**	93,517
Finance income	**3,440**	2,780	**1,003**	1,507	**1,783**	552	**1,174**	884	**21,796**	19,882	**(21,716)**	(20,773)	**7,480**	4,832
Finance costs													**(49,640)**	(51,202)
Share of results of associates	**-**	-	**1,553**	3,533	**-**	-	**272**	6,806	**-**	-	**-**	-	**1,825**	10,339
Share of results of joint ventures	**4,569**	(331)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**4,569**	(331)
Income tax benefit/ (expense)	**1,994**	9,024	**(6,918)**	(350)	**(1)**	1	**(684)**	(737)	**(4,064)**	(7,843)	**-**	-	**(9,673)**	95
(Loss)/profit net of tax													**(28,928)**	57,250
Non-controlling interests													**(3,852)**	(36,133)
Net (loss)/profit for the year attributable to the owners of the parent													**(32,780)**	21,117

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

43. SEGMENT INFORMATION cont'd

	Property development		Property investment		Hotels		Plantation		Others		Elimination*		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	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
Assets														
Segment assets	**1,222,594**	1,263,820	**560,080**	568,465	**349,360**	420,346	**335,387**	332,144	**39,130**	34,540	**-**	-	**2,506,551**	2,619,315
Investments in associates	**-**	-	**116,981**	117,916	**-**	-	**85,743**	85,829	**-**	-	**-**	-	**202,724**	203,745
Investments in joint ventures	**113,523**	110,018	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**113,523**	110,018
Deferred tax assets													**17,454**	16,984
Tax recoverable													**4,538**	10,827
Consolidated total assets													**2,844,790**	2,960,889
Liabilities														
Segment liabilities	**100,218**	104,214	**27,082**	49,609	**22,482**	49,294	**1,284**	1,448	**4,852**	33,671	**-**	-	**155,918**	238,236
Loans and borrowings													**1,221,774**	1,217,803
Deferred tax liabilities													**33,826**	30,305
Tax payable													**1,085**	119
Consolidated total liabilities													**1,412,603**	1,486,463
Other Information														
Additions in non-current assets:														
- Property, plant and equipment	**11**	41	**7,306**	4,387	**525**	20,941	**916**	558	**34**	1,291	**-**	-	**8,792**	27,218
- Investment properties	**-**	-	**-**	193	**-**	-	**-**	-	**-**	-	**-**	-	**-**	193

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

43. SEGMENT INFORMATION cont'd

	Property development		Property investment		Hotels		Plantation		Others		Elimination*		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	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
Other Information cont'd														
Depreciation	**1,435**	19	**58**	43	**8,408**	10,615	**430**	337	**1,170**	1,220	**-**	-	**11,501**	12,234
Net gain from fair value adjustments on investment properties	**-**	-	**(7,870)**	(487)	**-**	-	**-**	-	**-**	-	**-**	-	**(7,870)**	(487)
Realisation of goodwill	**3,668**	2,066	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**3,668**	2,066
Property, plant and equipment written off	**-**	-	**-**	-	**-**	-	**5**	-	**-**	45	**-**	-	**5**	45
Allowance for impairment on trade and other receivables	**291**	-	**2,938**	851	**-**	-	**-**	-	**-**	-	**-**	-	**3,229**	851
Gain on disposal of property, plant and equipment	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(58)	**-**	-	**-**	(58)
Reversal of allowance for impairment on trade and other receivables	**-**	(18)	**(850)**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(850)**	(18)
Net fair value gain on derivative financial assets	**-**	-	**-**	(22)	**-**	(25)	**-**	-	**-**	-	**-**	-	**-**	(47)
Gain on disposal of subsidiaries	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(104,081)	**-**	-	**-**	(104,081)
Gain on disposal of financial assets at fair value through profit or loss	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(739)	**-**	-	**-**	(739)

* *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 THE FINANCIAL STATEMENTS

30 June 2019
cont'd

44. 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 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")	Subsidiary 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 THE FINANCIAL STATEMENTS

30 June 2019

cont'd

44. SIGNIFICANT RELATED PARTY TRANSACTIONS cont'd

(b) Transactions within the Group

	COMPANY	
	2019 RM'000	2018 RM'000
Dividend income	**17,620**	52,353
Interest income	**7,644**	5,314
Interest expense	**(9,093)**	(6,126)

