CAPITAL World

2018 ANNUAL REPORT

CAPITAL CITY

NEW PERSPECTIVES OF DISTINCTION

THEME PARK
THEMATIC MALL
INTERNATIONAL HOTEL
THEMATIC HOTEL
RESIDENTIAL APARTMENTS


BAZAAR

Contents

Corporate Profile

Capital World Limited is an integrated property developer that focuses on working with landowners on a joint venture basis to minimise initial capital outlay. Through such joint ventures, Capital World Limited undertakes the conception, design and implementation of integrated property development projects.

Capital World Limited is currently developing an integrated development comprising Southeast Asia's largest indoor theme park, thematic shopping mall, Hilton hotel, thematic hotel and serviced apartments located in Tampoi, Johor. It has three other projects – a landed housing township project in Pengerang, an integrated development project in Tebrau and a Wellness Hub in Perak.

This annual report has been prepared by Capital World Limited (the "Company") and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Ms Tan Pei Woon, Senior Manager, Continuing Sponsorship (Mailing Address: at 16 Collyer Quay, #10- 00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

Chairman's Statement

> We remain focused on executing our projects, especially our maiden Project Capital City. Its expected completion in 2020 will showcase our capabilities as an innovative developer and offer a stepping stone for us into other markets.

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the annual report of Capital World Limited ("Capital World" or the "Group") for the financial year ended 30 June 2018 ("FY2018").

FY2018 has been a hectic year as we continued to develop our innovative theme park shopping mall concept and launched the first indoor musical circus in Malaysia.

YEAR UNDER REVIEW

The Group registered revenue of RM142.6 million in FY2018, a decrease of 22.5% from RM183.9 million in FY2017. This was largely due to a lower increase in percentage of completion ("POC") used for revenue recognition for Capital City Mall. Gross profit decreased by 12.9% to RM118.8 million, in line with the lower revenue.

The marble business contributed RM7.0 million to the Group's overall revenue in FY2018, accounting for 4.9% of total revenue versus just 0.7% in FY2017. Besides using some of the marble products for Project Capital City, we are also looking for opportunities to market our marble products to a wider base in the China region.

On 13 January 2018, we launched Malaysia's biggest indoor theme park at Capital City Mall. With a gross floor area of more than 500,000 sq ft, it is one of the five largest indoor theme parks in the world. Subsequently on 18 August 2018, we presented the first indoor musical circus in Malaysia in conjunction with the 250th global anniversary of circus shows. The air conditioned indoor theme park and musical circus complement our warm and humid climate and visitors can enjoy Broadway-style stage shows in comfort throughout the year. As Capital City transforms into a one-stop entertainment hub and shopping haven in the heart of Johor Bahru, we believe it will be well-received by both local and foreign visitors.

Alongside our focused mixed development projects, we have expanded our property portfolio by acquiring a joint development right to develop a township at Kota Tinggi, Johor which is in close proximity to the Pengerang Integrated Petroleum Complex ("PIPC"). The PIPC is an upcoming regional downstream oil storage and trading hub and it is well-poised to become one of Southeast Asia's major oil and gas hub driven by huge oil and gas investments. The PIPC is expected to generate 4,883 new high-income jobs by 2020 and 27,064 new high-income jobs in the subsequent phase of completion[1]. Our residential development in Pengerang will be in time to meet the rising housing demand of the upcoming Pengerang oil and gas hub. Besides our new project in Pengerang, the Group's prospective developments include Project Austin City and Project

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[1] Promoting downstream oil and gas industry, https://www.japantimes.co.jp/news/2017/08/31/national/promoting-downstream-oil-gas-industry/#.W17MAdlzY2x

Sitiawan Wellness Hub, mixed-use projects in Johor Bahru and Perak respectively.

MOVING AHEAD

Malaysia has ushered in a new era with the victory of Pakatan Harapan over Barisan National which has ruled the country for the past 60 years. The new Prime Minister Tun Dr. Mahathir Mohamad has appointed a Council of Elders whose members have great expertise and experience as an advisory body to shape policies and programmes. The new government has also fulfilled one of their promises and abolished the Goods and Service Tax ("GST") from 1 June 2018[2].

We are aware that the political change might bring significant changes to the business environment. Therefore, we remain cognisant of changes in the regulatory or government policy and will take necessary steps to adapt to these changes.

Going forward, we remain focused on executing our projects, especially our maiden Project Capital City. Its expected completion in 2020 will showcase our capabilities as an innovative developer and offer a stepping stone for us into other markets. It will be easier for us to form joint ventures with land owners once we establish a firm track record for timely delivery of our projects.

With a dedicated and committed team, we are confident that Capital World will take its well-deserved place amongst established property developers in Malaysia.

APPRECIATION

On behalf of the Board, I extend our deepest gratitude to the management team and staff for their hard work and commitment. I would also like to express my appreciation to our business partners and suppliers for their cooperation and understanding, and our Board of Directors for their counsel and guidance. With your support, we are motivated to achieve greater heights and overcome all obstacles.

Tan Eng Kiat Dominic
Independent Non-Executive Chairman

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[2] Malaysia says GST to be effectively scrapped from June 1, https://www.businesstimes.com.sg/government-economy/malaysia-says-gst-to-be-effectively-scrapped-from-june-1

Executive Director and CEO Statement

> **Project Capital City is progressing well. With the innovative indoor theme park concept, Project Capital City is well-poised to become a key tourist attraction in Johor with its offering of the 315-room Hilton Garden Inn, 630 units of hotel-style serviced suites and 690 units of serviced apartments.**

Dear Shareholders,

The year under review marks the first full year of the Group as a Catalist-listed company on Singapore Exchange. It was a challenging yet remarkable year as we have successfully launched our indoor theme park concept in early 2018 and presented the first indoor musical circus in Malaysia in August 2018.

FINANCIAL REVIEW

In line with a lower increase in percentage of completion ("POC") used for the revenue recognition at Capital City Mall, we recorded revenue of RM142.6 million in FY2018 as compared to RM183.9 million in FY2017. The POC is derived using the actual development costs to-date divided by the total budgeted costs. However, the gross profit margin improved from 74.2% in FY2017 to 83.3% in FY2018. In line with the decrease in revenue and increase in total operating expenses, our net profit decreased by 16.5% to RM58.6 million.

LAUNCH OF ENTERTAINMENT ELEMENTS IN CAPITAL CITY MALL

Driven by the spirit of innovation, we have always strived to introduce niche and innovative products which cater to the needs of the market. With the rise of online shopping and e-commerce, we realized the importance of providing a unique customers' experience in the brick and mortar stores. We focus on nostalgic elements that many modern theme parks no longer have. Therefore, we have launched Malaysia's biggest indoor theme park concept at Capital City Mall earlier this year, which we believe will be the major attraction for Project Capital City. The entertainment element injected will help our integrated development compete against online retail and other malls in Johor Bahru.

Upon completion, it will be one of the five largest indoor theme parks in the world with a gross floor area of more than 500,000 sq ft in total, transforming Capital City into a one-stop entertainment hub and shopping haven in the heart of Johor Bahru. It will feature three main sections – Movie Planet, Cartoon Planet and Music Planet, taking up the entire third and fourth levels, and other levels of the mall.

Movie Planet will feature famous movies such as Transformers, Dinosaur World and Haunted House while Cartoon Planet, which children will enjoy, will showcase international cartoon characters such as Garfield, Larva and others. The attractions from both Movie and Cartoon Planets will feature augmented reality ("AR") and virtual reality ("VR") technology. A Music Planet will have an indoor musical circus as well as musical and theatrical performances by well-known MCM London Musical Circus.

The Group presented the first indoor musical circus in Malaysia on 18 August 2018. Unlike conventional circus shows, our MCM London Musical Circus appeals to all ages with Broadway-style stage shows combining adrenaline-pumping stunts, magnificent circus skills and enchanting music into an engaging dramatic story of ambition, greed and a surprising outcome. The international cast includes the best circus artists from the UK, Russia, Chile, Venezuela, Mexico, Bulgaria and the USA.

Going to a circus is an experience of fun, fantasy and magic for many people. At the comfortably air-conditioned Capital City Mall's Circus Hall, the experience is elevated many times over that of a traditional circus performance to a mesmerizing Broadway-inspired live show. We aim to bring enchanting magic and fantasy of the circus world to people from all walks of life. Our aim is for anyone to experience a world-class circus show here at Capital City Mall at affordable pricing.

More significantly, Capital City Mall has obtained the Certificate of Completion and Compliance ("CCC") as announced in May 2018, marking a major milestone for the Group. The Group is busy preparing for the opening of the Capital City Mall in the fourth calendar quarter of 2018.

Project Capital City is progressing well. With the innovative indoor theme park concept, Project Capital City is well-poised to become a key tourist attraction in Johor with its offering of the 315-room Hilton Garden Inn, 630 units of hotel-style serviced suites and 690 units of serviced apartments.

ON ROUTE TO BECOMING A MULTIDISCIPLINARY PROFILE DEVELOPER

We are aware of the competitive landscape in Malaysia's property market dominated by established developers. However, our niche business model where we identify joint venture opportunities in strategic locations to offer unique and innovative products to the market will allow us to stand out from the stiff competition.

We started off with several mixed development projects such as Project Capital City and Project Austin as mixed-use developments give us more flexibility to design creative real estate concepts that give us an edge in the market.

In November 2017, we acquired a new joint development right for a consideration of RM63.0 million to develop a 207.5-acre township which is strategically located near Pengerang Integrated Petroleum Complex ("PIPC"), one of the major oil and gas hubs in Southeast Asia. The project will be launched in 2019 and will take about five to eight years to complete. This project is envisaged to be a lifestyle township, comprising residential properties of terrace house, cluster home, townhouse, low cost flat buildings, terrace shops and offices. This housing development will complement the Group's portfolio of mixed development projects and diversify the Group's risks due to changes in market and economic conditions, transforming the Group into a multidisciplinary profile developer.

OUTLOOK

The 14th Malaysian General Elections on 9th May 2018 was a significant historic moment for Malaysia. The victorious Pakatan Harapan coalition subsequently formed the new federal government and has since announced various policies favourable to the property industry.

One initiative by the new government is the abolishment of the Goods and Services Tax ("GST") from 1 June 2018, which was replaced by the Sales Services Tax ("SST") starting September 2018. This initiative is expected to spur spending and boost the local retail property market. However, the long-term impact of the GST removal and introduction of SST would depend on the finalised SST list as some items, including construction materials could be exempted[1].

In addition, the Housing and Local Government Ministry is working with Bank Negara Malaysia ("BNM") to ease housing loan requirements for first time home buyers in its bid to reduce the number of unsold completed residential units[2]. These favourable measures are expected to augur well for the property market in Malaysia. We are of the view that the outlook of property industry in Malaysia remains positive.

Johor's property market remains vibrant due to population boom and huge investments in the Southern Economic Corridor. Besides domestic investors, China, Singapore, the United States, Japan and Spain are the top five foreign investors in the state. Upcoming projects such as the proposed Rail Transit System ("RTS") and the Bus Rapid Transit System will provide better connectivity for the region[3] and enhance Johor Bahru's position as a regional hub.

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[1] Real estate market demand poser post-elections, https://www.thestar.com.my/business/business-news/2018/05/26/real-estate-market-demand-poser-postelections/

Executive Director and CEO Statement

The tourism sector has played a vital role in Johor's economic development. Johor has seen a steady increase in tourist arrivals since 2013 and it now ranks third in Malaysia, with 2.6 million international tourists visiting in 2016[4]. The Johor state government aims to set up a tourist information centre in all 10 districts to showcase the uniqueness of the respective districts, further promoting the tourism industry in Johor[5]. Capitalizing on the booming tourism sector in Johor, Capital City Mall is well-poised to ride on this favourable trend.

The spirit of innovation is an integral part of our business operations where we always strive to introduce niche and innovative products to the market. Thus, we will remain alert for more projects across residential, commercial and industrial segments to further enhance our presence in Malaysia as well as expand our portfolio.

We are aware that the property market is changing constantly driven by macroeconomic factors, policy changes and especially with the change in the government. Therefore, we will keep abreast of any policy changes that may affect the property industry. We think that it is important to stay relevant in the rapidly changing and evolving environment and cater to the needs of the market. Moving ahead, the Group remains committed to complete our first few projects in the pipeline while keeping an eye on potential business opportunities in the neighbouring ASEAN countries, as and when the opportunities arise.

ACKNOWLEDGEMENT

First of all, I would like to express my sincere appreciation to our employees for their dedication and contributions throughout the year. I would also like to extend our gratitude to all other stakeholders for their unwavering support to the Group. Our thanks also to our Board members for their invaluable insights and advice. Last but not least, I would like to extend my gratitude to our beloved shareholders and we look forward to your continued faith and support as we embark on the exciting year ahead.

Siow Chien Fu
Executive Director and Chief Executive Officer

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[2] Ministry seeks to relax housing loan rules, https://www.thestar.com.my/news/nation/2018/06/27/ministry-seeks-to-relax-housing-loan-rules/

[3] Change or no, Johor is resilient, https://www.thestar.com.my/metro/metro-news/2018/07/17/on-the-resilience-of-johor-state-poised-to-shine-brighter-with-projects-enhancing-connectivity/

[4] Promoting Johor's unique destinations, https://www.thestar.com.my/metro/metro-news/2018/01/15/promoting-johors-unique-destinations-state-government-to-work-with-matta-in-developing-special-packa/

[5] Move to showcase Johor, https://www.thestar.com.my/metro/metro-news/2018/07/17/move-to-showcase-johor-state-aims-to-set-up-tourist-information-centre-in-all-10-districts/

Financial Review

For the financial year ended 30 June 2018 ("FY2018"), the Group achieved revenue of RM142.6 million, representing a decrease of 22.5% year-on year ("Y-o-Y"). The decrease in revenue was mainly due to a lower increase in percentage of completion ("POC") which was used for revenue recognition for the Capital City Mall. The POC was 82.8% in FY2018 compared to 56.5% in FY2017, whereas it was 24.8% in FY2016. The POC is derived using the actual development costs to-date divided by the total budgeted costs. The total budgeted costs for Project Capital City shall be re-assessed upon its completion.

Gross profit decreased by 12.9% to RM118.8 million in FY2018 which was in line with the decrease in revenue. The gross profit margin increased from 74.2% in FY2017 to 83.3% in FY2018.

The Group registered a 31.5% decrease in selling and distribution expenses to RM6.5 million in FY2018 due to the decline in sales commission and advertising and promotional expenses which was in tandem with the decrease in revenue.

The increase in general and administrative expenses of RM23.8 million as compared to RM13.0 million in FY2018 is due to higher payroll related costs from additional headcount after the reverse takeover ("RTO"), additional depreciation and amortization expenses from the upward fair value adjustments on the plant and equipment and mining rights as a result of the RTO accounting in FY2017, fees for liaising and sourcing tenants for the Capital City Mall and provision for impairment of inventories in relation to the marble business.

Other expenses of RM12.8 million in FY2017 related to the professional fees incurred on the RTO which was one-off in nature. There were no such expenses in FY2018.

As a result of the above factors, the Group recorded a lower net profit of RM58.6 million in FY2018 as compared to a net profit of RM70.1 million in FY2017. Basic earnings per share decreased from RM6.36 cents in FY2017 to RM4.60 cents in FY2018.

Financial Review

FINANCIAL POSITION

The Group's financial position remains strong. As of 30 June 2018, the Group held net assets of RM302.0 million, translating into a net asset value per share of RM23.18 cents, up from RM18.68 cents as at 30 June 2017.

Total assets comprised non-current assets of RM517.2 million and current assets of RM292.9 million as at 30 June 2018, registering a growth of RM113.6 million. The increase in total assets were mainly due to the following:

- Increase in inventory properties (current and non-current) and investment properties under construction of RM30.1 million and RM50.3 million respectively, which were in line with higher recognition of completed works for Capital City Mall;
- Increase in trade receivables (current and non-current) of RM23.4 million due to 10% billing issued upon the obtainment of CCC of the Capital City Mall as announced in May 2018; and
- Increase in other receivables, deposits and prepayment primarily due to insurance prepayment, deposit made on acquisition of a subsidiary and other receivables, deposit and prepayment arising from the newly acquired subsidiaries during FY2018; and offset by:
    - (i) decrease in inventories mainly due to provision for impairment of inventories; and
    - (ii) decrease in deferred expenditure mainly due to amortization of deferred expenditure during FY2018.

Total liabilities comprised non-current liabilities of RM147.1 million and current liabilities of RM361.0 million as at 30 June 2018. Total liabilities increased by RM48.7 million from RM459.4 million as at 30 June 2017 to RM508.1 million as at 30 June 2018. This was largely due to:

- Increase in trade, other payables and accruals of RM27.8 million, which was due to the increased business activities;
- Loans and borrowings (including convertible bonds) of RM49.2 million secured mainly for the development of Project Capital City; and
- Offset by the decrease in deferred revenue of RM32.5 million from Project Capital City as a result of revenue recognition by transferring from the deferred revenue based on percentage of completion method.

The net current liability of RM68.1 million as at 30 June 2018 was due to deferred revenue of RM94.5 million which is a non-cash item. Deferred revenue is to be recognised in the future based on percentage of completion method.

The Group's total equity increased significantly from RM237.1 million as at 30 June 2017 to RM302.0 million as at 30 June 2018.

CASH FLOW

The Group's net cash generated from operating activities was RM4.0 million in FY2018. This comprised mainly operating cash inflow before working capital changes of RM97.6 million, adjusted for net working capital outflow of RM82.2 million and tax payment of RM10.5 million.

The net working capital outflow of RM82.2 million was mainly due to increase in inventory properties of RM38.1 million, increase in trade and other receivables of RM33.8 million, and decrease in trade and other payables of RM7.4 million as a result of payments made to the contractors.

Net cash used in investing activities of RM53.6 million in FY2018 was mainly due to addition of property, plant and equipment and expenditure on investment property under construction.

Net cash generated from the financing activities of RM49.9 million in FY2018 was due to net proceeds from loans, borrowings and convertible bonds, after offsetting the repayments.

Overall, cash and cash equivalents increased to RM23.5 million as at 30 June 2018.

Board of Directors

Mr Tan Eng Kiat Dominic

Independent Director
Non-Executive Chairman

Appointed to the Board on 4 May 2017 and was last re-elected on 27 October 2017.

Mr Tan has over 40 years of experience in business development, corporate management and management of large civil engineering, building, industrial and environmental engineering projects throughout the Asia Pacific Region. He started his career as a Trainee Quantity Surveyor with Gammon (Malaya) Limited in 1966 and progressed to the rank of Executive Director. He joined United Engineers Group in 1993 and was promoted to Managing Director in 2000, where he spearheaded the company's regionalisation drive and business activities in West Malaysia, Brunei, Indonesia, Vietnam and the Middle East. This was achieved through his strong linkages, associations and joint ventures with leading international companies. Mr Tan retired from the United Engineers Group in 2007. Mr Tan chairs the Remuneration Committee and is a member of the Nominating and Audit Committees. He also sits on the Board of Sitra Holdings (International) Ltd and Yongnam Holdings Ltd.

Mr Siow Chien Fu

Executive Director and
Chief Executive Officer

Appointed to the Board on 4 May 2017 and was last re-elected on 27 October 2017.

Mr Siow started his career as an architect in Devine Architects Inc. in Kansas City, United States of America ("USA") in 1986. He then joined Gould Evans Associates in Kansas City, USA as an architect in 1989 and left in 1991 to join Singapore Regional Development Consortium Architect ("RDCA") as Senior Architect and subsequently was promoted to Associate. In 1992, Mr Siow founded RDC Arkitek, an architectural firm which currently has offices in Johor Bahru, Kuala Lumpur and Malacca. Under Mr Siow's stewardship, RDC Arkitek has won notable industry accolades, including the Top 10 Market Leader in Architecture awarded by BCI Asia for nine (9) years in 2005, 2009, 2010, 2011, 2013, 2014, 2015, 2016 and 2017.

Prior to establishing Capital City Property Sdn. Bhd. in June 2013, Mr Siow was involved in the management of the development of a wide range of property development projects including integrated residential, industrial, commercial and retail properties in Malacca, Selangor, Johor, and Hong Kong since 2008.

Mr Siow graduated from the University of Kansas in the USA with a Bachelor of Architecture in 1986. He is a member of the Pertubuhan Arkitek Malaysia and the American Institute of Architects. He is registered as an Architect of the National Council of Architectural Registration Boards of the State of Missouri, USA, The Missouri Board for Architects, Professional Engineers and Land Surveyors and Lembaga Arkitek Malaysia.

Board of Directors

Mr Tham Kok Peng

Executive Director

Appointed to the Board on 4 May 2017 and was last re-elected on 27 October 2017.

Mr Tham has over 30 years of experience in the engineering and construction sector. He began his career in 1979 at TechnoCon Engineers as a Design Engineer and was promoted to Director and Professional Engineer in 1983. In 1986, Mr Tham left to join Sembcorp Engineers and Constructors Pte Ltd and held various positions in his 30 years there from 1986 to 2006, including his role as Executive Vice President from 2002 to 2006. From 2006 to 2009, he was responsible for various departments as Director at Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd., and was appointed the Executive Director of Koh Brothers from 2009 to 2012. In 2013, Mr Tham served as advisor to Koh Brothers.

Mr. Tham graduated with a Bachelor of Engineering (Mechanical) from the National University of Singapore in 1979. He was a Professional Engineer of the Republic of Singapore, Professional Engineers Board from 1983 to 2014. Mr Tham has been a member of The Institute of Engineers Singapore since 1983 and its Senior Member since 2005.

Mr Aw Eng Hai

Independent Director

Appointed to the Board on 18 June 2014 and was last re-elected on 27 October 2017.

Mr Aw is a public accountant and a partner of Foo Kon Tan LLP where he is in charge of the various departments providing specialist advisory services. He has more than 20 years of experience providing business advisory services to companies. Prior to joining the commercial sector, Mr Aw was an investigator in the Commercial Affairs Department where he was involved in complex commercial fraud investigations.

Mr Aw graduated with a Bachelor of Business Administration (Honors) from the National University of Singapore and is a practicing member of the Institute of Singapore Chartered Accountants, a fellow of the Association of Chartered Certified Accountants (ACCA), a Fellow of Insolvency Practitioners Association of Singapore (IPAS) and a member of INSOL International.

Mr Lye Thiam Fatt Joseph Victor

Independent Director

Appointed to the Board on 4 May 2017 and was last re-elected on 27 October 2017.

Mr Victor Lye began his career with the Singapore Administrative Service, serving in the Ministry of Trade and Industry. He later joined the private sector where he held leadership positions in stockbroking, corporate finance, private banking, asset management and insurance. In 2016, he completed the trade sale of Shenton Insurance Pte. Ltd. where he was Chief Executive, and was appointed to a senior regional management position to develop digital wealth management services.

Mr Lye was awarded the Public Service Medal (Pingat Bakti Masyarakat) in 2009 and the Public Service Star (Bintang Bakti Masyarakat) in 2016 by the President of the Republic of Singapore.

A Colombo Plan Scholar, Mr Lye graduated with a Bachelor of Economics (First Class Honours) from the University of Adelaide in 1986. He is a Certified Financial Planner and Chartered Financial Analyst.

Senior
Management

Mr Siow Chien Fu
Executive Director and
Chief Executive Officer

Please refer to Board of Directors

Mr Tham Kok Peng
Executive Director

Please refer to Board of Directors

Mr Kenny Zhang
Chief Financial Officer

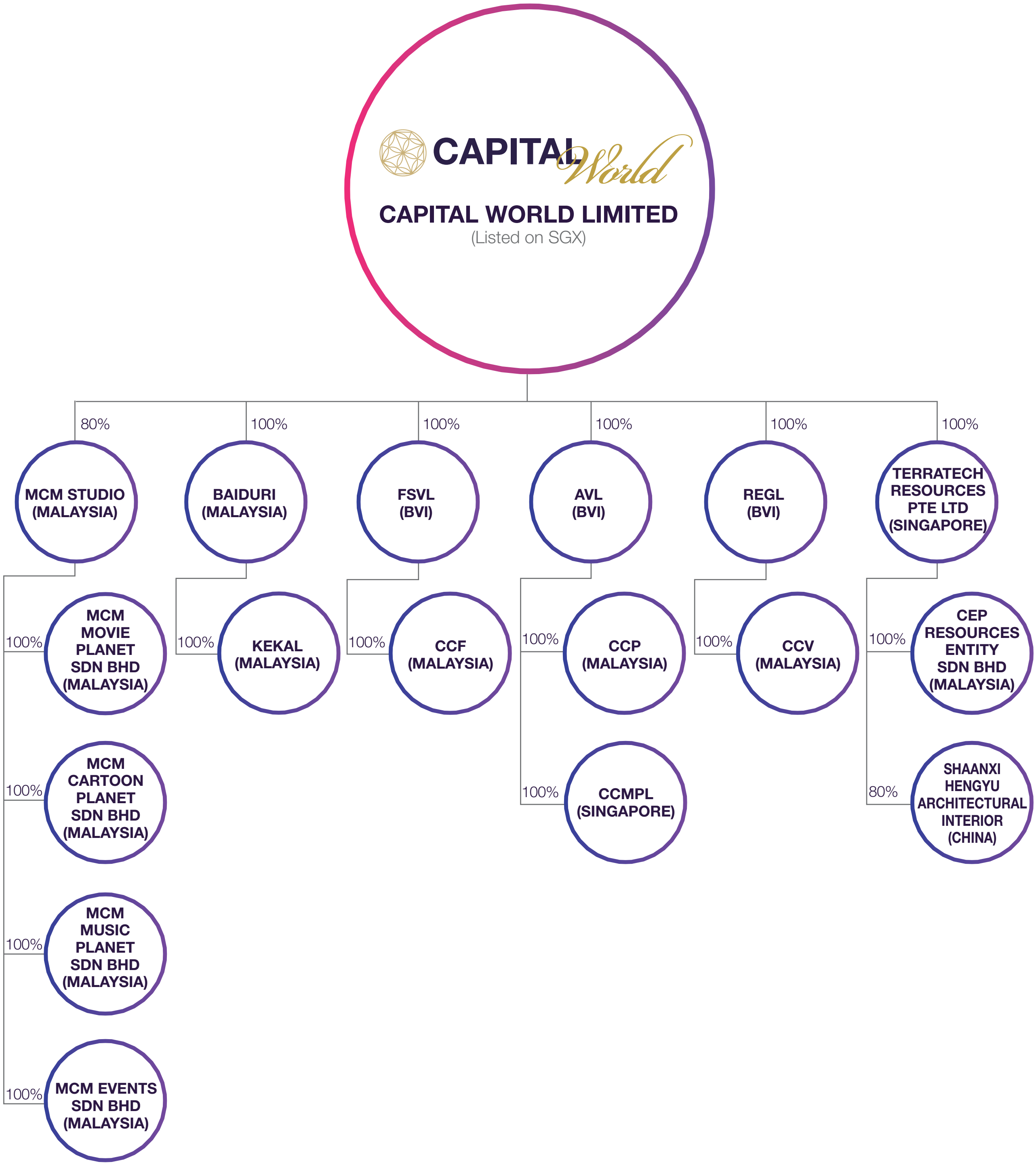
Mr. Kenny Zhang is responsible for overseeing the Group's financial and accounting functions, liaising with the investment community, evaluating and driving capital market fund-raising exercises and reviewing potential investments as well as mergers and acquisitions opportunities.

Prior to joining the Group, Mr. Kenny Zhang was the Financial Controller of Kreuz Holdings Limited ("Kreuz") from May 2010 to February 2017. During his time at Kreuz, he had led the initial public offering of the company, its transfer from Catalist to the Main Board of the SGX-ST, its subsequent acquisition by a new shareholder and the privatisation of Kreuz. Between June 2001 and May 2010, Mr. Kenny Zhang had gained 10 years of audit experience, with his last seven (7) years at Deloitte and Touche LLP where he was responsible for leading audit teams in carrying out audits of various companies, including companies listed on the Main Board of the SGX-ST.

Mr. Kenny Zhang obtained his Bachelor of Science in Applied Accounting from the Oxford Brookes University in 2002. He has been a Fellow of the Association of Chartered Certified Accountants since September 2009 and is a member of the Institute of Singapore Chartered Accountants.

Corporate
Structure

AS AT 15 OCTOBER 2018

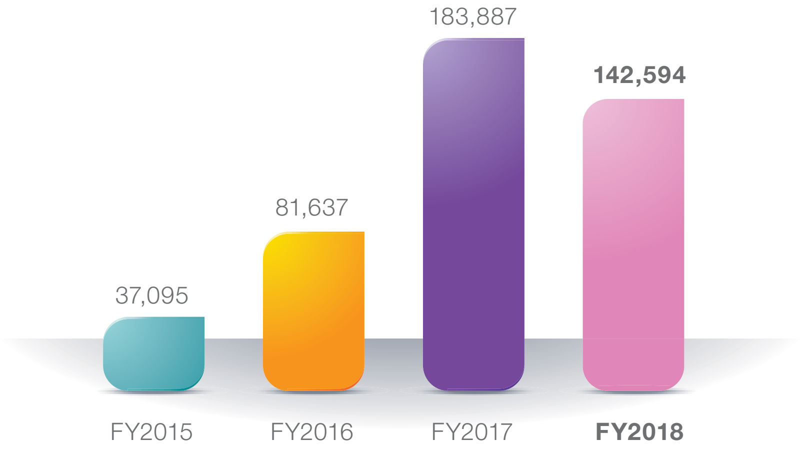


MCM Studio: MCM Studio Entertainment Sdn Bhd
Baiduri: Baiduri Megaria Sdn Bhd
Kekal: Kekal Efektif Sdn Bhd
FSVL: First Star Ventures Limited
AVL: Altimate Ventures Limited
REGL: Rise Expedition Global Limited
CCF: Capital City Fronter Sdn Bhd
CCP: Capital City Property Sdn Bhd
CCV: Capital City Ventures Sdn Bhd
CCMPL: Capital City Management Pte Ltd

Financial
Highlights

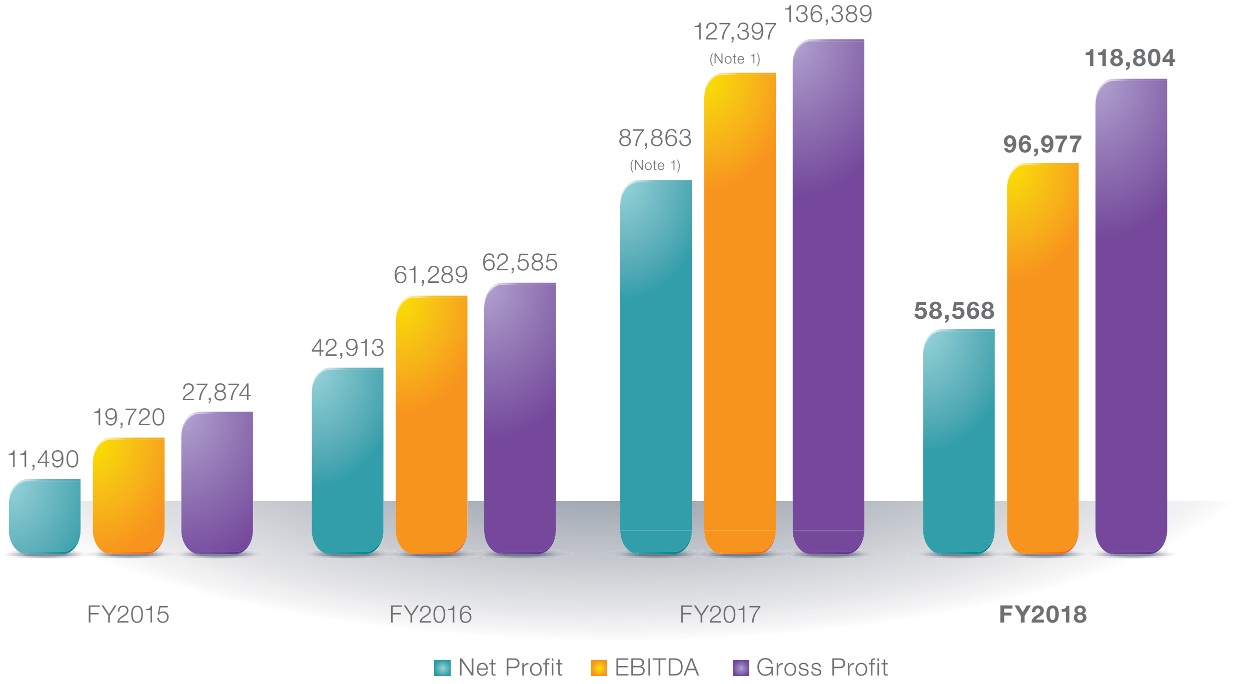
REVENUE

RM'000



PROFITABILITY

RM'000



YoY: Year on Year

EBITDA: Earnings before interest, taxation, depreciation and amortisation.

Note 1: Excluding amount of RM17.8 million which mainly related to one-off RTO transaction costs in year 2017.

Projects Highlights

CURRENT PROJECTS

MCM STUDIO
Indoor Theme Park

- Southeast Asia's largest indoor theme park
- Comprising Movie Planet, Cartoon Planet and Music Planet

CAPITAL 21
Thematic Shopping Mall

- 1,579 retails units
- Multipurpose hall

HILTON GARDEN INN
International Hotel

- 16-storey with 315 rooms

MCM PLANET HOTEL
Thematic Hotel

- 18-storey tower comprising 630 units of hotel-style serviced suites

NEO GEO REO
Serviced Apartments

- Three (3) towers
- 15-storey blocks comprising 690 units

Projects
Highlights

UPCOMING PROJECTS

PENGERANG PROJECT

- Strategically located near Pengerang Integrated Petroleum Complex ("PIPC") , one of the major oil and gas hubs in Southeast Asia, which is expected to generate thousands of job opportunities by 2020,driving the demand for the property sector in Pengerang, Johor
- Timely to capture the rising housing demand
- 207.5 acres landed housing township project
- Complement Group's current portfolio of mixed development

AUSTIN CITY

- An integrated development comprising a retail mall, office suites, hotel and residential apartments
- Located at Tebrau, Johor Bahru
- Approximately 27,670 sq m.

SITIAWAN WELLNESS HUB

- A mixed development focusing on providing health and wellness services
- Located at Pengkalan Baharu, Perak
- Approximately 188,062 sq m.

Financial
Contents

Corporate Governance
Report

The Board of Directors (the "**Board**") of Capital World Limited (the "**Company**" and together with its subsidiaries, the "**Group**") are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report outlines the Company's corporate governance practices that were in place during the financial year ended 30 June 2018 ("**FY2018**"), with specific reference made to the principles of the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**").

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
General	(a) Has the Company complied with all the principles and guidelines of the Code?	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable.
	If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2018.

Corporate Governance Report

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td colspan="3">BOARD MATTERS</td></tr>
<tr><td colspan="3">The Board’s Conduct of Affairs</td></tr>
<tr><td>1.1</td><td>What is the role of the Board?</td><td>
<p>The Board has 5 members and comprises the following:</p>
<table>
<tr><th colspan="2"><i>Table 1.1 – Composition of the Board</i></th></tr>
<tr><th>Name of Director</th><th>Designation</th></tr>
<tr><td>Mr Tan Eng Kiat (“Dominic Tan”)</td><td>Independent Non-Executive Chairman and Director</td></tr>
<tr><td>Mr Siow Chien Fu</td><td>Executive Director and Chief Executive Officer</td></tr>
<tr><td>Mr Tham Kok Peng</td><td>Executive Director</td></tr>
<tr><td>Mr Aw Eng Hai</td><td>Independent Director</td></tr>
<tr><td>Mr Lye Thiam Fatt Joseph Victor (“Victor Lye”)</td><td>Independent Director</td></tr>
</table>
<p>The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board’s principle functions are to:</p>

Decide on matters in relation to the Group’s activities which are of significant nature, including decisions on strategic directions, plans, key operational initiatives and guidelines, approval of periodic plans and major investments and divestments and funding decisions;
Align the interests of the Board and Management with that of shareholders and balance the interests of all stakeholders;
review the financial performance and condition of our Group;
oversee the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures and internal controls;
identify principal risks of our Group’s business and ensuring the implementation of appropriate systems to manage the risks; and
ensure compliance with all laws and regulations as may be relevant to the businesses.

</td></tr>
<tr><td>1.3</td><td>Has the Board delegated certain responsibilities to committees? If yes, please provide details.</td><td>
<p>The Board has delegated certain responsibilities to the Audit Committee (the “AC”), the Remuneration Committee (the “RC”), and the Nominating Committee (the “NC”) (collectively, the “Board Committees”). The compositions of the Board Committees are as follows:</p>
<table>
<tr><th colspan="4"><i>Table 1.3 – Composition of the Board Committees</i></th></tr>
<tr><th></th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>Chairman</td><td>Mr Aw Eng Hai</td><td>Mr Victor Lye</td><td>Mr Dominic Tan</td></tr>
<tr><td>Member</td><td>Mr Dominic Tan</td><td>Mr Dominic Tan</td><td>Mr Victor Lye</td></tr>
<tr><td>Member</td><td>Mr Victor Lye</td><td>Mr Aw Eng Hai</td><td>Mr Aw Eng Hai</td></tr>
</table>
<p>Each of the AC, NC and RC comprises 3 members, all of whom are independent.</p>
</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td>1.4</td><td>Have the Board and Board Committees met in the last financial year?</td><td>The Board meets on a quarterly basis, and as and when circumstances require. In FY2018, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below.
<table>
<tr><th colspan="5"><i>Table 1.4 – Board and Board Committee Meetings in FY2018</i></th></tr>
<tr><td></td><td>Board</td><td>AC</td><td>NC</td><td>RC</td></tr>
<tr><td>Number of Meetings Held</td><td>4</td><td>5</td><td>1</td><td>1</td></tr>
<tr><td>Name of Director</td><td colspan="4">Number of Meetings Attended</td></tr>
<tr><td>Mr Dominic Tan</td><td>4</td><td>5</td><td>1</td><td>1</td></tr>
<tr><td>Mr Siow Chien Fu</td><td>4</td><td>4*</td><td>1*</td><td>1*</td></tr>
<tr><td>Mr Tham Kok Peng</td><td>3</td><td>4*</td><td>1*</td><td>1*</td></tr>
<tr><td>Mr Victor Lye</td><td>4</td><td>5</td><td>1</td><td>1</td></tr>
<tr><td>Mr Aw Eng Hai</td><td>4</td><td>5</td><td>1</td><td>1</td></tr>
</table>
* By invitation
The Company’s Articles of Association (the “Articles”) allow for meetings to be held through telephone and/or video-conference.</td></tr>
<tr><td>1.5</td><td>What are the types of material transactions which require approval from the Board?</td><td>Matters that require the Board’s approval include, amongst others, the following:
• corporate strategy and business plans;
• material acquisitions and disposals share issuance, dividend release or changes in capital;
• budgets, financial results announcements, annual report and audited financial statements;
• capital borrowing and financial commitments; and
• material interested person transactions.</td></tr>
<tr><td>1.6</td><td>(a) Are new Directors given formal training? If not, please explain why.</td><td>Upon the appointment of a new Director, the Company will provide the Director with a formal letter, setting out the Director’s duties and obligations. The Board ensures that all incoming Directors will receive comprehensive and tailored induction on joining the Board, including briefing on his duties as a Director and how to discharge those duties, and an orientation program to ensure that they are familiar with the Company’s business and governance practices. The Company also provides training for any new first-time Director (who has no prior experience as a director in a listed company) in areas such as accounting, legal and industry-specific knowledge as appropriate. All new first-time Directors (who have no prior experience as a director in a listed company) are also required to attend appropriate SGX-SID Listed Company Director (LCD) Programmes offered by the Singapore Institute of Directors (“SID”).</td></tr>
</table>