(c) Related party transactions

	GROUP	
	2019 RM'000	2018 RM'000
Management services income received/receivable from joint ventures	**2,128**	1,410
Rental income received/receivable from:		
- HLFG Group	**419**	211
- HLMG	**102**	19
Management services income received/receivable from:		
- Tower REIT	**1,839**	1,839
- associates	**886**	-
Property management fees received/receivable from:		
- HLFG Group	**1,039**	1,123
- Tower REIT	**126**	90
Sale of subsidiaries to GLL Group (Note 17)	**-**	229,359
Interest income received/receivable from HLFG Group	**3,510**	-
Dividend income from:		
- associates	**2,492**	3,646
Rental income received/receivable from related parties of directors of HLCM	**1,448**	853
Security guard services fees paid/payable to GSC	**(2,493)**	(2,865)
Management services fees paid/payable to GL Group	**(2,053)**	(1,040)
Office rental paid/payable to:		
- HLFG Group	**(93)**	(83)
- Tower REIT	**(34)**	(149)
Financial and treasury services fees paid/payable to HLMC Group	**(56)**	(4,308)
Shares, warrants and ESS administration services fees paid/payable to HLMC Group	**(4)**	(136)

NOTES TO THE FINANCIAL STATEMENTS
30 June 2019
cont'd

44. 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 2019 are disclosed in Notes 24 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.

45. CAPITAL COMMITMENTS

	GROUP	
	2019	**2018**
	RM'000	**RM'000**
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	-	353

46. 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	
	2019	**2018**
	RM'000	**RM'000**
Not later than 1 year	**14**	29
Later than 1 year and not later than 5 years	-	29
	14	58

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

cont'd

46. 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	
	2019	**2018**
	RM'000	**RM'000**
Not later than 1 year	**17,528**	27,851
Later than 1 year and not later than 5 years	**3,509**	21,785
	21,037	49,636

47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no significant events during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

48. EXPLANATION OF TRANSITION FROM FRS TO MFRS

The reconciliations of financial position and equity, profit or loss, total comprehensive income and cash flows for comparative periods and of financial position and equity at the date of transition under FRS to those reported for those periods and as at the date of transition under MFRS are provided below:

Reconciliation of income statements

	As presented under FRS as at 30/06/2018 RM'000	Effect of transition to MFRS 30/06/2018 RM'000	As presented under MFRS as at 30/06/2018 RM'000
Revenue	309,305	(69,905)	239,400
Cost of sales	(202,891)	33,297	(169,594)
Gross profit	106,414	(36,608)	69,806
Selling and marketing expenses	(25,933)	13,818	(12,115)
Administrative expenses	(71,879)	637	(71,242)
Other net operating income	107,601	(533)	107,068
Profit from operations	116,203	(22,686)	93,517
Finance income	4,832	-	4,832
Finance costs	(51,076)	(126)	(51,202)
Share of results of associates	10,410	(71)	10,339
Share of results of joint ventures	136	(467)	(331)
Profit before tax	80,505	(23,350)	57,155
Income tax (expense)/benefit	(6,147)	6,242	95
Profit net of tax	74,358	(17,108)	57,250
Profit attributable to:			
Owners of the parent	38,199	(17,082)	21,117
Non-controlling interests	36,159	(26)	36,133
	74,358	(17,108)	57,250
Earnings per share attributable to owners of the parent (sen per share):			
Basic	5.70		3.15
Diluted	5.70		3.15

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

48. EXPLANATION OF TRANSITION FROM FRS TO MFRS cont'd

The reconciliations of financial position and equity, profit or loss, total comprehensive income and cash flows for comparative periods and of financial position and equity at the date of transition under FRS to those reported for those periods and as at the date of transition under MFRS are provided below: (cont'd)

Reconciliation of statements of comprehensive income

	As presented under FRS as at 30/06/2018	Effect of transition to MFRS 30/06/2018	As presented under MFRS as at 30/06/2018
Profit net of tax	74,358	(17,108)	57,250
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:			
Fair value loss on available-for-sale investments, net	(769)	769	-
Foreign currency translation	11	-	11
Other comprehensive (loss)/income, representing total other comprehensive (loss)/income	(758)	769	11
Total comprehensive income	73,600	(16,339)	57,261
Total comprehensive income attributable to:			
Owners of the parent	37,441	(16,313)	21,128
Non-controlling interests	36,159	(26)	36,133
	73,600	(16,339)	57,261

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

48. EXPLANATION OF TRANSITION FROM FRS TO MFRS cont'd

The reconciliations of financial position and equity, profit or loss, total comprehensive income and cash flows for comparative periods and of financial position and equity at the date of transition under FRS to those reported for those periods and as at the date of transition under MFRS are provided below: (cont'd)