Corporate Governance Report

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	The Board values on-going professional development and recognises that it is important that all Directors receive regular training so as to be able to serve effectively on and contribute to the Board. The Board will consider adopting a policy on continuous professional development for Directors. To ensure Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo continual professional development during the term of their appointment. Professional development may relate to a particular subject area, committee membership, or key developments in the Company's environment, market or operations which may be provided by accredited training providers such as the SID. Directors are encouraged to consult the Chairman if they consider that they personally, or the Board as a whole, would benefit from specific education or training regarding matters that fall within the responsibility of the Board or relate to the Company's business. Such trainings costs are borne by the Company. Briefings, updates and trainings for the Directors in FY2018 include: • the external auditors ("**EA**") had briefed the AC on changes or amendments to accounting standards; • the Company Secretary, where appropriate, had briefed the Board on the new requirements under the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") and the Cayman Companies Law; and • the CEO updated the Board at each Board meeting on business and strategic developments in the property market and industry.
Board Composition and Guidance		
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Guideline 2.1 of the Code is met as the Independent Directors make up more than half of the Board. (3 out of 5 are independent).
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the definition in the Code. The Independent Directors have also confirmed their independence in accordance with the Code.
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	There are no Independent Directors who has served beyond nine years since the date of his first appointment.
2.5	What are the steps taken by the Board to progressively renew the Board composition?	To meet the changing challenges in the industries which the Group operates in, review of the Board composition, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done on a regular basis to ensure that the Board dynamics remain optimal.
2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees? (b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	The Board's policy in identifying director candidates is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The Board comprises business leaders and professionals with financial, business management and relevant industry experience. The Board has reviewed its composition, taking into account the size and nature of the operations of the Group, and is satisfied that the current size of the Board is appropriate and allows for effective decision making, providing the necessary core competencies to meet the Group's needs and to allow for diverse and objective perspectives on the Group's strategic direction and growth. The Independent Directors, Mr Aw Eng Hai and Mr Victor Lye have extensive experience in accounting and corporate governance. The current Board composition provides a diversity of skills, experience, gender, knowledge and ethnicity to the Company as follows:

Table 2.6 – Balance and Diversity of the Board

	Number of Directors	Proportion of Board
Core Competencies		
– Accounting or finance	2	40%
– Business management	5	100%
– Legal or corporate governance	3	60%
– Relevant industry knowledge or experience	4	80%
– Strategic planning experience	5	100%
– Customer based experience or knowledge	3	60%
– Information Technology	2	40%

Details of the Directors' academic and professional qualifications are set out on page 9 to 10 of the Annual Report.

Corporate Governance
Report

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	The Board will undertake the following steps to maintain or enhance its balance and diversity: • yearly review by the NC to access if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and • yearly evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board. The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.
2.8	Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?	Where necessary, the Company co-ordinates informal meeting for Independent Directors to meet without the presence of the Executive Director and/or the Management. The Independent Directors have met without the presence of Management at least once in FY2018.
Chairman and Chief Executive Officer		
3.1	Are the duties between Chairman and CEO segregated?	The roles of the Chairman and CEO are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Chairman is not related to the CEO. The Chairman oversees the business of the Board. He leads the Board discussions and ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda in consultation with the CEO and ensures the quality, quantity and timeliness of the flow of information between the Board and key management personnel to facilitate efficient decision making. The CEO takes a leading role in developing the businesses of the Group and manages the day-to-day operations with the assistance of key management personnel. He also oversees the execution of the business and corporate strategy decisions made by the Board.
3.4	Have the Independent Directors met in the absence of other Directors?	Where necessary, the Company co-ordinates informal meeting for Independent Directors to meet without the presence of the Executive Director. The Independent Directors have met without the presence of other Directors at least once in FY2018.

Corporate Governance

Report

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Membership		
4.1	What are the duties of the NC?	The NC is guided by key terms of reference as follows: (a) determine annually, and as and when circumstances require, whether a Director is independent, and providing its views to the Board in relation thereto for the Board's consideration; (b) reviewing the independence of any director who has served on the Board for more than nine years from the date of his first appointment and the reasons for considering him as independent; (c) where a Director or proposed Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments; (d) where the appointment of an alternate Director to a Director is proposed, determining whether the alternate Director is familiar with the Company's affairs, appropriately qualified and (in the case of an alternate Director to an independent Director) whether the alternate Director would similarly qualify as an independent Director, and providing its views to the Board in relation thereto for the Board's consideration; (e) making recommendations to the Board on relevant matters relating to the review of board succession plans for directors, in particular, the Chairman and for the CEO, the development of a process for evaluation of the performance of the Board, its board committees and directors, the review of training and professional development programs for the Board and the appointment and re-appointment of directors (including alternate directors, if applicable); (f) proposing objective performance criteria for evaluation of the Board's performance as a whole which allows for comparison with industry peers and address how the Board has enhanced long-term shareholder value; (g) carrying out, at least annually, a formal assessment of the performance and effectiveness of the Board as a whole and its board committees and (if applicable) the contributions of individual Directors to the effectiveness of the Board, based on the process implemented by the Board; and (h) based on the results of the performance evaluation, providing its views and recommendations to the Board, including any appointment of new members.
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has not capped the maximum number of listed company board representations each Director may hold.

Corporate Governance Report

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) If a maximum has not been determined, what are the reasons?	The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his or her other listed company board directorships and other principal commitments. The NC also believes that it is for each Director to assess his or her own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.
	(c) What are the specific considerations in deciding on the capacity of directors?	The considerations in assessing the capacity of Directors include the following: • Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity; • Geographical location of Directors; • Size and composition of the Board; • Nature and scope of the Group's operations and size; and • Capacity, complexity and expectation of the other listed directorships and principal commitments held. The measures and evaluation tools in place to assess the performance and consider competing time commitments of the Directors include the following:– • Declarations by individual Directors of their other listed company board directorships and principal commitments; • Annual confirmations by each Director on his ability to devote sufficient time and attention to the Company's affairs, having regard to his other commitments; and • Assessment of the individual Directors' performance based on the criteria set out in Section 5 of this report.
	(d) Have the Directors adequately discharged their duties?	The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately in FY2018.
4.5	Are there alternate Directors?	The Company does not have any alternate directors.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td>4.6</td><td>Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.</td><td>There was no new appointment of Director during FY2018.
<table>
<tr><th colspan="3"><i>Table 4.6(a) – Process for the Selection and Appointment of New Directors</i></th></tr>
<tr><td>1.</td><td>Determination of selection criteria</td><td>• The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge/gender to complement and strengthen the Board and increase its diversity.</td></tr>
<tr><td>2.</td><td>Search for suitable candidates</td><td>• The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</td></tr>
<tr><td>3.</td><td>Assessment of shortlisted candidates</td><td>• The NC would meet and interview the shortlisted candidates to assess their suitability.</td></tr>
<tr><td>4.</td><td>Appointment of director</td><td>• The NC would recommend the selected candidate to the Board for consideration and approval.</td></tr>
</table>
<table>
<tr><th colspan="3"><i>Table 4.6(b) – Process for the Re-electing Incumbent Directors</i></th></tr>
<tr><td>1.</td><td>Assessment of director</td><td>• The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and
• The NC would also consider the current needs of the Board.</td></tr>
<tr><td>2.</td><td>Re-appointment of director</td><td>• Subject to the NC’s satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</td></tr>
</table>
<p>The NC has recommended to the Board that Mr Siow Chien Fu and Mr Dominic Tan be re-elected at the forthcoming AGM. The Board has accepted the NC’s recommendation.</p>
<p>Mr Dominic Tan, will, upon re-election as an Independent Director of the Company, remain as Independent Non-Executive Chairman, Chairman of RC and a member of AC and NC. He will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. Mr Dominic Tan does not have any relationship including family relationships with the other directors, the Company or its 10% shareholders.</p>
<p>Mr Siow Chien Fu will, upon re-election as Executive Director of the Company, remain as Chief Executive Officer of the Company. Mr Siow Chien Fu is a controlling shareholder of the Company. Save for this, Mr Siow Chien Fu does not have any relationship including family relationship with the other directors, the Company or its 10% shareholders.</p></td></tr>
</table>

Corporate Governance Report

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td>4.7</td><td>Please provide Directors’ key information.</td><td>The key information of the Directors, including their appointment dates, date of last re-appointment and present directorships held in other listed companies and those held in the past 3 years, are set out as below:
<table>
<tr><th></th><th>Date of appointment</th><th>Date of last re-election</th><th>Current Directorship(s)</th><th>Directorship(s) in the past 3 years</th></tr>
<tr><td>Mr Dominic Tan</td><td>4 May 2017</td><td>25 August 2017</td><td>1. Sitra Holdings (International) Limited; and
2. Yongnam Holdings Limited</td><td>–</td></tr>
<tr><td>Mr Victor Lye</td><td>4 May 2017</td><td>25 August 2017</td><td>–</td><td>–</td></tr>
<tr><td>Mr Aw Eng Hai</td><td>4 May 2017</td><td>25 August 2017</td><td>1. Tritech Group Limited</td><td>–</td></tr>
<tr><td>Mr Siow Chien Fu</td><td>4 May 2017</td><td>25 August 2017</td><td>–</td><td>–</td></tr>
<tr><td>Mr Tham Kok Peng</td><td>4 May 2017</td><td>25 August 2017</td><td>–</td><td>–</td></tr>
</table>
Details of the Directors’ other principal commitments are set out on page 9 to 10 of the Annual Report.</td></tr>
<tr><td colspan="3">Board Performance</td></tr>
<tr><td>5.1
5.2
5.3</td><td>What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?</td><td>Table 5 sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees. The Board evaluation does not include a separate or specific assessment of the performance or contributions of individual Directors. This is because the necessity or efficacy of adopting a formal process for assessing the contribution by each individual Director to the effectiveness of the Board is mitigated by the relatively small size of the Board, although the NC and the Board may review this in the future as the Company and the Board becomes more mature and established in its business and corporate governance practices.</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>The evaluations are designed to assess the Board's effectiveness to enable the NC Chairman and Board to identify areas of improvement or enhancement which can be made to the Board:
<table>
<tr><th colspan="2">Table 5 – Performance Criteria</th></tr>
<tr><th>Performance Criteria</th><th>Board and Board Committees</th></tr>
<tr><td>Qualitative</td><td>1. Size and composition
2. Access to information
3. Board processes
4. Inputs to strategic planning
5. Board accountability
6. Risk management
7. Succession planning</td></tr>
<tr><td>Quantitative</td><td>The Board currently does not evaluate the Board and Board Committees based on quantitative criteria as the Board is of the opinion that it is more important to evaluate the Board and Board Committees on their ability to provide guidance to the Management in relation to strategic planning and the development of the business of the Group.
However, the Board will keep in view and consider including quantitative criteria in future evaluations where appropriate.</td></tr>
</table>
The NC would review the criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval.</td></tr>
<tr><td></td><td>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</td><td>The review of the performance of the Board and the Board Committees is conducted by the NC annually. Currently, such assessment is focused mainly on the performance and effectiveness of the Board as a whole and on the proper functioning of the various Board Committees. In FY2018, the review process was as follows:
1. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board and the Board Committees based on criteria disclosed in Table 5 above;
2. The results of such assessment were collated and submitted to the NC Chairman who reviewed it together with the NC; and
3. The NC discussed the report and where applicable considered any appropriate follow up actions to be undertaken.
No external facilitator was used in the evaluation process.</td></tr>
</table>

Corporate Governance Report

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) Has the Board met its performance objectives?	In FY2018, in relation to the rigorous assessment that was done by the Directors, the Directors have on a whole assessed the performance of the Board and Board Committees to be good and there were no particular issues or concerns. On this basis, the Board is of the view that it has met its performance objectives.
Access to Information		
6.1 10.3	What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	It is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. This responsibility extends to the interim and full-year financial results announcements, other price-sensitive public reports and reports to regulators (if required). Management provides the Board with key information that is complete, adequate and timely. The types of information which are provided by Management to Independent Directors are set out in the table below:

Table 6 – Types of information provided by key management personnel to Independent Directors

	Information	Frequency
1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Quarterly
2.	Updates on the Group's operations and the markets in which the Group operates in	Quarterly
3.	Budgets and/or forecasts (with variance analysis) and management accounts (with financial ratios analysis)	Quarterly
4.	Reports on on-going or planned corporate actions	As and when relevant
5.	Internal auditors' ("**IA**") report	Yearly
6.	Shareholding statistics	Yearly

Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information for the Board meetings in the soonest to allow sufficient time for the Directors' review.

Management will also on best endeavours, encrypt documents which bear material price sensitive information when circulating documents electronically.

Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. Directors are also provided with the contact details of key management personnel to facilitate direct and independent access to Management.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
6.3	What is the role of the Company Secretary?	All Directors have separate and independent access to the Company Secretary. The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows: • Ensuring that Board procedures are observed and that the Company's Articles, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Cayman Companies Law and the Catalist Rules are complied with; • Assists the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhance long-term shareholder value; • Assists the Chairman to ensure good information flows within the Board and its Board Committees and key management personnel; • Attends and prepares minutes for all Board meetings; • As secretary to all the other Board Committees, the Company Secretary assists to ensure coordination and liaison between the Board, the Board Committees and key management personnel; and • Assists the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings. As and when required by the Board, the Company Secretary would: • Facilitate orientation and assist with professional development; • Update key management personnel on any material changes in relation to key compliance requirements under the Catalist Rules, including timely disclosure of material; and • As secretary to all the other Board Committees, assist to ensure coordination and liaison between the Board, the Board Committees and key management personnel. Individually or collectively, in order to execute their duties, Directors are able to obtain independent professional advice at the Company's expense as and when required.
REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1	What is the role of the RC?	The RC is guided by key terms of reference as follows: (a) reviewing and recommending to the Board, a general framework of remuneration for the Directors and key management personnel; (b) reviewing and recommending annually to the Board, the specific remuneration packages for each Director as well as for the key management personnel; (c) reviewing all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind;

Corporate Governance Report

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		(d) reviewing annually the remuneration of employees who are immediate family members of a Director or CEO whose remuneration exceeds S$50,000 during the year; (e) reviewing the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service; (f) ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; (g) reviewing and administering whether executive directors, non-executive and independent Directors and key management personnel should be eligible for options, share incentives, awards (collectively the "Schemes") (when it is implemented) and other benefits; (h) administering the Schemes(where it is implemented); and (i) perform such other functions and duties as may be required by the Code.
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company in FY2018. The Company is of the view that the annual review by the RC, which includes the referencing of Directors and key management personnel's remuneration against comparable benchmarks and giving due regard to prevailing market conditions as well as the financial, commercial health and business needs of the Group, is currently sufficient to ensure the continued relevance of such remuneration packages to the Group's strategic business objectives and alignment with market practices.
8.4	Are "claw-back" provisions provided for in the service agreements of Executive Directors and key management personnel?	The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.
Disclosure on Remuneration		
9	What is the Company's remuneration policy?	The Company's remuneration policy, which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, benefits-in-kind, bonuses, options, share-based incentives and awards is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td>9.1
9.2</td><td>Has the Company disclosed each Director’s and the CEO’s remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>The breakdown for the remuneration of the Directors (including CEO) in FY2018 is as follows:
<table>
<tr><th colspan="6"><i>Table 9 – Directors’ Remuneration</i></th></tr>
<tr><th>Name</th><th>Salary (%)</th><th>Bonus (%)</th><th>Directors Fees (%)</th><th>Other benefits (%)</th><th>Total (%)</th></tr>
<tr><td colspan="6">S$250,000 to S$500,000</td></tr>
<tr><td>Mr Siow Chien Fu</td><td>73</td><td>15</td><td>–</td><td>12</td><td>100</td></tr>
<tr><td>Mr Tham Kok Peng</td><td>76</td><td>12</td><td></td><td>12</td><td>100</td></tr>
<tr><td colspan="6">Below S$250,000</td></tr>
<tr><td>Mr Victor Lye</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr>
<tr><td>Mr Aw Eng Hai</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr>
<tr><td>Mr Dominic Tan</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr>
</table>
The Company has not disclosed the total remuneration of each individual director (including CEO) in dollar terms given the commercial sensitivity of remuneration matters and to maintain confidentiality of the remuneration packages of these directors.

There are no termination, retirement, post-employment benefits that may be granted to the Directors, the CEO and top key management personnel.</td></tr>
<tr><td>9.3</td><td>(a) Has the Company disclosed each key management personnel’s remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>The Company only has three (3) key management personnel (other than the CEO) during FY2018. The breakdown for the remuneration of the Company’s key management personnel (who are not Directors or the CEO) in FY2018 is as follows:
<table>
<tr><th colspan="4"><i>Table 9.3 – Remuneration of Key Management Personnel</i></th></tr>
<tr><th>Name</th><th>Salary (%)(1)</th><th>Bonus (%)(1)</th><th>Total (%)</th></tr>
<tr><td colspan="4">Below S$250,000</td></tr>
<tr><td>Tng Chia Siong(2)</td><td>100</td><td>–</td><td>100</td></tr>
<tr><td>Kenny Zhang(3)</td><td>93</td><td>7</td><td>100</td></tr>
<tr><td>Goh Tuck Peng(4)</td><td>100</td><td>–</td><td>100</td></tr>
</table>
Notes:
(1) Inclusive of defined contribution fund
(2) Resigned as Sales and Marketing Manager on 10 November 2017
(3) Appointed as Chief Financial Officer (“CFO”) on 4 May 2017
(4) Resigned as Financial Controller (“FC”) on 14 August 2017</td></tr>
</table>

Corporate Governance Report

<table>
<tr><th>Guideline</th><th colspan="2">Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td>(b)</td><td>Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</td><td>The total remuneration paid to the top 3 key management personnel in FY2018 was RM802,493.</td></tr>
<tr><td>9.4</td><td colspan="2">Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</td><td>There was no employee of the Group who was an immediate family member of a Director or the CEO whose remuneration exceeded S$50,000 in FY2018.</td></tr>
<tr><td>9.5</td><td colspan="2">Please provide details of the employee share scheme(s).</td><td>The Company does not have any employee share option or share schemes.</td></tr>
<tr><td rowspan="3">9.6</td><td>(a)</td><td>Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.</td><td>The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group in FY2018. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.</td></tr>
<tr><td>(b)</td><td>What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?</td><td>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:
<table>
<tr><th colspan="3"><i>Table 9.6(b)</i></th></tr>
<tr><th>Performance Conditions</th><th>Short-term Incentives
(such as performance bonus)</th><th>Long-term Incentives[(1)]</th></tr>
<tr><td>Qualitative</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork
5. Current market and industry practices</td><td>1. Commitment
2. Current market and industry practices</td></tr>
<tr><td>Quantitative</td><td>1. Relative financial performance of the Group in terms of profit to its industry peers.</td><td>1. Relative financial performance of the Group in terms of profit to its industry peers.</td></tr>
</table>
(1) The Company does not have long-term incentive scheme currently. The performance conditions will be considered when such scheme is implemented.</td></tr>
<tr><td>(c)</td><td>Were all of these performance conditions met? If not, what were the reasons?</td><td>Yes, the RC had reviewed and was satisfied that the performance conditions for short term incentive scheme were met in FY2018.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
ACCOUNTABILITY AND AUDIT		
Risk Management and Internal Controls		
11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board (with the concurrence of the AC) is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY2018. The bases for the Board's view are as follows: 1. Internal controls and risk management system established by the Company; 2. Assurance has been received from the CEO and CFO (refer to Section 11.3(b) below); 3. The internal auditor conducts annual reviews of the effectiveness of the Group's key internal controls. Any material non-compliance or lapses in internal controls, together with recommendations for improvement, are reported to the AC and the Board. The timely and proper implementation of all required measures are closely monitored; 4. Key management personnel regularly evaluates, monitors and reports to the AC on material risks; and 5. Discussions were held between the AC and the external auditors and internal auditor in the absence of the key management personnel to review and address any potential concerns.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes, the Board has obtained such assurance from the CEO and CFO in respect of FY2018.

Corporate Governance
Report

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Audit Committee		
12.1 12.4	What is the role of the AC?	The AC is guided by the following key terms of reference: (a) reviewing the audit plan of the external auditors, including the nature and scope of the audit, before the audit commences; (b) reviewing the results of external audit, in particular, reviewing the effectiveness of the Company's internal audit function, their audit report and their management letter and Management's response thereto; (c) reviewing the co-operation given by the Company's officers to the external auditors; (d) reviewing the significant financial reporting issues and judgments including any significant or unusual items in such reports and accounts so as to ensure the integrity of the financial statements of the Company and the Group and any formal announcements relating to the Company's financial performance and give due consideration to any matters especially major judgemental area and significant audit adjustments that have been raised by the Company's staff responsible for the accounting and financial reporting function, internal auditors or external auditors; (e) reviewing the independence of the external auditors annually and where the external auditors also provide a substantial volume of non-audit services to the Company, keep the nature and extent of such services under review, seeking to maintain objectivity; (f) making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of the engagement of the external auditors; (g) reviewing the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters including but not limited to whistle-blowing policy; (h) reviewing and reporting to the Board at least annually, the adequacy and effectiveness of the Company's internal controls; (i) monitoring the establishment, appointments, staffing, qualifications and experience of the Company's internal audit function, including approval of the appointment and compensation terms of the head of the internal audit function, review of whether the internal audit function is adequately resourced, is independent of the activities it audits, and has appropriate standing within the Company; (j) reviewing, at least annually, the adequacy and effectiveness of the Company's internal audit function; (k) meeting with (a) the external auditors, and (b) the internal auditors, in each case without the presence of Management, at least annually; (l) to discuss problems and concerns, if any, arising from the internal and external audits, and any matters which the auditors may wish to discuss (in the absence of Management where necessary);

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>(m) commissioning and reviewing the findings of internal investigations into matters where there is suspicion of fraud or irregularity or failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on the Company and the Group’s operating results and/or financial position; and
(n) perform such other functions and duties as may be required by the relevant Code.</td></tr>
<tr><td>12.2</td><td>Are the members of the AC appropriately qualified to discharge their responsibilities?</td><td>Yes. The Board considers Mr Aw Eng Hai, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC. Mr Victor Lye, a member of the AC, is also trained in accounting and financial management. None of the AC members were previous partners or directors of the Company’s external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.</td></tr>
<tr><td>12.5</td><td>Has the AC met with the auditors in the absence of key management personnel?</td><td>Yes. The AC has met with the IA and EA separately without the presence of the management in FY2018.</td></tr>
<tr><td rowspan="3">12.6</td><td>Has the AC reviewed the independence of the EA?</td><td>There was no non-audit services provided by the EA for FY2018 and the AC has reviewed the independence of EA and recommended the re-appointment of the EA at the forthcoming AGM.</td></tr>
<tr><td>(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.</td><td>
<table>
<tr><th colspan="3"><i>Table 12.6(a) – Fees Paid/Payable to the EA in FY2018</i></th></tr>
<tr><th></th><th>RM’000</th><th>% of total</th></tr>
<tr><td>Audit fees</td><td>576</td><td>100</td></tr>
<tr><td>Non-audit fees</td><td>–</td><td>–</td></tr>
<tr><td>Total</td><td>576</td><td>100</td></tr>
</table>
</td></tr>
<tr><td>(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC’s view on the independence of the EA.</td><td>There was no non-audit services rendered during FY2018.</td></tr>
<tr><td>12.7</td><td>Does the Company have a whistle-blowing policy?</td><td>The AC has in consultation with the Board, initiated the implementation of fraud and whistle-blowing policy for all employees including employees of the Company’s overseas subsidiaries. This policy aims to provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimisation for fraud and whistle-blowing in good faith. To-date, there were no reports received through the whistle blowing mechanism.
Other than the employees of the Group, any other persons including any stakeholders of the Group, may also, in confidence, raise concern about possible corporate improprieties in matters of financial reporting or other matters to the AC Chairman at email address whistleblowing@capitalcity.com.my.</td></tr>
</table>

Corporate Governance
Report

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	In FY2018, all of the AC Members are kept up to date with changes to accounting standards and issues which have a direct impact on financial statements in view of their professional background by the external auditor. In addition, the Company will take note of useful courses and highlight them to the Directors where appropriate to supplement and keep Directors updated on avenues to gain further competency in accounting and industry-specific knowledge.
Internal Audit		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	The Company's internal audit function is outsourced to Mazars LLP. The internal auditor reports directly to the AC Chairman and administratively to the CEO. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that the IA is adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Shareholder Rights		
14.2	Are shareholders informed of the rules, including voting procedures, that govern general meetings of shareholders?	Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures that govern the general meetings of shareholders.
14.3	Are corporations which provide nominee or custodial services allowed to appoint more than two proxies?	Any member entitled to attend and vote at a meeting of the Company who is the holder of two or more shares shall be entitled to appoint not more than two proxies to attend and vote instead of him at the same general meeting provided that if the member is The Central Depository (Pte) Limited ("Depository"). The Depository may appoint more than two proxies to attend and vote at the same general meeting and each proxy shall be entitled to exercise the same powers on behalf of the Depository as the Depository could exercise.
Communication with Shareholders		
15.1	Does the Company have an investor relations policy?	The Company has in place an investor relations policy to promote regular, effective and fair communication. The Company makes every effort to ensure regular, timely and effective communication with its shareholders. The Company will release quarterly and annual financial results through the SGXNET, along with press releases and presentation slides timely for analysts' and investors' briefing. All price sensitive will be first released through SGXNET before the Company meets with any investors or analysts. A team of Investor Relations Consultants has been engaged to assist the Company with these tasks.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	The Company firmly believes in high standards of transparent corporate disclosure by disclosing to its stakeholders, including its shareholders the relevant information on a timely basis through SGXNet. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is made through: (1) Annual Reports that are prepared and sent to all shareholders. The Board ensures that the Annual Report includes all relevant material information about the Company and the Group, including future developments and other disclosures required by the relevant rules and regulations; (2) Quarterly and full year announcements containing a summary of the financial information and affairs of the Group for that period; (3) Notices of explanatory memoranda for AGMs and extraordinary general meetings ("EGM"). The notices of AGM and EGM are also advertised in a national newspaper; and (4) Press and news releases on major developments of the Company and the Group.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	The Board endeavours to establish and maintain regular dialogue with shareholders, to gather views or inputs and address shareholder's concern. To that extent, the Company has undertaken regular analyst briefings to provide market updates on the Company's business. The Board will also engage in investor relations activities to allow the Company to engage shareholders as and when it deems necessary and appropriate.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at http://www.capitalworld.com.sg/.
15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares will depend on our earnings, general financial position, results of operations, capital requirements, cash flow, general business condition, our development plans and other factors as our Directors may, in their absolute discretion, deem appropriate. Therefore, there can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.
	Is the Company is paying dividends for the financial year? If not, please explain why.	The Board has not declared or recommended dividends for FY2018, as the Board deemed it prudent to retain profits to grow the Group's business.

Corporate Governance Report

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless in situation of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report. All resolutions are put to vote by poll, and their detailed results will be announced at the general meetings, follow by announcements via SGXNET after the conclusion of the general meeting. All minutes of general meetings will be made available to shareholders upon their request after the general meeting.

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715.
1204(8)	Material Contracts	There were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	The Board with the concurrence of the AC are of the opinion that the internal controls are adequate to address the financial, operational and compliance risks based on the following: • internal controls and the risk management system established by the Company; • works performed by the IA and EA; assurance from the CEO and CFO; and • reviews done by the various Board Committees and key management personnel.

<table>
<tr><th>Catalist Rule</th><th>Rule Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td>1204(17)</td><td>Interested Persons Transaction (“IPT”)</td><td>The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.
<table>
<tr><th>Name of Interested Persons and Transactions</th><th>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920) RM’000</th><th>Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S$100,000) RM’000</th></tr>
<tr><td>RDC Arkitek Sdn. Bhd. <i>(an associate of controlling shareholder of the Company, Mr Siow Chien Fu, for the provision of architectural consultation services)</i></td><td>1,572</td><td>–</td></tr>
</table></td></tr>
<tr><td>1204(19)</td><td>Dealing in Securities</td><td>The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information.
The Company, its Directors and officers are also discouraged from dealing in the Company’s securities on short term considerations and are prohibited from dealing in the Company’s securities during the period beginning two weeks before the announcement of the Company’s quarterly financial statements and one month before the announcement of the Company’s full-year financial statements respectively, and ending on the date of the announcement of the relevant results.</td></tr>
<tr><td>1204(21)</td><td>Non-sponsor fees</td><td>In FY2018, the Company did not pay to its sponsor, PrimePartners Corporate Finance Pte. Ltd. non-sponsor fees.</td></tr>
</table>

Corporate Governance
Report

<table>
<tr><th>Catalist Rule</th><th>Rule Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1204(22)</td><td>Use of Proceeds</td><td>
<p>The Company had on 27 April 2018 obtained shareholders' approval to issue convertible bonds in the aggregate principal amount of up to S$18 million (in up to five (5) tranches) to Dato' Sri Chong Thim Pheng, and to issue and allot up to 219,512,195 new shares upon conversion of the convertible bonds at the conversion price of S$0.820 per share.</p>
<p>As at the date of this report, the Company has drawn down S$10.0 million under the convertible bonds. The gross proceeds raised from the convertible bonds had been fully utilized by the Group as follows:</p>
<table>
<tr><th></th><th>Amount Allocated S$'000</th><th>Amount Utilised S$'000</th><th>Balance S$'000</th></tr>
<tr><td>Completion of construction of the Capital City Mall</td><td>9,457</td><td>9,457</td><td>–</td></tr>
<tr><td>Arranger fee and professional fee payment</td><td>543</td><td>543</td><td>–</td></tr>
<tr><td>TOTAL</td><td>10,000</td><td>10,000</td><td>–</td></tr>
</table>
<p>The above utilisation is in accordance with the intended use of the gross proceeds as stated in the Company's circular dated 11 April 2018.</p>
</td></tr>
<tr><td>711(A)</td><td>Sustainability reporting</td><td>The Company is working towards the issuance of its first sustainability report by 30 June 2019 and such report will be made available to shareholders on the SGXNET.</td></tr>
</table>

Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Capital World Limited, (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 30 June 2018 and the statement of financial position and the statement of changes in equity of the Company for the year ended 30 June 2018.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 30 June 2018, and its financial performance, changes in equity and cash flows of the Group for the year then ended and changes in equity of the Company for the year ended 30 June 2018;

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are:

Tan Eng Kiat Dominic
Siow Chien Fu
Tham Kok Peng
Aw Eng Hai
Lye Thiam Fatt Joseph Victor

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year ended 30 June 2018 was the Company a party to any arrangement, whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following director, who held office at the end of the financial year, had, according to the register of directors' shareholdings kept by the Company, an interest in shares of the Company as stated below:

	Direct interest	
Name of director	**At 1 July 2017**	**At 30 June 2018**
Ordinary shares of the Company		
Siow Chien Fu	503,745,713	503,745,713

There was no change in any of the above-mentioned interests in the Company between 30 June 2018 and 21 July 2018.

Except as disclosed in this report, no director who held office at 30 June 2018 had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Directors' Statement

OPTIONS

No options have been granted during the financial year ended 30 June 2018 to subscribe for unissued shares of the Company or its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company under option at the end of the financial year.

AUDIT COMMITTEE

The members of the Audit Committee ("AC") at the date of this statement are:

Aw Eng Hai (Chairman)
Tan Eng Kiat Dominic
Lye Thiam Fatt Joseph Victor

The AC performs the functions specified in accordance with the Listing Manual Section B: Rules of Catalist of the SGX-ST and the Code of Corporate Governance (2 May 2012) and the Guidebook for Audit Committees in Singapore (Second Edition). The functions performed are set out in the Corporate Governance Report.

There were no non-audit services provided by the external auditor for FY2018 and the AC has reviewed the independence of the external auditor and recommend the re-appointment of the external auditor at the forthcoming annual general meeting. The AC has also conducted a review of interested person transactions.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It has also full discretion to invite any director and executive officer to attend its meetings. The AC has met with external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Corporate Governance Report.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Siow Chien Fu
Director

Tham Kok Peng
Director

Singapore
11 October 2018

Independent Auditor's Report

TO THE MEMBERS OF CAPITAL WORLD LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Capital World Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 30 June 2018, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 30 June 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the financial year ended on that date in accordance with International Financial Reporting Standards ("IFRSs").

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements, the IESBA Code and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the financial statements. As at 30 June 2018, the Group's current liabilities exceeded its current assets by RM68,072,000. As at 30 June 2018, the Group's total loans and borrowings amounted to RM45,182,000, of which RM43,330,000 were classified as current liabilities and exceeded the Group's cash and cash equivalents of RM23,454,000. These factors and the challenging conditions affecting the property market in Johor, Malaysia, which could negatively impact the sale prices of the Group's inventory properties indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The ability of the Group to continue as a going concern is dependent on the ability of the Group to obtain continuing support from its lender and a key supplier, and to generate sufficient cash flows from its operations as explained further in Note 2.1 to the financial statements.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not modified in respect of this matter.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements 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 our responsibilities described in the Auditor's 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 for our audit opinion on the accompanying financial statements.

1. *Revenue recognition for sale of inventory properties*

The Group recognises revenue from the sale of inventory properties over time using the input method, which is measured by reference to the proportion of actual development costs incurred for work performed to date to the estimated total development costs. This is determined to be a key audit matter due to the use of significant estimates including estimates of total budgeted development costs and the progress towards completion in determining the percentage of completion, which in turn may have a significant impact on the Group's results.

We obtained an understanding and tested, on a sample basis, the key financial controls surrounding management's internal costing and budgeting process in estimating the total budgeted development costs. We assessed management's assumptions in determining the percentage of completion and the total budgeted development costs. We evaluated the appropriateness of inputs used by management in their estimation of the total cost to complete against the underlying contracts or variation orders. We analysed changes in management's estimates of total budgeted development costs. We enquired with management the rationale for such changes and compared against supporting documentations.

We perused correspondences with contractors and discussed the progress of the projects with management for any variation order claims or significant events that could impact the estimated development costs. For construction costs incurred to date, we assessed the competency, capabilities and objectivity of the quantity surveyor engaged by the Group and compared the cost components to the underlying contracts or variation orders against the progress claims certified by the quantity surveyor. We checked the mathematical accuracy of the revenue and profits recognised based on the input calculations. We also reviewed the adequacy of the disclosures relating to revenue from sale of inventory properties in Notes 2.18, 3(d) and 4 to the financial statements.

2. *Accounting and valuation of convertible bonds*

As at 30 June 2018, the liability, embedded derivative and equity components of convertible bonds amounted to RM10,183,000, RM4,044,000 and RM200,000 respectively. Management engaged an independent professional valuer (the "Management's Valuer") to value the liability component and the embedded derivative component of convertible bonds. The accounting and valuation of convertible bonds are complex. Therefore, we identified this to be a key audit matter.

We reviewed the convertible bond agreements to obtain an understanding of the transaction and the key terms and conditions. We assessed management's identification and classification of the liability component and the embedded derivative component of convertible bonds. We evaluated the competency, capabilities and objectivity of Management's Valuer. We involved our internal valuation specialists in reviewing the carrying amount of the liability component and the fair value of the embedded derivative component of convertible bonds, including the reasonableness of key assumptions such as discount rate used in valuation of the liability component as well as share price and the time to expiry used in determining the fair value of the embedded derivative component of convertible bonds.

We also reviewed the adequacy of the disclosures relating to convertible bonds in Notes 2.19 and 25 to the financial statements.

KEY AUDIT MATTERS (CONT'D)

3. *Impairment assessment of goodwill, mining infrastructure, and mining rights*

During the financial year ended 30 June 2018, management performed impairment assessment on the following assets attributable to the mining cash-generating unit ("CGU"):

- goodwill of RM11,378,000;
- mining rights of RM82,507,000; and
- mining infrastructure of RM7,602,000.

We considered the audit of management's impairment assessment of these assets to be a key audit matter due to the magnitude of the amounts recognised in the financial statements. In addition, the assessment process involved significant management estimate and was based on assumptions that are affected by future market and economic conditions. Management determined the recoverable amounts of these assets based on value-in-use calculation using discounted cash flows up to the forecast concession right period ending in 2044.

We assessed the valuation methodology used by management. We evaluated the key assumptions used in the impairment analysis, in particular the forecasted revenue from sale of marble products (based on estimated sales volume and estimated selling price of the marble products) and the discount rate. We discussed with management to obtain an understanding of the Group's planned strategies for future revenue growth. With the knowledge gained from the discussion and our understanding of the current business climate for the mining industry, we evaluated the reasonableness of the estimated sales volume. We compared the estimated selling price of the marble products to historical data and market comparable data. We evaluated management's forecasting process by comparing previous forecasts to actual results. We involved our internal valuation specialists to assist us in reviewing the reasonableness of the discount rate used. We also reviewed the adequacy of the disclosures made in relation to the impairment assessment of goodwill, mining rights and mining infrastructure in Notes 3(b), 17 and 19 to the financial statements.

4. *Carrying value of inventories and inventory properties*

<u>Inventories</u>

As at 30 June 2018, the Group has inventories of RM8,125,000. The inventories comprise of finished marble products. The Group is exposed to the risk of slow-moving inventories as a result of volatility in the demand and prices for marble products. Significant judgment is required for the estimation of the net realisable value of the slow-moving inventories after taking into consideration factors such as movement in prices, current and expected future market demand and pricing competition. As such, we determined this to be a key audit matter.

We obtained the inventory aging report and discussed with management their procedures to identify slow-moving inventories and assess the adequacy of the inventory write-down for slow-moving inventories. We reviewed the reasonableness of the write-down for slow-moving inventories after considering the historical sales pattern and inventory turnover. We selected samples of marble products and tested whether they were stated at the lower of cost and net realisable value by comparing to the latest transacted sale price of these marble products. We also reviewed the adequacy of the disclosures relating to inventories in Notes 2.10, 3(c) and 10 to the financial statements.

Independent Auditor's Report

KEY AUDIT MATTERS (CONT'D)

4. Carrying value of inventories and inventory properties *(Cont'd)*

Inventory properties

As at 30 June 2018, the Group has mixed use development inventory properties in Malaysia of RM376,859,000. The estimation of the net realisable value of these inventory properties is dependent upon the Group's expectations of future selling prices. There is a risk that future actual selling prices may be lower than then current carrying value of inventory properties, resulting in losses when properties are sold. Accordingly, we identified this to be a key audit matter.

For development inventory properties under construction, we made inquiries of relevant management personnel and inspected relevant documentation such as budgets, funding agreements, supplier contracts and internal reports to understand project design complexity and sub-contractor reliance which could impact management's estimate of the costs to complete. We also perused contractor correspondences for any potential disputes, variation order claims or known technical issues that could impact the estimated contractual costs. We also evaluated forecast selling prices and forecast total costs by making comparisons to a sample of actual selling prices achieved during the year and subsequent to year end.