Reconciliation of statements of financial position

	As presented under FRS as at 30/06/2018 RM'000	Effect of transition to MFRS 30/06/2018 RM'000	As presented under MFRS as at 30/06/2018 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	375,520	-	375,520
Investment properties	540,563	-	540,563
Land held for property development	302,489	-	302,489
Investments in associates	203,837	(92)	203,745
Investments in joint ventures	110,485	(467)	110,018
Goodwill	9,403	344	9,747
Deferred tax assets	10,424	6,560	16,984
	1,552,721	6,345	1,559,066
CURRENT ASSETS			
Inventories	621,909	484,623	1,106,532
Biological assets	-	434	434
Property development costs	469,907	(469,907)	-
Trade and other receivables	92,694	(43,319)	49,375
Contract cost asset	-	30,194	30,194
Other current assets	581	-	581
Tax recoverable	10,827	-	10,827
Other investment	11,779	-	11,779
Cash and cash equivalents	192,101	-	192,101
	1,399,798	2,025	1,401,823
TOTAL ASSETS	2,952,519	8,370	2,960,889

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

48. EXPLANATION OF TRANSITION FROM FRS TO MFRS cont'd

The reconciliations of financial position and equity, profit or loss, total comprehensive income and cash flows for comparative periods and of financial position and equity at the date of transition under FRS to those reported for those periods and as at the date of transition under MFRS are provided below: (cont'd)

Reconciliation of statements of financial position (cont'd)

	As presented under FRS as at 30/06/2018 RM'000	Effect of transition to MFRS 30/06/2018 RM'000	As presented under MFRS as at 30/06/2018 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	385,318	-	385,318
Reserves	994,649	(15,922)	978,727
Equity funds	1,379,967	(15,922)	1,364,045
Shares held by ESS Trust	(23,883)	-	(23,883)
	1,356,084	(15,922)	1,340,162
Non-controlling interests	134,290	(26)	134,264
TOTAL EQUITY	1,490,374	(15,948)	1,474,426
NON-CURRENT LIABILITIES			
Trade and other payables	9,754	-	9,754
Loans and borrowings	930,193	-	930,193
Deferred tax liabilities	29,857	448	30,305
	969,804	448	970,252
CURRENT LIABILITIES			
Trade and other payables	204,612	347	204,959
Contract liabilities	-	23,523	23,523
Loans and borrowings	287,610	-	287,610
Tax payable	119	-	119
	492,341	23,870	516,211
TOTAL LIABILITIES	1,462,145	24,318	1,486,463
TOTAL EQUITY AND LIABILITIES	2,952,519	8,370	2,960,889

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

48. EXPLANATION OF TRANSITION FROM FRS TO MFRS cont'd

The reconciliations of financial position and equity, profit or loss, total comprehensive income and cash flows for comparative periods and of financial position and equity at the date of transition under FRS to those reported for those periods and as at the date of transition under MFRS are provided below: (cont'd)

Reconciliation of statements of financial position (cont'd)

	As presented under FRS as at 01/07/2017 RM'000	Effect of transition to MFRS 01/07/2017 RM'000	As presented under MFRS as at 01/07/2017 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	523,832	-	523,832
Investment properties	544,318	-	544,318
Inventories	438,673	-	438,673
Investments in associates	197,916	(21)	197,895
Investments in joint ventures	110,873	-	110,873
Available-for-sale investments	1,566	(1,566)	-
Goodwill	11,813	-	11,813
Deferred tax assets	7,347	-	7,347
	1,836,338	(1,587)	1,834,751
CURRENT ASSETS			
Inventories	756,156	245,383	1,001,539
Biological assets	-	542	542
Property development costs	245,383	(245,383)	-
Trade and other receivables	108,308	-	108,308
Other current assets	894	-	894
Tax recoverable	7,548	-	7,548
Other investment	49	1,566	1,615
Derivative financial assets	118	-	118
Cash and cash equivalents	231,592	-	231,592
	1,350,048	2,108	1,352,156
TOTAL ASSETS	3,186,386	521	3,186,907

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

48. EXPLANATION OF TRANSITION FROM FRS TO MFRS cont'd

The reconciliations of financial position and equity, profit or loss, total comprehensive income and cash flows for comparative periods and of financial position and equity at the date of transition under FRS to those reported for those periods and as at the date of transition under MFRS are provided below: (cont'd)

Reconciliation of statements of financial position (cont'd)