For completed development inventory properties, we assessed whether the carrying value of development properties is appropriately stated at the lower of cost and net realisable value by testing a sample of sales made during the year and subsequent to year end to assess the sales margins achieved. Additionally, we compared forecast selling prices to total costs to assess forecast margin.

We also reviewed the adequacy of the disclosures relating to inventory properties in Notes 2.8, 3(c) and 9 to the financial statements.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements 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, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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. 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 current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is Ng Boon Heng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

11 October 2018

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	2018 RM'000	2017 RM'000
Revenue	4	**142,594**	183,887
Cost of sales		**(23,790)**	(47,498)
Gross profit		**118,804**	136,389
Other income	5	**1,566**	942
Selling and distribution expenses		**(6,452)**	(9,423)
General and administrative expenses		**(36,844)**	(13,020)
Finance costs		**(2,277)**	(16)
Other expenses		**–**	(12,759)
Profit before tax	6	**74,797**	102,113
Income tax expense	7	**(16,229)**	(32,009)
Profit for the year		**58,568**	70,104
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations, net of tax		**(398)**	168
Total comprehensive income for the year		**58,170**	70,272
Profit for the year attributable to:			
Owners of the Company		**58,598**	70,113
Non-controlling interests		**(30)**	(9)
		58,568	70,104
Total comprehensive income for the year attributable to:			
Owners of the Company		**58,225**	70,281
Non-controlling interests		**(55)**	(9)
		58,170	70,272
Earnings per share (RM cents per share)			
Basic	8	**4.60**	6.36
Diluted	8	**4.60**	6.36

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

Balance
Sheets

AS AT 30 JUNE 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current assets					
Inventory properties	9	193,686	175,839	–	–
Inventories	10	8,125	13,417	–	–
Deferred expenditure	11	5,749	8,242	–	–
Trade receivables	12	30,868	26,755	–	–
Unbilled receivables	13	3,469	813	–	–
Other receivables, deposits and prepayments	14	19,624	9,401	132	395
Amount due from subsidiaries	15	–	–	59,967	32,308
Deferred tax asset	27(a)	1,903	–	–	–
Fixed deposits	16	6,703	12,946	–	–
Cash on hand and at banks	16	22,776	10,495	2,356	3,388
		292,903	257,908	62,455	36,091
Non-current assets					
Inventory properties	9	106,455	94,244	–	–
Deferred expenditure	11	–	1,080	–	–
Trade receivables	12	19,310	–	–	–
Property, plant and equipment	17	104,933	103,760	237	–
Investment properties under construction	18	192,579	142,321	–	–
Intangible assets	19	93,885	97,109	–	–
Investment in subsidiaries	20	–	–	763,225	763,223
		517,162	438,514	763,462	763,223
Total assets		810,065	696,422	825,917	799,314
Current liabilities					
Trade payables	21	119,078	159,377	–	–
Other payables and accruals	22(a)	72,056	38,126	7,700	9,477
Provision	22(b)	–	4,977	–	–
Deferred revenue	23	94,476	126,995	–	–
Hire purchase payables	24	37	50	–	–
Loans and borrowings	25	43,330	–	17,589	–
Derivatives	26	4,044	–	4,044	–
Provision for taxation		27,954	23,522	75	23
		360,975	353,047	29,408	9,500
Non-current liabilities					
Trade payables	21	116,592	82,620	–	–
Other payables	22	1,819	–	–	–
Hire purchase payables	24	–	38	–	–
Loans and borrowings	25	1,852	–	1,852	–
Provision for taxation		6,898	–	–	–
Deferred tax liabilities	27(b)	19,929	23,653	–	–
		147,090	106,311	1,852	–
Total liabilities		508,065	459,358	31,260	9,500
Equity attributable to owners of the Company					
Share capital	28	112,085	108,044	161,210	157,169
Share premium	29(a)	15,413	12,888	657,170	654,645
Merger reserve	29(b)	5,000	5,000	–	–
Equity component of convertible bond	29(c)	200	–	200	–
Foreign currency translation reserve	29(d)	(205)	168	3,618	4,927
Capital reserve	29(e)	–	–	487	487
Retained earnings/(accumulated losses)		169,421	110,823	(28,028)	(27,414)
		301,914	236,923	794,657	789,814
Non-controlling interests		86	141	–	–
Total equity		302,000	237,064	794,657	789,814
Total liabilities and equity		810,065	696,422	825,917	799,314

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

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2018

	Attributable to owners of the Company								
Group	**Share capital RM’000**	**Share premium RM’000**	**Merger reserve RM’000**	**Equity component of convertible bond RM’000**	**Foreign currency translation reserve RM’000**	**Retained earnings RM’000**	**Total RM’000**	**Non-controlling interests RM’000**	**Total equity RM’000**
Opening balance at 1 July 2017	108,044	12,888	5,000	–	168	110,823	236,923	141	237,064
Profit for the year	–	–	–	–	–	58,598	58,598	(30)	58,568
Other comprehensive income									
Exchange differences arising from translation of foreign operations and translation of financial statements of the Company from its functional currency to presentation currency	–	–	–	–	(373)	–	(373)	(25)	(398)
Total comprehensive income for the year	–	–	–	–	(373)	58,598	58,225	(55)	58,170
Contributions by and distribution to owners									
Issue of new shares	4,041	2,525	–	–	–	–	6,566	–	6,566
Equity component of convertible bonds	–	–	–	200	–	–	200	–	200
Total contributions by and distribution to owners	4,041	2,525	–	200	–	–	6,766	–	6,766
Closing balance at 30 June 2018	**112,085**	**15,413**	**5,000**	**200**	**(205)**	**169,421**	**301,914**	**86**	**302,000**

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2018

Group	Attributable to owners of the Company							
	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Opening balance at 1 July 2016	5,000	–	–	–	40,710	45,710	–	45,710
Profit for the year	–	–	–	–	70,113	70,113	(9)	70,104
Other comprehensive income								
Exchange differences arising from translation of foreign operations and translation of financial statements of the Company from its functional currency to presentation currency	–	–	–	168	–	168	–	168
Total comprehensive income for the year	–	–	–	168	70,113	70,281	(9)	70,272
Contributions by and distribution to owners								
Issue of placement shares	3,222	12,888	–	–	–	16,110	–	16,110
Shares issued for Reverse Takeover	104,822	–	–	–	–	104,822	150	104,972
Restructuring of AVL Group pursuant to the Reverse Takeover (Note 1.2)	(5,000)	–	5,000	–	–	–	–	–
Total contributions by and distribution to owners	103,044	12,888	5,000	–	–	120,932	150	121,082
Closing balance at 30 June 2017	108,044	12,888	5,000	168	110,823	236,923	141	237,064

Statement of
Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2018

Company	Share capital RM'000	Share premium RM'000	Equity component of convertible bond RM'000	Foreign currency translation reserve RM'000	Capital reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Opening balance at 1 April 2017	157,169	654,645	–	4,927	487	(27,414)	789,814
Loss for the year	–	–	–	–	–	(614)	(614)
Other comprehensive income							
Exchange differences arising from translation of financial statements of the Company from its functional currency to presentation currency representing other comprehensive income for the year	–	–	–	(1,309)	–	–	(1,309)
Total comprehensive income for the year	–	–	–	(1,309)	–	(614)	(1,923)
Contributions by and distribution to owners							
Issue of new shares	4,041	2,525	–	–	–	–	6,566
Equity component of convertible bonds	–	–	200	–	–	–	200
Total contributions by and distribution to owners	4,041	2,525	200	–	–	–	6,766
Closing balance at 30 June 2018	**161,210**	**657,170**	**200**	**3,618**	**487**	**(28,028)**	**794,657**

Company	Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Capital reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Opening balance at 1 April 2016	19,054	122,511	(7,812)	487	(25,808)	108,432
Loss for the year	–	–	–	–	(1,606)	(1,606)
Other comprehensive income						
Exchange differences arising from translation of financial statements of the Company from its functional currency to presentation currency representing other comprehensive income for the year	–	–	12,739	–	–	12,739
Total comprehensive income for the year	–	–	12,739	–	(1,606)	11,133
Contributions by and distribution to owners						
Issue of ordinary shares	2,122	6,070	–	–	–	8,192
Shares issued for Reverse Takeover	132,771	524,447	–	–	–	657,218
Issue of placement shares	3,222	12,888	–	–	–	16,110
Share issuance expense	–	(11,271)	–	–	–	(11,271)
Total contributions by and distribution to owners	138,115	532,134	–	–	–	670,249
Closing balance at 30 June 2017	157,169	654,645	4,927	487	(27,414)	789,814

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

Consolidated Statement of
Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	2018 RM'000	2017 RM'000
Cash flows from operating activities			
Profit before tax		**74,797**	102,113
Adjustments for:			
Depreciation of property, plant and equipment	17	**2,974**	713
Amortisation of mining rights	19	**3,143**	533
Amortisation of deferred expenditure	11	**5,731**	6,263
Amortisation of fulfilment cost	6	**8,055**	8,660
(Write back of provision)/provision made	22(b)	**(4,977)**	4,977
Transaction costs arising from the Reverse Takeover	20	**–**	12,759
Plant and equipment written off	6	**635**	–
Goodwill written off for new subsidiaries acquired		**92**	–
Provision for impairment of inventories	6	**5,984**	–
Impairment of trade receivables	6	**38**	–
Interest income	5	**(1,195)**	(620)
Interest expense		**2,277**	16
Operating cash flows before changes in working capital		**97,554**	135,414
Changes in working capital:			
Change in inventories		**(692)**	(558)
Change in inventory properties		**(38,113)**	(46,293)
Change in deferred expenditure		**(2,158)**	(3,714)
Change in trade and other receivables		**(33,799)**	(4,006)
Change in trade and other payables		**(7,417)**	(38,782)
Cash flows generated from operations		**15,375**	42,061
Interest paid		**(2,056)**	(16)
Interest received		**1,195**	620
Tax paid		**(10,526)**	(13,077)
Net cash flows generated from operating activities		**3,988**	29,588
Cash flows from investing activities			
Purchase of property, plant and equipment	17	**(1,782)**	(16,531)
Cost incurred on investment properties under construction	18	**(48,314)**	(15,432)
Net cash received from acquisition of subsidiaries	20	**571**	–
Net cash received from Reverse Takeover	20	**–**	4,329
Transaction costs arising from the Reverse Takeover		**(4,070)**	(8,689)
Net cash flows used in investing activities		**(53,595)**	(36,323)
Cash flows from financing activities			
Proceeds from loans and borrowings		**58,648**	–
Repayment of loans and borrowings		**(2,656)**	–
Proceeds from issuance of placement shares		**–**	16,110
Repayment of hire purchase payables	24(d)	**(51)**	(128)
(Placement)/withdrawal of secured deposit		**(5,994)**	88
Net cash flows generated from financing activities		**49,947**	16,070
Net increase in cash and cash equivalents		**340**	9,335
Effect of exchange rate changes in cash and cash equivalents		**(296)**	113
Cash and cash equivalents at beginning of year		**23,410**	13,962
Cash and cash equivalents at end of year	16	**23,454**	23,410

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

1. CORPORATE INFORMATION

1.1 THE COMPANY

Capital World Limited, (the "Company") is a limited liability company incorporated and domiciled in the Cayman Islands. The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 30 July 2014.

The address of the Company's registered office is the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is at 390 Havelock Road, #04-06, King's Centre, Singapore 169662.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as disclosed in Note 20.

1.2 THE REVERSE TAKEOVER

The reverse takeover occurred in 2017 and it is summarised as below:

Altimate Ventures Limited ("AVL") Acquisition

Capital City Property Sdn. Bhd. ("CCP") was owned by Siow Chien Fu, Tan June Teng Colin and Tan Ping Huang Edwin (the "Vendors"). CCP in turn holds a wholly-owned subsidiary, Capital City Management Pte. Ltd, which was incorporated on 30 August 2016.

On 23 November 2016, the Vendors incorporated Altimate Ventures Limited ("AVL"), an exempted limited company in British Virgin Islands.

On 4 April 2017, AVL became the holding company of CCP via the issue of 96 ordinary shares in AVL to the shareholders of CCP for the entire issued and paid-up share capital of CCP. Since AVL is not a business, AVL did not combine with any other business. On this basis, the transaction is outside the scope of IFRS 3 *Business Combinations*. AVL cannot elect to apply the acquisition method in IFRS 3 *Business Combinations* since there is no economic substance to the transaction in terms of any real alteration to the composition or ownership of AVL and CCP. It is a continuation of CCP business. At the consolidated financial statements, the difference between a) the consideration paid by AVL and b) the net assets and retained earnings of CCP as at 4 April 2017 was recorded in merger reserve.

On 4 May 2017, the Company acquired the entire issued and paid-up share capital of CCP via the acquisition of the entire issued and paid-up share capital of AVL. The purchase consideration for the acquisition was satisfied via the issue of 1,071,428,569 new ordinary shares in the Company to the shareholders of AVL.

Rise Expedition Global Limited ("REGL") Acquisition and First Star Ventures Limited ("FSVL") Acquisition

On 9 September 2016, the Vendors incorporated Rise Expedition Global Limited ("REGL") to hold Capital City Ventures Sdn. Bhd. ("CCV"). CCV was incorporated by the Vendors on 27 September 2016.

On 8 December 2016, the Vendors incorporated First Star Ventures Limited ("FSVL") to hold Capital City Frontier Sdn. Bhd. ("CCF"). CCF was incorporated in Malaysia on 2 December 2016 by the Vendors.

On 4 May 2017, the Company also acquired the entire issued and paid-up share capital of REGL and FSVL for an aggregate cash consideration of US$400 (approximately RM1,700).

1. CORPORATE INFORMATION (CONT'D)

1.2 THE REVERSE TAKEOVER (CONT'D)

Pursuant to the completion of the AVL Acquisition, REGL Acquisition and FSVL Acquisition (the "Reverse Takeover"), the Group comprises:

i) the AVL and its subsidiaries (AVL Group);

ii) the REGL and its subsidiary (REGL Group);

iii) the FSVL and its subsidiary (FSVL Group);

(collectively the "Capital City Group"); and

iv) the Capital World Limited and its existing subsidiaries (the "Terratech Group")

At Group level

The acquisition of Capital City Group has been accounted for in the consolidated financial statements as a reverse acquisition in accordance with IFRS 3 Business Combinations as the Vendors of AVL Group, REGL Group and FSVL Group became the controlling shareholders of the Company on completion of the transactions. Accordingly, the Capital City Group (being the legal subsidiary) is regarded as the accounting acquirer, and the Company (being the legal parent) is regarded as the accounting acquiree.

Accordingly, the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year ended 30 June 2017 represent continuation of the Capital City Group's financial position, performance and cash flows. The Capital City Group for the year ended 30 June 2017 is essentially a continuation of Capital City Property Sdn. Bhd. The consolidated financial statements are prepared on the following basis:

- the assets and liabilities of the Capital City Group are recognised and measured in the statement of financial position of the Group at their pre-combination carrying amounts;
- the assets and liabilities of the Terratech Group are recognised and measured in accordance with IFRS 3 *Business Combinations* at their acquisition-date fair values;
- the retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of the Capital City Group immediately before the Reverse Takeover;
- as Capital City Group is a private entity group, the quoted market price of the Company's shares provide a more reliable basis for measuring the consideration transferred than the estimated fair value of the shares in the Capital City Group. Therefore, the consideration transferred for the Reverse Takeover is determined using the fair value of the issued equity of the Company before the Reverse Takeover, being approximately 170,886,000[1] shares at the quoted market price of SGD0.20 (equivalent to RM0.62) per share at the date of acquisition, amounting to approximately SGD33,875,000 (equivalent to RM104,822,000).

[1] After the effect of share consolidation

1. CORPORATE INFORMATION (CONT'D)

1.2 THE REVERSE TAKEOVER (CONT'D)

At Group level (Cont'd)

– the amount recognised as issued equity interests in the consolidated financial statements is determined by adding to the issued equity of Capital City Group immediately before the reverse acquisition to the consideration transferred for the Reverse Takeover. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) reflect the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the Company to effect the Reverse Takeover;

Pursuant to the completion of the Reverse Takeover, the Company changed its financial year end from 31 March to 30 June to be coterminous with the financial year end of the Capital City Group. Therefore, the financial statements of the Company for the previous financial year covered fifteen months from 1 April 2016 to 30 June 2017.

Reverse acquisition accounting applies only at the consolidated financial statements at the Group level. In the Company's separate financial statements, the investment in subsidiaries is accounted for at cost less any accumulated impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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

Fundamental accounting concept

At 30 June 2018, the Group's current liabilities exceeded its current assets by RM 68,072,000 (2017: RM95,139,000). As at 30 June 2018, the Group's total loans and borrowings amounted to RM45,182,000 (2017: RM Nil), of which RM43,330,000 (2017: RM Nil) were classified as current liabilities and exceeded its cash and cash equivalents of RM 23,454,000 (RM23,410,000). These factors and the challenging conditions affecting the property market in Johor, Malaysia, which could negatively impact the sale prices of the Group's inventory properties indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Notwithstanding the above, the directors are of the view that it is appropriate to prepare these financial statements on a going concern basis after considering the following:

(a) Subsequent to year end, the Group has obtained approval to extend the repayment date of loans and borrowings of RM25,741,000 due on 31 October 2018 by a further 12 months to 31 October 2019;

(b) Subsequent to year end, the Group reached an agreement with a key supplier:

  (i) to cap the payment in the next 15 months of the outstanding payables to the supplier as at 30 June 2018 at an agreed amount; and

  (ii) to defer the payment for construction services to be rendered by this supplier over the next 15 months from July 2018 to September 2019.

(c) The Group's current liabilities as at 30 June 2018 include:

  (i) deferred revenue of RM94,476,000 (2017: RM126,995,000) which comprises advance payments from customers in respect of the inventory properties sold by the Group for the Capital City mall and Capital Suites. The Group has obtained the Certificate of Completion and Compliance ("CCC") for Capital City mall on 26 April 2018, and construction of Capital Suites, while ongoing, is on track to complete on schedule. The deferred revenue will be recognised as revenue based on the percentage of completion method and will not entail cash outflow.

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

2.1 BASIS OF PREPARATION (CONT'D)

Fundamental accounting concept (Cont'd)

(c) The Group's current liabilities as at 30 June 2018 include: (Cont'd)

(ii) current portion of the cost of land payable to Achwell Property Sdn. Bhd. ("APSB") amounting to RM64,114,000 (RM91,972,000) which has been accrued based on the Group's forecasted cash receipts from the progress billings and projected sales of Capital City mall and Capital Suites. According to the land acquisition agreement signed with APSB, if the forecasted cash receipts do not materialize, the Group will not be required to make the payment to APSB during the construction phase of the development project.

(d) The directors have reasons to believe that the Group will be able to complete the project as scheduled and achieve the projected sales for its inventory properties.

The directors are of the opinion that the above considerations would allow the Group to generate sufficient cash flows from its operations and meet its obligations as and when they fall due.

If the Group is unable to continue operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial period beginning on or after 1 July 2017. The adoption of these standards did not have any significant effect on the financial performance or position of the Group and the Company.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to IAS 40 *Transfers of Investment Property*	1 January 2018
IFRIC 22 *Foreign Currency* Transactions *and Advance Consideration*	1 January 2018
IFRS 9 *Financial Instruments*	1 January 2018
IFRS *16 Leases*	1 January 2019
IFRIC 23 *Uncertainty over Income Tax Treatments*	1 January 2019

Except for IFRS 9 and IFRS 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of IFRS 9 and IFRS 16 are described below.

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in IFRS 9 are based on an expected credit loss model and replace the IAS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

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

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

IFRS 9 *Financial Instruments* (Cont'd)

Impairment

IFRS 9 requires the Group to record expected credit losses on all of its loans and trade receivables either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade and other receivables. Upon application of the expected credit loss model, the Group does not expect any significant impact to arise from this change. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of IFRS 9.

IFRS 16 *Leases*

IFRS 16 requires lessees to recognise for most leases on statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of "low value" assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary impact assessment of the adoption of IFRS 16 and expects that the adoption of IFRS 16 will result in increase in total assets and total liabilities.

The Group plans to adopt the new standard on the required effective date by applying IFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 July 2019.

2.4 BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS

(a) ***Reverse acquisition***

The acquisition of the entire issued and paid-up share capital in the Capital City Group has been accounted for as a reverse acquisition in 2017 as described in Note 1.2.

(b) ***Basis of consolidation***

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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.

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

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

2.4 BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS (CONT'D)

(c) ***Business combinations and goodwill***

Business combinations are accounted for by applying 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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS.

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 instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's 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 Company.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

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

2.6 FOREIGN CURRENCY

The financial statements are presented in Malaysian Ringgit, which is the Company's presentation currency with effect from 4 May 2017. Prior to 4 May 2017, the Company's presentation currency is the Singapore Dollars ("SGD"), which is also the Company's functional currency. The change in the Company's presentation currency is described in Note 30.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) ***Transactions and balances***

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 end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) ***Consolidated financial statements***

For consolidation purpose, the assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computer equipment	3 years
Furniture and fittings	3 to 10 years
Motor vehicles	5 to 6 years
Office equipment	5 years
Renovation	5 years
Plant and machinery	10 years
Factory building	10 years
Mining Infrastructure	33 years

Freehold land has an unlimited useful life and therefore is not depreciated. Building-in-progress included in property, plant and equipment is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Building-in-progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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

2.7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Included in the mining infrastructure are costs in relation to the construction of the grave roads for access to the marble quarry. As part of its mining operations, the Group incurs stripping (waste removal) costs during the development phase. Stripping costs incurred in the development phase of a mine are capitalised in mining infrastructure. Subsequent to initial recognition, mining infrastructure are amortised over its useful life using a unit of production ("UOP") method to write off the cost of the assets proportionate to the extraction of the proved and probable mineral reserves. The Group's mining rights is for a period of 33 years up to 26 January 2044. The total UOP is estimated based on production of the period of 33 years. As at 30 June 2018, the remaining useful life of the right is 26 years. (2017: 27)

Stripping activity asset shall be recognised, if and only if, all of the following are met:

a) it is probable that the future economic benefit (improved access to the marble reserves) associated with stripping activity will flow to the Group;

b) the Group can identify the component of the ore body for which access has been improved; and

c) the costs relating to the stripping activity associated with that component can be measured reliably.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and the depreciation method are reviewed at least at each financial year end, and adjusted prospectively, if appropriate.

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

2.8 INVENTORY PROPERTIES

Inventory properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation or to be held for the Group's use.

Inventory properties are held as inventories and are measured at the lower of cost and net realisable value.

Costs include:

- Land acquisition costs;
- Amounts paid to contractors for construction of the inventory properties and other costs directly attributable to the development of the inventory properties; and
- Capitalised borrowing costs that are directly attributable to the acquisition of the land.

Net realisable value of inventory property is the estimated selling price in the ordinary course of business based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

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

2.8 INVENTORY PROPERTIES (CONT'D)

The costs of inventory property recognised in profit and loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the net floor area of the property sold.

Contract costs

Sales agent commission and legal costs incurred to secure sale contracts of real estate units are capitalised if they are incurred to obtain a contract with a customer that the Group would not have incurred if the contract had not been obtained.

Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered.

Subsequent to initial measurement, capitalised contracts costs are amortised to profit or loss on a systematic basis as the Group recognises the related revenue.

The Group records capitalised sales agent commission costs and legal costs under "Deferred expenditure" in the Consolidated Statement of Financial Position.

An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates; less the costs that relate directly to providing the goods and that have not been recognised as expenses.

2.9 INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER CONSTRUCTION

Investment properties comprise completed property and property under construction or re-development that is held to earn rentals or for capital appreciation or both. Property held under an operating lease is classified as investment properties when the definition of an investment property is met.

Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is computed on a straight line basis over the estimated useful lives of the assets. The useful lives, residual values and depreciation method are reviewed at least at each financial year end, and adjusted prospectively, if appropriate.

Investment properties under construction are not depreciated as these assets are not yet available for use.

Transfers are made to or from investment properties only when there is an evidence of change in use.

Investment properties and investment properties under construction are derecognised either when it has been disposed of or when it 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 investment properties and investment properties under construction are recognised in profit and loss in the year of retirement or disposal.

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

2.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

– Finished goods: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

2.11 INTANGIBLE ASSETS

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

Mining rights

Mining rights are stated at cost less accumulated amortisation and any accumulated impairment losses. Mining rights include the cost of acquiring mining licences, exploration and evaluation costs transferred from exploration rights and assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights are amortised over the estimated useful lives of the mines, in accordance with the production plans of the entity concerned and the proved and probable reserves of the mines using the UOP method. Mining rights are written off to the consolidated statement of comprehensive income if the mining property is abandoned.

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

2.12 SUBSIDIARIES

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has a rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any accumulated impairment losses.

2.13 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

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. That 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.

2.14 FINANCIAL INSTRUMENTS

(a) ***Financial assets***

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

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

Subsequent measurement

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

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

2.14 FINANCIAL INSTRUMENTS (CONT'D)

(a) ***Financial assets*** (Cont'd)

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial asset is impaired and an impairment loss is incurred if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (a 'loss event') and that loss has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence of impairment may include the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that the borrower will enter bankruptcy or other financial reorganisation or where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with defaults on the assets.

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

When the asset becomes uncollectible, the carrying amount of the impaired asset is reduced directly or if the amount was charged to the allowance account. The amounts charged to the allowance account are written off against the carrying value of the financial asset.

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

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

2.14 FINANCIAL INSTRUMENTS (CONT'D)

(b) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

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.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.16 PROVISIONS

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

2.17 LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee

Finance leases that transfer to the Group substantially all of the risks and benefits 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. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in profit or loss.

Capitalised leased asset is depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

2.18 REVENUE

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) ***Sale of inventory properties***

The Group develops and sells serviced suites and retail units before completion of construction of the properties.

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms.

For inventory properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

The sale of serviced suites to customers are fully furnished. The sale of the serviced suite and the sale of furniture and fittings are accounted for as separate performance obligations. The transaction price is allocated to each performance obligation based on the standalone selling prices.

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

2.18 REVENUE (CONT'D)

(a) ***Sale of inventory properties*** (Cont'd)

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones.

A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Contract assets is presented under the caption "Unbilled receivables" in the Consolidated Statement of Financial Position. Contract assets are transferred to receivables when the rights to consideration become unconditional.

Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advance payments from the customer. Contract liabilities are recognised as revenue as the Group performs under the contract. Contract liabilities is presented under the caption "Deferred revenue" in the Consolidated Statement of Financial Position.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that would not have been incurred if the contract had not been obtained. Incremental costs of obtaining a contract are capitalised if these costs are recoverable. The Group records incremental costs of obtaining a contract under "Deferred expenditure" in the Consolidated Statement of Financial Position. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates; less the costs that relate directly to providing the goods and that have not been recognised as expenses.

(b) ***Sale of marble products***

The Group supplies marble blocks and slabs, aggregates and calcium carbonate powder for customers.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(c) ***Construction contracts***

The Group is restricted contractually from directing the exterior and interior decoration works for another use as they are being renovated and has an enforceable right to payment for performance completed to date. Revenue is recognised over time, with reference to the percentage of completion of construction contracts. Revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

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

2.18 REVENUE (CONT'D)

(d) ***Forfeiture income***

Forfeiture income is recognised when deposits or instalments paid by customers are forfeited to the Group according to the terms of the sales and purchase agreement.

(e) ***Interest income***

Interest income is recognised using the effective interest method.

2.19 CONVERTIBLE INSTRUMENT WITH EMBEDDED DERIVATIVE

Convertible bond with conversion option are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible bond, the embedded option is recognised at its fair value as derivative liability with subsequent changes in fair value recognised in profit or loss.

The remainder of the proceeds is allocated to the liability component that is carried at amortised cost until the liability is extinguished on conversion or redemption.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital.

2.20 SHARE CAPITAL AND SHARE ISSUE EXPENSES

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share premium.

2.21 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 expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 EMPLOYEE BENEFITS

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

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

2.23 TAXES

(a) ***Current income tax***

Current income tax assets and liabilities for the current and prior periods 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 at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current taxes are recognised in profit or loss except to the extent that tax relating to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) ***Deferred tax***

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

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

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

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

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

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

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

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

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

2.23 TAXES (CONT'D)

(b) ***Deferred tax*** (Cont'd)

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

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 income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) ***Sales tax***

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

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

– Receivables and payables that are stated with the amount of sales tax included.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group'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 date of the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the asset or liability affected in the future periods.

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(a) *Classification of properties*

At the initial classification, the Group determines whether a property should be classified as property, plant and equipment, investment property or inventory property based on the Group's intentions regarding the properties:

- Hotel and car parks of retail mall – Capital 21 that are held by the Group for use in the production or supply of goods or services are classified as property, plant and equipment.
- Investment properties comprises ground floor of retail mall – Capital 21, promotional lots, indoor music circus and conventional hall in the retail mall – Capital 21 that are held to earn rental income or for capital appreciation or both.
- Inventory properties comprise serviced suites and retail units of retail mall – Capital 21 that are held for sale in the ordinary course of business.

(b) *Impairment of mining infrastructure, goodwill and mining rights*

As disclosed in Note 19, the recoverable amount of the cash generating unit which mining infrastructure, mining rights and goodwill have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the forecasted revenue from sale of marble products (based on estimated sales volume and estimated selling price of the marble products) and discount rate used for the discounted cash flow model. Further details of the key assumptions applied in the impairment assessment of mining infrastructure and intangible assets (mining rights and goodwill) are given in Note 19.

(c) *Allowance for inventories and inventory properties*

Inventories and inventory properties are stated at the lower of cost and net realisable value ("NRV").

Inventories

The Group's inventories mainly consist of finished marble products, which is exposed to the risk of slow-moving inventories as a result of volatility in the demand and prices for marble products.

The determination of allowance for inventory write down to NRV requires management to exercise judgement in identifying slow-moving and obsolete inventories and to estimate the allowance required. The carrying amount of inventory as at 30 June 2018 was RM8,125,000 (2017: RM13,417,000).

Inventory properties

The NRV in respect of inventory properties is assessed with reference to the Group's expectations of future selling prices. The carrying amount of the inventory properties as at 30 June 2018 was RM300,141,000 (2017: RM270,083,000).

(d) *Revenue recognition for sale of inventory properties under development*

For the sale of inventory properties where the Group satisfied its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the inventory properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the inventory properties. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the inventory properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on knowledge of the project engineers to make estimates of the amounts to be incurred.

The revenue from sale of inventory properties (recognised on percentage of completion basis) are disclosed in Note 4. If the estimated total contract costs had been 5% higher or lower than management's estimate, the revenue recognised would have been RM20,778,778 (2017: RM14,555,000) lower or higher than that recognised in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(e) ***Income taxes and deferred tax***

Judgement is involved in determining the Group's position for income taxes as there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of this matter is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's provision for taxation and deferred tax assets and liabilities at the end of the reporting period was RM34,852,000 (2017: RM23,522,000), RM1,903,000 (2017: RM Nil) and RM19,929,000 (2017: RM23,653,000) respectively.

(f) ***Amortisation of mining rights and mining infrastructure***

Mining rights and mining infrastructure are amortised over the estimated useful lives of the mines, in accordance with the production plans of the entity concerned and the proved and probable reserves of the mines using the UOP method.

The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the filed at which the asset is located. These calculations require the use of estimates and assumptions. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated quarry reserves can be designated as "proved" and "probable". Proved and probable quarry reserve estimates are provided by an independent qualified person, which are updated at regular intervals taking into account recent production and technical information about each quarry. In addition, as prices and cost levels change from year to year, the estimate of proved and probable quarry reserves also changes. The calculation of the UOP rate of depreciation/amortisation will be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates change. Changes to prove reserves could arise due to changes in the factors or assumptions used in estimating reserves. The carrying amount of mining infrastructure and rights at 30 June 2018 is shown in Note 17 and 19.

4. REVENUE

	Group	
	2018	**2017**
	RM'000	**RM'000**
Sale of inventory properties	**135,642**	182,566
Sale of marble products	**2,143**	76
Revenue from construction contracts	**4,809**	1,245
	142,594	183,887

4. REVENUE (CONT'D)

(a) *Disaggregation of revenue*

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product/service lines and geographical regions.

Segment	Sale of inventory properties		Sale of marble products		Revenue from construction contracts		Management services		Adjustments and eliminations		Total Group	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Primary geographical markets												
Malaysia	**135,642**	182,566	**1,726**	14	**–**	–	**–**	–	**–**	–	**137,368**	182,580
Singapore	**–**	–	**140**	62	**–**	–	**8,007**	2,163	**(8,007)**	(2,163)	**140**	62
PRC	**–**	–	**277**	–	**4,809**	1,245	**–**	–	**–**	–	**5,086**	1,245
	135,642	182,566	**2,143**	76	**4,809**	1,245	**8,007**	2,163	**(8,007)**	(2,163)	**142,594**	183,887
Major product or service lines												
Serviced suites	**4,362**	7,086	**–**	–	**–**	–	**–**	–	**–**	–	**4,362**	7,086
Commercial properties	**131,280**	175,480	**–**	–	**–**	–	**–**	–	**–**	–	**131,280**	175,480
Marble products	**–**	–	**2,143**	76	**–**	–	**–**	–	**–**	–	**2,143**	76
Construction contracts	**–**	–	**–**	–	**4,809**	1,245	**–**	–	**–**	–	**4,809**	1,245
Management services	**–**	–	**–**	–	**–**	–	**8,007**	2,163	**(8,007)**	(2,163)	**–**	–
	135,642	182,566	**2,143**	76	**4,809**	1,245	**8,007**	2,163	**(8,007)**	(2,163)	**142,594**	183,887
Timing of transfer of goods and services												
At a point in time	**–**	–	**2,143**	76	**–**	–	**–**	–	**–**	–	**2,143**	76
Over time	**135,642**	182,566	**–**	–	**4,809**	1,245	**8,007**	2,163	**(8,007)**	(2,163)	**140,451**	183,811
	135,642	182,566	**2,143**	76	**4,809**	1,245	**8,007**	2,163	**(8,007)**	(2,163)	**142,594**	183,887

4. REVENUE (CONT'D)

(b) ***Contract assets and contract liabilities***

Information relating to receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Receivables from contracts with customers ("Trade receivables") (Note 12)	**50,178**	26,755
Contract assets ("Unbilled receivables") (Note 13)	**3,469**	813
Contract liabilities ("Deferred revenue") (Note 23)	**(94,476)**	(126,995)

Contract assets primarily relate to the Group's right to consideration for work completed at the reporting date for construction contracts. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has issued invoices to customers for sale of inventory properties and construction contracts.

Contract liabilities are recognised as revenue as the Group performs under the contract.

Significant changes in contract liabilities are explained as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Revenue recognised that was included in the contract liability balance at the beginning of the year	**71,950**	143,792
Contract asset reclassified to receivable	**813**	–

(c) ***Transaction price allocated to remaining performance obligations***

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 30 June 2018 is RM144,276,000 (2017: RM270,457,000).

The Group expects to recognise RM129,617,000 (2017: RM244,968,000) as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 30 June 2018 in the financial year 2019 and RM14,659,000 (2017: RM25,489,000) in the financial year 2020 to 2021.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

5. OTHER INCOME

	Group	
	2018 RM'000	2017 RM'000
Interest income	**1,195**	620
Miscellaneous income	**229**	79
Forfeiture income	**142**	243
	1,566	942

6. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Note	Group	
		2018 RM'000	2017 RM'000
Audit fees:			
Auditors of the Company		**398**	308
Other auditors		**178**	224
Non-audit fees to auditors of the Company*		**–**	1,567
Depreciation of property, plant and equipment	17	**2,974**	713
Amortisation of mining rights	19	**3,143**	533
Amortisation of deferred expenditure	11	**5,731**	6,263
Amortisation of fulfilment cost recognised as an expense in cost of sales	9(b)	**8,055**	8,660
Contingent rent on quarrying right		**–**	25
Rental of premises		**458**	232
Rental of office equipment		**11**	25
Employee benefit expense:			
– Salaries and bonuses		**6,157**	3,565
– Social security contributions		**16**	14
– Contributions to defined contribution plan		**358**	285
Interest expense			
– Loans and borrowings		**585**	–
– Convertible bonds		**1,689**	–
– Hire purchase		**3**	16
Transaction costs arising from the Reverse Takeover		**–**	12,757
Realised foreign exchange gain, net		**(32)**	(74)
Provision for impairment of inventories	10	**5,984**	–
Impairment of trade receivables	12	**38**	–
Plant and equipment written off		**635**	–

* In 2017, included in non-audit fees to auditors of the Company was the fee for reporting accountants in relation with the Reverse Takeover of RM1,549,000. There was no such amount in 2018.

7. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands. Pursuant to the income tax rules and regulations in Singapore, Malaysia and People's Republic of China ("PRC"), the subsidiaries located in Singapore, Malaysia and PRC are liable to corporate income tax at 17% (2017: 17%), 24% (2017: 24%) and 25% (2017: 25%) on the assessable profits generated in these countries respectively.

The major components of income tax expense for the years ended 30 June 2018 and 2017 are:

	Note	Group	
		2018	**2017**
		RM'000	**RM'000**
Consolidated statement of comprehensive income:			
Income tax:			
– Current year		**23,457**	29,377
– (Over)/under provision in respect of previous years		**(1,601)**	2,849
		21,856	32,226
Deferred income tax			
– Origination and reversal of temporary differences	27	**(2,816)**	(217)
– Over provision in respect of previous years		**(2,811)**	–
Income tax expense recognised in profit or loss		**16,229**	32,009

The reconciliation between the income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2018 and 2017 are as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Profit before tax	**74,797**	102,113
Tax at the domestic rates applicable to profits in the countries where the Group operates	**18,048**	24,640
Adjustments:		
Income not subject to taxation	**–**	(908)
Non-deductible expenses	**2,758**	5,590
(Over)/under provision in respect of previous years	**(4,412)**	2,849
Others	**(165)**	(162)
Income tax expense recognised in profit or loss	**16,229**	32,009

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

The nature of expenses that are not deductible for income tax purposes (after applying the corporate tax rate in the respective countries) are mainly as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Transaction costs arising from the Reverse Takeover	**–**	2,169
Penalty	**853**	292
Professional fee incurred not subject to deduction	**16**	133

8. EARNINGS PER SHARE

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

Diluted earnings per share are calculated by dividing profit for the year attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

For the year ended 30 June 2018, the computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bonds as they had an anti-dilutive effect on the earnings per share calculation. The Company did not have any potential dilutive ordinary shares for the year ended 30 June 2017.