	As presented under FRS as at 01/07/2017 RM'000	Effect of transition to MFRS 01/07/2017 RM'000	As presented under MFRS as at 01/07/2017 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	385,318	-	385,318
Reserves	970,606	391	970,997
Equity funds	1,355,924	391	1,356,315
Shares held by ESS Trust	(23,883)	-	(23,883)
	1,332,041	391	1,332,432
Non-controlling interests	118,388	-	118,388
TOTAL EQUITY	1,450,429	391	1,450,820
NON-CURRENT LIABILITIES			
Trade and other payables	8,674	-	8,674
Loans and borrowings	1,162,110	-	1,162,110
Deferred tax liabilities	32,244	130	32,374
	1,203,028	130	1,203,158
CURRENT LIABILITIES			
Trade and other payables	271,122	-	271,122
Loans and borrowings	256,611	-	256,611
Derivative financial liabilities	103	-	103
Tax payable	5,093	-	5,093
	532,929	-	532,929
TOTAL LIABILITIES	1,735,957	130	1,736,087
TOTAL EQUITY AND LIABILITIES	3,186,386	521	3,186,907

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019
cont'd

48. EXPLANATION OF TRANSITION FROM FRS TO MFRS cont'd

The reconciliations of financial position and equity, profit or loss, total comprehensive income and cash flows for comparative periods and of financial position and equity at the date of transition under FRS to those reported for those periods and as at the date of transition under MFRS are provided below: (cont'd)

Reconciliation of statements of cash flows

	As presented under FRS as at 30/06/2018 RM'000	Effect of transition to MFRS 30/06/2018 RM'000	As presented under MFRS as at 30/06/2018 RM'000
Net cash used in operating activities	(19,515)	(67)	(19,582)
Net cash generated from investing activities	180,643	67	180,710
Net cash used in financing activities	(200,991)	-	(200,991)
Net decrease in cash and cash equivalents	(39,863)	-	(39,863)

OTHER INFORMATION

1. TOP 10 PROPERTIES HELD BY THE SUBSIDIARIES AS AT 30 JUNE 2019

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	**Sofitel Kuala Lumpur Damansara** Lot 58303 Bukit Damansara Kuala Lumpur	Freehold	Hotel	39,508 *	2	299,366	9/11/1994
2	Vacant land at Mukim of Jasin Melaka Darul Amin	Freehold	Development Land	3,869	-	291,086	22/05/1996
3	**DC Residensi** Lot 58303 Bukit Damansara Kuala Lumpur	Freehold	Residential	28,999 *	2	267,714	9/11/1994
4	**Menara Guoco** Lot 58303 Bukit Damansara Kuala Lumpur	Freehold	Commercial building ^	28,817 *	2	242,100	9/11/1994
5	**Emerald Hills @ Cheras** Lot 7585 to 7589 Lot 7597 to 7600 and PT 15231 Mukim Petaling Wilayah Persekutuan Kuala Lumpur	Freehold	Development land	172,023 *	-	189,788	13/04/2012
6	**Emerald 9 @ Cheras** 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	-	187,057	5/07/2016
7	**DC Mall** Lot 58303 Bukit Damansara Kuala Lumpur	Freehold	Retail mall ^	34,098 *	2	185,000	9/11/1994
8	**Oval Kuala Lumpur** Oval Condominium at Seksyen 63, Bandar & Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	Freehold	Residential	19,172 *	11	184,121	8/08/2007
9	**DC Parking** Lot 58303 Bukit Damansara Kuala Lumpur	Freehold	Car park ^	105,999 *	2	105,000	9/11/1994
10	**PJ Corporate Park** Lot 13507 Seksyen 32 Bandar Petaling Jaya Daerah Petaling Selangor	Leasehold Expiry Date: 12/12/2107	Commercial development	3.2	-	73,396	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 2019

	Location	Tenure	Approximate Land Area (acres)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition
1	*GLM Emerald West (Rawang) Sdn Bhd* **Emerald West** Residential development at Mukim of Rawang Districts of Gombak & Ulu Selangor Selangor Darul Ehsan	Freehold	517.5	-	282,531	31/05/2000
2	*GLM Emerald (Sepang) Sdn Bhd* **Pantai Sepang Putra** Residential development at Mukim of Sepang Districts of Sepang & Kuala Langat Selangor Darul Ehsan	Freehold	3,069.7	-	191,278	27/03/1992
3	*GLM Emerald East (Rawang) Sdn Bhd* **Emerald East** Residential development at Mukim of Rawang Districts of Gombak & Ulu Selangor Selangor Darul Ehsan	Freehold	23.7	-	14,674	11/10/1999