Computation of basic and diluted earnings per share for the years ended 30 June 2018 and 2017:

	Group	
	2018 **RM'000**	**2017** **RM'000**
Profit for the year attributable to owners of the Company used in the computation of basic earnings per share	**58,598**	70,113
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	**1,273,459**	1,102,714
Earnings per share (cents)		
– Basic	**4.60**	6.36
– Diluted	**4.60**	6.36

9. INVENTORY PROPERTIES

	Group	
	2018 **RM'000**	**2017** **RM'000**
Statement of financial position:		
Inventory properties:		
– Freehold land	**128,981**	136,036
– Development costs	**171,160**	134,047
	300,141	270,083
Presented as:		
– Non-current	**106,455**	94,244
– Current	**193,686**	175,839
	300,141	270,083
Statement of comprehensive income:		
Inventory properties recognised as an expense in cost of sales	**14,068**	26,735

9. INVENTORY PROPERTIES (CONT'D)

(a) On 26 December 2013, the Group entered into an agreement with Achwell Property Sdn Bhd ("APSB") to develop and construct an integrated project with retail, hotel, suites and residential facilities on a piece of land which APSB is the registered and beneficial owner, herein referred to as (the "Land"). In accordance with the terms and conditions of the agreement with APSB, the agreement will become unconditional and effective when the following conditions precedents are fulfilled and satisfied:

- the Group to obtain the unconditional development order approval from the relevant authorities within six months from the execution of the agreement; and
- APSB to obtain approval from the shareholders of APSB's holding company.

The above two conditions were fulfilled on 13 March 2014.

The Group is solely responsible:

- to carry out the project planning and design, construction and development, sales and marketing of the integrated project; and
- to apply for and obtain the necessary approvals, licences and clearance required for the development, construction and sale of the integrated project as well as to bear all the costs for these activities.

The Group is required to forward the master title of the integrated project approved by the relevant authorities to APSB within stipulated time from the date the Group obtained the building plan approval from the relevant authorities.

APSB is required to execute and deliver to the Group a valid and registrable memorandum of transfer in respect of any units sold. The titles of the Land will also be transferred to the Group when the purchase consideration of the land has been fully paid for those portion of the Land that have been classified as in property, plant and equipment and investment properties under construction.

Based on the above, management assessed that the Group has obtained control of the Land on 13 March 2014, as the Group is able to control the benefits arising from the Land even though there is no legal right of ownership of the Land.

The consideration payable for the Land is determined based 16.7% of the final aggregate of the gross individual unit selling price of the units of integrated project ("gross development value") up to a maximum sum of approximately RM324,000,000 only and is payable within 66 months from the approval received from the appropriate authorities of the integrated project.

The purchase consideration of the Land has been recognised in property, plant and equipment, investment properties under construction and inventory properties according to the Group's intention regarding the use of the Land on initial recognition.

The carrying amount of the deferred payment of the land payable to APSB as at 30 June 2018 and 30 June 2017 is determined based on the present value of deferred payment discounted at 7.1% (2017: 7.1%).

The interest capitalised consists of unwinding interest for the consideration payable for allocated land cost capitalised in inventory properties.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

9. INVENTORY PROPERTIES (CONT'D)

(b) Included in inventory properties are land costs and borrowing costs (i.e. interest expense of the deferred payment to the landowner calculated using the effective interest method) that are attributable to the sold units, which are capitalised as fulfilment cost as at 30 June 2018 and 30 June 2017. These costs are expected to be recoverable and are amortised to profit or loss on a systematic basis as the Group recognises the related revenue.

The amount of fulfilment cost recognised in profit or loss was RM8,055,000 (2017: RM8,660,000) for the year ended 30 June 2018.

There were no impairment loss in relation to the costs capitalised for the year ended 30 June 2018 and 2017.

(c) Borrowing costs capitalised during the year ended 30 June 2018 was RM5,396,000 (2017: RM6,541,000). These borrowing costs relate to unwinding of interest for the consideration payable for the allocated land cost capitalised in inventory properties, which is calculated using the effective interest method of 7.1% (2017: 7.1%) for the financial year ended 30 June 2018.

(d) Inventory properties are classified as current when it is expected to be realised within 12 months after the reporting period.

Particulars of the inventory properties as at 30 June 2018 are as follows:

Location	**Tenure**	**Land area (square feet)**	**Gross floor area (square feet)**	**Approximate percentage of completion**	**Expected completion date**	**Percentage of interest**
Tampoi, Johor Bahru (Malaysia)	Freehold	439,727	Retail mall: 762,451	Retail mall: 82% (2017:57%)	Second half of 2018	100
			Serviced suites: 347,202	Serviced suites: 22% (2017:16%)	Second half of 2019	100

10. INVENTORIES

	Group 2018 RM'000	**Group 2017 RM'000**
Statement of financial position:		
Marble products	**8,125**	13,417
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	**276**	122
Inclusive of the following charge:		
– Inventories written-down	**5,984**	–

11. DEFERRED EXPENDITURE

	Group	
	2018	**2017**
	RM'000	**RM'000**
As at 1 July	**9,322**	11,871
Add: Incurred during the financial year	**2,158**	3,714
	11,480	15,585
Less: Amortisation recognised in profit or loss	**(5,731)**	(6,263)
As at 30 June	**5,749**	9,322
Presented as:		
Current	**5,749**	8,242
Non-current	**–**	1,080
	5,749	9,322

Deferred expenditure relates to sales agent commission and legal costs incurred to secure sale contracts of real estate units, which are incremental costs that the Group incurs to obtain a contract with a customer that would not have been incurred if the contract had not been obtained.

Capitalised sales agent commission costs and legal costs are recognised as selling and distribution expenses in profit or loss on a systematic basis as the Group recognises the related revenue.

There were no impairment loss in relation to the costs capitalised for the year ended 30 June 2018 and 2017.

Deferred expenditure is classified as current when the Group recognises the related revenue in profit or loss on a systematic basis within 12 months after the reporting period.

12. TRADE RECEIVABLES

	Group	
	2018	**2017**
	RM'000	**RM'000**
Trade receivables		
Current	**30,868**	26,755
Non-current	**19,310**	–
	50,178	26,755

Trade receivables are non-interest bearing and are generally on credit term of between 14 days and 90 days (current) and more than one year (non-current). They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group seeks to maintain strict control over its outstanding receivables. The Group's trade receivables relate to a large number of diversified customers and there is no concentration of credit risk.

Trade receivables denominated in foreign currencies at 30 June are as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
United States Dollar	**–**	361

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

12. TRADE RECEIVABLES (CONT'D)

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are progress invoices billed to customers based on stage of building completion. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial years.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM30,868,000 (2017: RM26,755,000) that are past due at the end of the reporting period but not impaired.

These receivables are unsecured and the analysis of their aging at the end of reporting period is as follows:

	Group	
	2018 **RM'000**	**2017** **RM'000**
Trade receivables past due but not impaired:		
Less than 30 days	**18,163**	6,037
30 – 60 days	**2,369**	2,547
60 – 90 days	**5,858**	372
More than 90 days	**4,478**	17,799
	30,868	26,755

Trade receivables that were past due but not impaired relate to independent customers that have a good collection track record with the Group. Based on past experience, the management of the Group are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a change in credit quality and the carrying amounts of these balances are still considered fully recoverable.

The management of the Group does not foresee any issues with the collection of the outstanding trade receivables of property development segment totaling RM43,885,000 as at 30 June 2018 (2017: RM17,204,000) as these units can be re-released for sale in the event that a purchaser decides to terminate the purchase of the units if the bank loan or financing application is not granted.

Non-current trade receivables are receivables from purchasers under the Group's deferred payment scheme. The effect of discounting is not significant.

Receivables that are impaired

	Group	
	2018 **RM'000**	**2017** **RM'000**
Trade receivables – nominal amounts	**38**	–
Less: Allowance for impairment	**(38)**	–
	–	–
Movement in allowance accounts		
As at 1 July	**–**	–
Charge for the year	**38**	–
As at 30 June	**38**	–

13. UNBILLED RECEIVABLES

Unbilled receivables relates to a contract asset recognised when the Group has performed under the contract but has not yet billed the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Sundry receivables	**16,402**	4,705	**–**	395
Deposits	**1,317**	2,094	**94**	–
Amount due from director-related companies	**–**	–	**–**	
Prepayments	**1,871**	1,568	**38**	–
GST receivables	**34**	1,034	**–**	–
Total other receivables, deposits and prepayments	**19,624**	9,401	**132**	395
Add:				
Trade receivables (current and non-current) (Note 12)	**50,178**	26,755	**–**	–
Unbilled receivables	**3,469**	813	**–**	–
Amount due from subsidiaries (Note 15)	**–**	–	**29,749**	32,308
Cash and bank balances (Note 16)	**29,479**	23,441	**2,356**	3,388
Less:				
Prepayments	**(1,871)**	(1,568)	**(38)**	–
GST receivables	**(34)**	(1,034)	**–**	–
Total loans and receivables	**100,845**	57,808	**32,199**	36,091

Sundry receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair value on initial recognition. The normal credit term ranges between 30 and 60 days and other credit terms are assessed and approved on a case-by-case basis. As at 30 June 2018, included in sundry receivables is RM1,562,000 (2017: RM1,500,000) in respect of non-trade receivable arising from payment made on behalf of a contractor.

As at 30 June 2018, included in deposits is RM1,541,000 (2017: RM1,541,000) paid to landowners for the acquisitions of lands of Project Austin City and Project Sitiawan Wellness Hub.

15. AMOUNT DUE FROM SUBSIDIARIES

The amount due from subsidiaries are unsecured, interest-free and are repayable on demand.

16. FIXED DEPOSITS AND CASH ON HAND AND AT BANKS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed deposits	**6,703**	12,946	**–**	–
Cash on hand and at banks	**22,776**	10,495	**2,356**	3,388
Total cash and bank balances	**29,479**	23,441	**2,356**	3,388
Less: Cash at bank and deposits not available for use	**(6,025)**	(31)	**–**	–
Cash and cash equivalents	**23,454**	23,410	**2,356**	3,388

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Fixed deposits are made for varying periods of up to 30 days depending on the immediate cash requirements of the Group. The weighted average interest rate as at 30 June 2018 for the Group is 3.03% (2017: 3.03%).

Included in fixed deposits of the Group are RM5,200,000 as at 30 June 2018 (2017: Rm Nil) which are charged as security for a bank loan granted for the Group.

Included in cash at bank of the Group are RM825,000 as at 30 June 2018 (2017: RM31,000) which are pledged as security for bank guarantees granted for the Group.

At 30 June 2018, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to RM3,943,000 (2017: RM4,279,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks that are authorised to conduct foreign exchange business.

17. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Building-in-progress RM'000	Computer equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Plant and machinery RM'000	Factory building RM'000	Mining infrastructure RM'000	Total RM'000
Cost:											
At 1 July 2016	37,583	27,147	287	108	318	110	243	–	–	–	65,796
Additions	9,672	10,346	16	4	–	6	–	–	–	–	20,044
Completion of the Reverse Takeover (Note 20)	–	–	–	63	93	121	–	9,945	1,160	7,700	19,082
Exchange realignment	–	–	–	1	–	1	–	55	5	17	79
At 30 June 2017 and 1 July 2017	47,255	37,493	303	176	411	238	243	10,000	1,165	7,717	105,001
Additions	1,262	1,478	40	112	–	18	134	–	–	–	3,044
Arising from acquisition of MCM (Note 20(c))	–	1,949	–	–	–	–	–	–	–	–	1,949
Disposal/Written off	–	–	–	–	–	–	–	(1,507)	–	–	(1,507)
Exchange realignment	–	–	–	–	–	(9)	–	(636)	9	–	(636)
At 30 June 2018	48,517	40,920	343	288	411	247	377	7,857	1,174	7,717	107,851
Accumulated depreciation:											
At 1 July 2016	–	–	207	44	135	46	92	–	–	–	524
Charge for the year	–	–	73	24	72	28	49	336	26	105	713
Exchange realignment	–	–	–	–	–	–	–	4	–	–	4
At 30 June 2017 and 1 July 2017	–	–	280	68	207	74	141	340	26	105	1,241
Charge for the year	–	–	23	50	116	56	65	2,503	151	10	2,974
Disposal/Written off	–	–	–	–	–	–	–	(872)	–	–	(872)
Exchange realignment	–	–	–	–	–	(5)	–	(420)	–	–	(425)
At 30 June 2018	–	–	303	118	323	125	206	1,551	177	115	2,918
Net carrying amount:											
At 30 June 2017	47,255	37,493	23	108	204	164	102	9,660	1,139	7,612	103,760
At 30 June 2018	48,517	40,920	40	170	88	122	171	6,306	997	7,602	104,933

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

(a) The carrying amount of motor vehicles of the Group held under hire purchase as at 30 June 2018 were RM37,000 (2017: RM90,000).

(b) The additions in property, plant and equipment are by means of:

	Group	
	2018 **RM'000**	**2017** **RM'000**
Cash invested in property, plant and equipment	**1,782**	16,531
Interest capitalised[1]	**1,262**	3,513
	3,044	20,044

(c) The purchase consideration of the Land has been recognised in property, plant and equipment (freehold land), investment properties under construction and inventory properties according to the Group's intention regarding the use of the Land on initial recognition as described in Note 9(a).

The carrying amount of the deferred payment of the Land payable to APSB as at 30 June 2018 and 30 June 2017 is determined based on the present value of deferred payment discounted at 7.1% (2017: 7.1%).

[1] The interest capitalised consists of unwinding interest for the consideration payable for allocated land cost capitalised in property, plant and equipment.

(d) Mining infrastructure has been assessed for impairment in Note 19.

18. INVESTMENT PROPERTIES UNDER CONSTRUCTION

	Group	
	2018 **RM'000**	**2017** **RM'000**
As at 1 July	**142,321**	124,946
Additions:		
Development costs incurred (including consideration payable to land owner)	**48,314**	15,432
Interest capitalised	**1,944**	1,943
As at 30 June	**192,579**	142,321

The purchase consideration of the Land has been recognised in property, plant and equipment, investment properties under construction and inventory properties according to the Group's intention regarding the use of the Land on initial recognition.

The carrying amount of the deferred payment of the Land payable to APSB as at 30 June 2018 and 30 June 2017 is determined based on the present value of deferred payment discounted at 7.1% (2017: 7.1%).

The interest capitalised consists of unwinding interest for the consideration payable for allocated land cost capitalised in investment properties under construction.

The Group's investment properties under construction is as follows:

Location	**Description**	**Tenure**
Tampoi, Johor Bahru (Malaysia)	A property comprises retail units, children theme park, cinema, World of Museums and conventional hall in the retail mall – Capital 21	Freehold

19. INTANGIBLE ASSETS

Group	Mining rights RM'000	Goodwill RM'000	Total RM'000
Cost:			
At 1 July 2016	–	–	–
Completion of the Reverse Takeover (Note 20(e))	86,264	11,378	97,642
At 30 June 2017 and 1 July 2017	86,264	11,378	97,642
Exchange realignment	(80)	–	(80)
At 1 July 2018	**86,184**	**11,378**	**97,562**
Accumulated amortisation:			
At 1 July 2016	–	–	–
Charge for the year	533	–	533
At 30 June 2017 and 1 July 2017	533	–	533
Charge for the year	3,143	–	3,143
Exchange realignment	1	–	1
At 30 June 2018	**3,677**	**–**	**3,677**
Net carrying amount:			
At 30 June 2017	85,731	11,378	97,109
At 30 June 2018	**82,507**	**11,378**	**93,885**

The Group has exclusive rights to explore, develop, quarry, extract, remove and sell marble and/or other stones for commercial sale or consumption on a piece of land known as Lot 1781, PN 4112, Mukim Ulu Nenggiri, Jajahan Gua Musang, Kelantan Darul Naim, of approximately 25.94 hectares which is owned by Kelantan State Economic Development Corporation. This quarry is operated by the Company's indirectly wholly-owned subsidiary, CEP Resources Entity Sdn. Bhd. The Group was granted the right to extract the quarry for a term of 33 years up to 26 January 2044. As at 30 June 2018, the remaining useful life of the right is 26 years (2017: 27 years).

The amortisation of mining rights is included in the "General and administrative expenses" line item in profit or loss.

IMPAIRMENT TESTING

Goodwill acquired has been allocated to the following cash generating unit ("CGU"):

	Group	
	2018 RM'000	2017 RM'000
Mining segment	**11,378**	11,378

19. INTANGIBLE ASSETS (CONT'D)

IMPAIRMENT TESTING (CONT'D)

The recoverable amount of mining rights, goodwill and mining infrastructure under the mining GGU is determined based on value-in-use calculations using cash flow projection from the production forecast approved by management, covering periods up to the forecast concession right period ending in 2044. The pre-tax discount rate applied to the cash flow projections is 14.3% (2017: 16.6%). The growth rate used to extrapolate the cash flows beyond the five-year period ranges from 3% to 5% (2017: 2% to 5%) during the forecast concession right period.

The calculation of the value in use is most sensitive to the following assumptions:

- Forecasted revenue
    - Estimated sale volume: Estimated sale volume is derived from projected customers' demand during the year. Management estimated customers' demand to increase ranges from 3% to 5% during the forecast concession right period.
    - Estimated selling price: Management estimated the selling price based on the historical track record and current transacted price.
- Discount rate – discount rate represents the current market assessment of the risk specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGUs and derived from weighted average cost of capital ("WACC") of the CGUs. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the publicly available market data. Segment-specific risk is incorporated by applying individual beta factors.

Based on the impairment test performed, management assessed that mining rights, goodwill and mining infrastructure were not impaired as at 30 June 2018.

20. INVESTMENT IN SUBSIDIARIES

	Company	
	2018 **RM'000**	**2017** **RM'000**
Unquoted shares, at cost	**763,225**	763,223

20. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows:

		Percentage of equity attributable to the company				
	Country of	2018		2017		
Company name	**incorporation**	**Direct**	**Indirect**	**Direct**	**Indirect**	**Principal activities**
Terratech Resources Pte. Ltd.[1]	Singapore	**100%**	**–**	100%	–	Investment holding, sales and marketing
Altimate Ventures Limited[3]	British Virgin Islands	**100%**	**–**	100%	–	Investment holding
Rise Expedition Global Limited[3]	British Virgin Islands	**100%**	**–**	100%	–	Investment holding
First Star Ventures Limited[3]	British Virgin Islands	**100%**	**–**	100%	–	Investment holding
CEP Resources Entity Sdn. Bhd.[2]	Malaysia	**–**	**100%**	–	100%	Exploration, development and extraction of marble and production of marble products
Shaanxi Hengyu Architectural Interior Engineering Co., Ltd.[3,4,5]	PRC	**–**	**80%**	–	80%	Undertaking interior and exterior decoration work
Capital City Property Sdn. Bhd.[2]	Malaysia	**–**	**100%**	–	100%	Property development and property investment
Capital City Management Pte. Ltd.[1]	Singapore	**–**	**100%**	–	100%	Business and management consultancy services
Capital City Ventures Sdn. Bhd.[2]	Malaysia	**–**	**100%**	–	100%	Property development and property investment
Capital City Frontier Sdn. Bhd.[2]	Malaysia	**–**	**100%**	–	100%	Property development and property investment
Baiduri Megaria Sdn. Bhd.[2]	Malaysia	**100%**	**–**	–	–	Property development and property investment
Kekal Efektrif Sdn. Bhd.[2]	Malaysia	**–**	**100%**	–	–	Property development and property investment
MCM Studio Entertainment Group Sdn. Bhd.[2]	Malaysia	**80%**	**–**	–	–	Provision of theme park related services

1 Audited by Ernst & Young LLP, Singapore

2 Audited by Ernst & Young, Malaysia

3 Not required to be audited under law in its country of incorporation

4 The English name of this company represents the best effort made by management of the Company to directly translate its Chinese name as it did not register any official English name

5 Reviewed for consolidation purpose by Ernst & Young, China

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

20. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) *Acquisition of Baiduri Megaria Sdn. Bhd. ("Baiduri")*

On 13 September 2017 (the "acquisition date"), the Company acquired 100% of the equity stake in Baiduri. Upon the acquisition, Baiduri became a wholly owned subsidiary of the Group.