OTHER INFORMATION
cont'd

3. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2019

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	4.48	15,687	0.00
100 – 1,000	2,342	25.48	2,134,513	0.31
1,001 – 10,000	4,705	51.18	21,358,110	3.05
10,001 – 100,000	1,525	16.59	47,241,476	6.74
100,001 – less than 5% of issued shares	208	2.26	174,201,952	24.87
5% and above of issued shares	1	0.01	455,506,780	65.03
	9,195	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.	HLIB Nominees (Tempatan) Sdn Bhd *- Exempt AN for GuocoLand (Malaysia) Berhad (ESOS/VCIP)*	30,578,100	4.37
3.	HSBC Nominees (Asing) Sdn Bhd *- SCI for The Bank Of Nova Scotia (061)*	21,729,500	3.10
4.	YBhg Tan Sri Quek Leng Chan	19,506,780	2.78
5.	CGS-CIMB Nominees (Asing) Sdn Bhd *- Exempt AN for CGS-CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	10,356,348	1.48
6.	UOB Kay Hian Nominees (Asing) Sdn Bhd *- Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)*	7,223,962	1.03
7.	Citigroup Nominees (Asing) Sdn Bhd *- Exempt AN for OCBC Securities Private Limited (Client A/C-NR)*	5,054,143	0.72
8.	AllianceGroup Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Ong Siew Eng @ Ong Chai (8040800)*	4,835,800	0.69
9.	HSBC Nominees (Asing) Sdn Bhd *- Exempt AN for Credit Suisse (HK BR-TST-Asing)*	3,192,000	0.46
10.	HSBC Nominees (Asing) Sdn Bhd *- Exempt AN for Credit Suisse (SG BR-TST-Asing)*	2,691,700	0.39
11.	RHB Capital Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Poh Soon Sim (CEB)*	2,443,300	0.35
12.	Low Keng Boon Holdings Sdn Bhd	2,308,100	0.33
13.	Citigroup Nominees (Asing) Sdn Bhd *- CBNY for Dimensional Emerging Markets Value Fund*	2,261,100	0.32

OTHER INFORMATION
cont'd

3. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2019 cont'd

Thirty Largest Shareholders cont'd

	Name of Shareholders	No. of Shares	%
14.	Lee Sik Pin	2,200,400	0.32
15.	Low Keng Boon @ Lau Boon Sen	2,150,700	0.31
16.	Tan Liew Cheun	2,085,200	0.30
17.	Goh Cheah Hong	1,776,500	0.25
18.	AMSEC Nominees (Asing) Sdn Bhd *- Lim & Tan Securities Pte Ltd for Low Check Kian*	1,638,200	0.23
19.	Citigroup Nominees (Asing) Sdn Bhd *- CBNY for DFA Emerging Markets Small Cap Series*	1,528,400	0.22
20.	Surinder Singh A/L Wassan Singh	1,491,000	0.21
21.	UOB Kay Hian Nominees (Asing) Sdn Bhd *- Exempt AN for UOB Kay Hian (Hong Kong) Limited (A/C Clients)*	1,480,000	0.21
22.	Chua Holdings Sdn Bhd	1,428,465	0.21
23.	AMSEC Nominees (Tempatan) Sdn Bhd *- AmBank (M) Berhad (Hedging)*	1,270,200	0.18
24.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Teo Kwee Hock*	1,209,900	0.17
25.	RHB Nominees (Asing) Sdn Bhd *- Exempt AN for RHB Securities Singapore Pte Ltd (A/C Clients)*	1,020,800	0.15
26.	Lee Joo Ping	986,400	0.14
27.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *- Deutsche Trustees Malaysia Berhad for Hong Leong Strategic Fund*	931,700	0.13
28.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Teoh Ewe Jin (MY0829)*	914,140	0.13
29.	Citigroup Nominees (Asing) Sdn Bhd *- CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	910,900	0.13
30.	Citigroup Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Lee Kwong Joo (471898)*	865,860	0.12
		591,576,378	84.46

OTHER INFORMATION
cont'd

3. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2019 cont'd

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 30 August 2019 are as follows:

		Direct		Indirect	
	Names of Shareholders	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

4. DIRECTORS' INTERESTS AS AT 30 AUGUST 2019

Subsequent to the financial year end, there was no change, as at 30 August 2019, 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 66 to 67 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.

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-fifth 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, 30 October 2019 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 YBhg Datuk Edmund Kong Woon Jun as a Director		
4.	To re-elect Ms Patricia Chua Put Moy as a Director		
5.	To re-appoint Messrs Ernst & Young as Auditors and authorise the Directors to fix their remuneration		
	Special Business		
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 and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Tower Real Estate Investment Trust		
10.	To approve the special resolution on the proposed adoption of new Constitution		

Dated this ________________ day of ________________________ 2019

____
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 21 October 2019 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-fifth 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