Baiduri has been dormant since its incorporation. The fair value of the identifiable liabilities of Baiduri as at the date of the acquisition were:

	Fair value recognised on acquisition RM'000
Other payables and accruals, representing total identifiable net liabilities at fair value	(3)
Goodwill arising from acquisition	5
Consideration for the acquisition	2
Effect of the acquisition of Baiduri on cash flows	
Total consideration for 100% equity interest acquired	2
Less: non-cash consideration	–
Consideration settled in cash	(2)
Less: Cash and cash equivalents of subsidiary acquired	–
Net cash outflow from the acquisition	(2)

Transaction costs

There was no transaction costs related to the acquisition of Baiduri.

Impact of the acquisition on profit or loss

From the acquisition date, there was no revenue contribution from Baiduri and Baiduri continued a post-loss of RM125,000 for the year. If the business combination had taken place at the beginning of the year, the revenue continued would have been RM Nil and the loss net of tax contributed would have been RM 127,000.

(b) *Acquisition of Kekal Efektif Sdn. Bhd. ("Kekal")*

On 22 November 2017, Baiduri, a wholly-owned subsidiary of the Company, acquired 100% of the equity stake in Kekal. Upon acquisition, Kekal became a wholly-owned subsidiary of the Group.

Kekal is party to a joint development agreement with a landowner to develop 207.5 acres of land for a housing project.

Other than incurring certain development planning costs and land costs, Kekal has been dormant since its incorporation. The fair value of the identifiable assets and liabilities of Kekal as at the date of the acquisition were:

20. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) ***Acquisition of Kekal Efektif Sdn. Bhd. ("Kekal")*** (Cont'd)

	Fair value recognised on acquisition RM'000
Other receivables, deposits and prepayments	245
Cash and bank balances	2
Inventory properties	1,680
Other costs	308
Other payables and accruals	(1,985)
Total identifiable net assets at fair value	250
Goodwill arising from acquisition	–
Consideration for the acquisition	250
Effect of the acquisition on cash flows	
Consideration settled in cash	(250)
Deposit paid relating to the acquisition	(950)
	(1,200)
Less: cash and cash equivalents acquired	2
Net cash outflow on the acquisition	(1,198)

Transaction costs

Transaction costs related to the acquisition of RM133,000 have been recognised in the "Administrative expenses" line item in the Group's profit or loss for the year ended 30 June 2018.

Impact of the acquisition on profit or loss

From the acquisition date, there was no revenue contribution from Kekal and Kekal contributed a post-tax loss of RM18,000 for the year. If the business combination had taken place at the beginning of the year, the revenue contributed would have been RM Nil and the loss net of tax contributed would have been RM22,000.

20. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) *Acquisition of MCM Studio Entertainment Group Sdn. Bhd. ("MCM")*

On 29 June 2018, the Company acquired 80% of the equity stake in MCM.

MCM has been dormant since its incorporation. The fair value of the identifiable assets and liabilities of MCM as at the date of the acquisition were:

	RM'000
Property, plant and equipment	1,949
Other receivables, deposits and prepayments	2,540
Cash and bank balances	1,771
Other payables and accruals	(6,369)
Total identifiable net liabilities at fair value	(109)
Non-controlling interests measured at the non-controlling interest's proportionate share of net identifiable liabilities	22
Goodwill arising from acquisition	87
Consideration for the acquisition	–*
Effect of the acquisition on cash flows	
Consideration settled in cash	–*
Less: cash and cash equivalents acquired	1,771
Net cash inflow on completion of Reverse Takeover	1,771

* Amount less than RM1,000

Goodwill arising from acquisition of RM87,000 was expensed off during the financial year and included in the accounts of "General and Administrative Expenses".

Transaction costs

There were no transaction costs related to the acquisition of MCM.

Other receivables acquired

Trade and other receivables acquired comprise of advance payments, prepayment, other receivables and deposit, which approximate their fair values.

Impact of the acquisition on profit or loss

MCM had no revenue and no profit contribution to the Group from the date of acquisition. If the business combination had taken place at the beginning of the year, the revenue from continuing operations would have been RM Nil and the loss contribution, net of tax would have been RM109,000.

(d) *Summary of effect on cash flow for the acquisitions of Baiduri, Kekal and MCM*

	RM'000
Effect of the acquisition on cash flows	
Consideration settled in cash	(252)
Deposit paid relating to an acquisition	(950)
	(1,202)
Less: cash and cash equivalents acquired	1,773
Net cash inflow on acquisitions	571

20. INVESTMENT IN SUBSIDIARIES (CONT'D)

(e) *The Reverse Takeover*

As disclosed in Note 1.2, the Reverse Takeover, the acquisition of the Capital City Group was completed on 4 May 2017. As Capital City Group was a private entity group, the quoted market price of the Company's shares provide a more reliable basis for measuring the consideration transferred than the estimated fair value of the shares in the Capital City Group. Therefore, the consideration transferred for the Reverse Takeover was determined using the fair value of the issued equity of the Company before the Reverse Takeover, being approximately 170,886,000[1] shares at the quoted market price of SGD0.20 (equivalent to RM0.62) per share at the date of acquisition, amounting to approximately SGD33,875,000 (equivalent to RM104,822,000).

Capital City Group is regarded as the accounting acquirer, and the Terratech Group is regarded as the accounting acquiree of the Reverse Takeover.

[1] After the effect of share consolidation

The fair value of the identifiable assets and liabilities of the Terratech Group as at the date of the Reverse Takeover were:

	Note	Fair value recognised on acquisition RM'000
Property, plant and equipment	17	19,082
Mining rights	19	86,264
Inventories		12,859
Trade receivables		11,638
Other receivables, deposits and prepayments		2,377
Unbilled receivables		708
Cash and bank balances		4,329
Trade payables		(11,850)
Other payables and accruals		(10,628)
Provision for taxation		(18)
Deferred revenue		(82)
Hire purchase payables		(85)
Deferred tax liabilities		(21,000)
Total identifiable net assets at fair value		93,594
Non-controlling interests measured at the non-controlling interest's proportionate share of net identifiable assets		(150)
Provisional goodwill arising from acquisition	19	11,378
Consideration for the acquisition		104,822
Effect of the acquisition on cash flows		
Consideration for the acquisition		104,822
Less: non-cash consideration		(104,822)
Consideration settled in cash		–
Less: cash and cash equivalents of Terratech Group acquired		4,329
Net cash inflow on completion of Reverse Takeover		4,329

20. INVESTMENT IN SUBSIDIARIES (CONT'D)

(e) ***The Reverse Takeover*** (Cont'd)

Transaction costs

Transaction costs amounting to RM12,759,000 related to the Reverse Takeover have been recognised in the "Other expenses" line item in the Group's profit or loss for the year ended 30 June 2017. The acquisition costs mainly comprise professional fee paid/payable to the legal advisor, financial advisor, valuer, internal auditor of RM11,210,000 and fee for reporting accountants in relation with the Reverse Takeover of RM1,549,000 (Note 6).

Trade receivables acquired

Trade receivables acquired had fair values and gross amounts of RM11,638,000 and RM11,996,000 respectively. At the Reverse Takeover date, RM358,000 of the contractual cash flows pertaining to trade receivables did not expect to be collected.

Goodwill arising from acquisition

The provisional goodwill of RM11,378,000 represented the synergies expected to be arise from the acquisition and economies of scales expected from the integration of value chain of the enlarged Group. This is because the Capital City Group is in the property development in Malaysia and the Terratech Group is in the marble mining business in Malaysia. The acquisition will provide opportunities for the Capital City Group to obtain unique high quality of marble products for the development projects that the Capital City Group undertakes. Goodwill is allocated entirely to the mining segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on profit or loss

From the Reverse Takeover date, the Terratech Group has contributed RM1,321,000 of revenue and losses after tax of RM1,356,000 to the Group's profit for the financial year ended 30 June 2017. If the business combination had taken place at the beginning of the financial year 2017, the Group's revenue would have increased approximately by RM20,100,000 and profit after tax would have decreased approximately by RM18,663,000 respectively.

Provisional accounting of the acquisition of Terratech Group

A mining right has been identified as an intangible asset arising from this acquisition. The Group engaged an independent valuer to determine the fair value of the mining rights. As at 30 June 2017, the fair value of the mining rights amounting to RM86,264,000 was determined on a provisional basis as the final results of the independent valuation were not received by the date the 2017 financial statements were authorised for issue. The final results of the independent valuation were received subsequently and no revision to the fair value of mining rights was required. No adjustments were made to goodwill arising from this acquisition, the carrying amount of the mining rights, deferred tax liability and amortization of the mining rights.

21. TRADE PAYABLES

The normal trade credit term granted to the Group for its current trade payables are between 30 and 60 days.

Included in trade payables is deferred payment of the land payable to APSB amounting to RM64,115,000 (2017: RM91,972,000) as at 30 June 2018.

The non-current trade payables relate to deferred payment of the land payable to APSB as at 30 June 2018 and 30 June 2017, which is determined based on the present value of deferred payment discounted at 7.1% (2017: 7.1%).

22. (a) OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current				
Sundry payables	**34,318**	15,254	**1,524**	4,070
Accruals	**37,738**	22,872	**6,176**	5,407
	72,056	38,126	**7,700**	9,477
Non-current				
Other payables	**1,819**	–	**–**	–
Total other payables and accruals	**73,875**	38,126	**7,700**	9,477
Add:				
Trade payables (Current and non-current) (Note 21)	**235,670**	241,997	**–**	–
Provision (Note 22 (b))	**–**	4,977	**–**	–
Hire purchase payables (Note 24)	**37**	88	**–**	–
Loans and borrowings (Current and non-current) (Note 25)	**45,182**	–	**19,441**	–
Total financial liabilities at amortised cost	**354,764**	285,188	**27,141**	9,477

Sundry payables are non-interest bearing. Sundry payables have an average term of three to six months.

(b) PROVISION

	Group	
	2018 RM'000	2017 RM'000
At 1 July	**4,977**	–
(Reversal of provision)/provision made	**(4,977)**	4,977
At 30 June	**–**	4,977

As at 30 June 2017, the provision was related to the potential delay in completion of the retail mall. During 2018, the retail mall has obtained its certificate of completion and compliance, and the provision is no longer required.

23. DEFERRED REVENUE

It relates to a contract liability when the Group has not yet performed under the contract but has received advance payments from the customer. Contract liabilities are recognised as revenue in the consolidated statement of comprehensive income as the Group performs under the contract.

Notes to the
Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

24. HIRE PURCHASE PAYABLES

The Group has hire purchase payable for certain items of property, plant and equipment. These leases have terms of renewal which is at the option of the specific entity that holds the lease.

	Group	
	2018	**2017**
	RM'000	**RM'000**
Minimum lease payments:		
Not later than 1 year	**38**	53
Later than 1 year but not later than 2 years	**–**	39
Total minimum lease payments	**38**	92
Less: Amounts representing finance charges	**(1)**	(4)
Present value of minimum lease payments	**37**	88
Present value of payments:		
Not later than 1 year	**37**	50
Later than 1 year but not later than 2 years	**–**	38
Present value of minimum lease payments	**37**	88
Less: Amount due within 12 months	**(37)**	(50)
Amount due after 12 months	**–**	38
Interest rate	**2.47%**	2.47%

These obligations are secured by a charge over the leased assets (Note 17).

25. LOAN AND BORROWINGS

		Group		Company	
	Maturity	**2018**	**2017**	**2018**	**2017**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Current					
Revolving credit facility					
– 3% p.a. above bank's cost of funds (Note 25(a))	Nov-19	**2,962**	–	**2,962**	–
Bank loans					
– 2% p.a. above bank's cost of fund (Note 25(a))	Jul-19 to Oct-19	**4,444**	–	**4,444**	–
– HKD loan at 10% p.a. (Note 25(b))	31-Oct-18	**25,741**	–	**–**	–
Convertible Bonds					
– 10% p.a. coupon (Note 25(c))	May 2019	**10,183**	–	**10,183**	–
		43,330	–	**17,589**	–
Non-current					
Bank loans					
– 2% p.a. above bank's cost of funds (Note 25(a))	Nov-19	**1,852**	–	**1,852**	–
		1,852	–	**1,852**	–

25. LOAN AND BORROWINGS (CONT'D)

(a) Revolving credit facility is repayable from 1 to 6 months from date of drawdown. Bank loan is repayable in 24 equal monthly instalments up to November 2019. Both facilities are secured by a charge of fixed deposit of RM5.2 million of the Group (Note 16) and corporate guarantee by the Company.

(b) HKD loan is denominated in Hong Kong Dollar and is secured by share pledge from the Company's controlling shareholders.

(c) On 7 February 2018, the Company entered into a subscription agreement ("Subscription Agreement") with an external party (the "Subscriber") by which the Subscriber agreed to grant interest-bearing convertible bonds of up to S$18,000,000 to the Company, convertible into 219,512,195 shares at a conversion price of S$0.082 ("Conversion Price"). The Conversion Price is equivalent to the volume weighted average price of S$0.082 of each ordinary share of the Company based on trades done on 7 February 2018.

Under the provisions of the Subscription Agreement, the Company shall issue and deliver to or to the order of the Subscriber, convertible bonds of an aggregate principal amount of up to S$10,000,000 ("Series A Bonds"). The Company also granted to the Subscriber the option to subscribe for bonds of an aggregate principal amount of up to S$8,000,000 ("Series B Bonds").

The bonds shall bear interest from the respective date of their issue at the rate of 10% per annum on the principal amount of the bonds and the Company shall redeem the bonds on the date falling 12 months from the date the relevant Bonds have been issued and registered ("First Maturity Date"), provided always that the Bondholder shall have the sole and absolute discretion to extend the redemption date for a further 12 months from the expiry of the First Maturity Date ("Extended Maturity Date").

The bonds shall be redeemed at 100% of their principal amount, together with any unpaid interest accrued. The bonds entitle the Subscriber to convert them into ordinary shares of the Company at any time in the event the Bonds (and any outstanding interest accrued thereon) remain outstanding on their maturity dates.

The bonds are secured by a charge over the shares of the Company's controlling shareholders.

In relation to the Subscription Agreement, the Company also entered into an arranger and facility fee agreement with another external party (the "Arranger"), pursuant to which the Company has agreed to pay to the Arranger for services provided on a success basis. The arranger fee amounted to 5% of each drawdown of the bonds and is payable in cash. The facility fee amounted to 40% of each drawdown, payable in shares to be issued by the Company (Note 28).

As at 30 June, the convertible bonds classified as loan and borrowings comprise the following:

	Group and Company	
	2018	**2017**
	RM'000	**RM'000**
Liability component of convertible bond	**16,430**	–
Transaction costs	**(6,247)**	–
	10,183	–

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

25. LOAN AND BORROWINGS (CONT'D)

(c) The carrying amount of the liability component of convertible bonds at the end of the reporting period is arrived at as follows:

	Group and Company	
	2018 RM'000	2017 RM'000
Face value of convertible bond	**20,738**	–
Less: Derivative component (Note 26)	**(4,044)**	–
Equity component (Note 29)	**(317)**	–
	16,377	
Less: Transaction costs allocated to liability component	**(6,247)**	–
Liability component of convertible bond at initial recognition	**10,130**	–
Add: Amortisation of discount during the financial year	**53**	–
Liability component of convertible bond at the end of the reporting period	**10,183**	–

(d) A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash			
	2017 RM'000	Cash flows RM'000	Transaction costs RM'000	Reclassification to derivative equity components RM'000	Other RM'000	2018 RM'000
Loans and borrowings – current	–	54,140	(6,247)	(4,361)	(202)	43,330
– non-current	–	1,852	–	–	–	1,852
Obligations under operating leases						
– current	50	(13)	–	–	–	37
– non-current	38	(38)	–	–	–	–
Total	88	55,941	(6,247)	(4,361)	(202)	45,219

26. DERIVATIVES

Derivatives are in relation to options granted in connection to the issuance of the convertible bonds (Note 25). The movement of the conversion and early redemption option derivative components of the convertible bonds for the year is set out as below:

	Group	
	2018 RM'000	2017 RM'000
As at 1 July	**–**	–
Arising from the issuance of convertible bonds (Note 25)	**4,044**	–
As at 30 June	**4,044**	–

26. DERIVATIVES (CONT'D)

The estimate of the fair value of the conversion and early redemption option derivatives is measured based on the binomial option pricing model. Details of the assumptions of conversion and early redemption option derivatives are as follows:

	Group		
Date of valuation	**2018**	**2 May 2018**	**2 Feb 2018**
		(date of issue)	(date of commitment)
Share price (S$)	**0.062**	**0.064**	**0.085**
Exercise price (S$)	**0.082**	**0.082**	**0.082**
Expected volatility	**52.469**	**54.058**	**54.058**
Maturity period	**1 year**	**1 year**	**1 year**
Conversion period	**1 year**	**1 year**	**1 year**

27. DEFERRED TAX ASSET AND LIABILITIES

(a) Deferred tax asset

The components and movements of deferred tax asset for the years ended 30 June 2018 and 2017 are as follows:

	Group	
	2018 **RM'000**	**2017** **RM'000**
At 1 July	**–**	–
Recognised in profit or loss	**1,903**	–
As at 30 June	**1,903**	–

Deferred tax asset pertains to timing differences arising from expenses.

(b) Deferred tax liabilities

The components and movements of deferred tax liabilities for the years ended 30 June 2018 and 2017 are as follows:

	Fair value adjustments on mining assets arising from Reverse Takeover RM'000	**Accelerated capital allowances RM'000**	**Deferred expenditure RM'000**	**Total RM'000**
At 1 July 2016	–	21	2,849	2,870
Completion of the Reverse Takeover (Note 20)	21,000	–	–	21,000
Recognised in profit or loss	(158)	–	(59)	(217)
At 30 June 2017 and 1 July 2017	20,842	21	2,790	23,653
Over provision in respect of previous years	–	(21)	(2,790)	(2,811)
Recognised in profit or loss	(913)	–	–	(913)
As at 30 June 2018	19,929	–	–	19,929

27. DEFERRED TAX ASSET AND LIABILITIES (CONT'D)

UNRECOGNISED TEMPORARY DIFFERENCES RELATING TO INVESTMENT IN SUBSIDIARIES

At the end of the reporting period, no deferred tax liabilities (2017: Nil) has been recognised as there would not be tax payable on the undistributed earnings of the Group's subsidiaries as:

- Its Singapore subsidiaries are tax residents in Singapore and hence, their undistributed profits are regarded as one-tier tax exempt dividends under Income Tax Act.
- Its Malaysia subsidiaries have elected the single-tier tax system. No tax is to be deducted from dividends paid or distributed by its Malaysia subsidiaries to shareholders and these dividends are exempt in the hands of shareholders under Malaysia tax law.

The subsidiaries incorporated in British Virgin Islands do not have any undistributed profits as at 30 June 2018 and 30 June 2017.

28. SHARE CAPITAL

	Group			
	2018		2017	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of S$0.04 (2017: S$0.04) each	**2,500,000**	**311,880**	2,500,000	311,880
Issued and fully paid-up ordinary shares				
At 1 July	**1,268,314**	**108,044**	615,042	5,000(2)
Issue of ordinary shares(6)	**–**	**–**	68,500	–
Share consolidation(7)	**–**	**–**	(512,656)	–
Shares issued for Reverse Takeover (Note 20)	**–**	**–**	1,071,428	104,822(2),(4)
Issue of placement shares(5)	**–**	**–**	26,000	3,222
Restructuring of AVL Group pursuant to the Reverse Takeover (Note 1.2)	**–**	**–**	–	(5,000)
Issuance of new share(8)	**34,146**	**4,041**	–	–
At 30 June	**1,302,460**	**112,085**	1,268,314	108,044

	Company			
	2018		2017	
	Number of shares(1) '000	RM'000	Number of shares(1) '000	RM'000
Issued and paid-up				
At 1 July 2016	**1,268,314**	**157,169**	615,042	19,054
Issue of ordinary shares(6)	**–**	**–**	68,500	2,122
Share consolidation(7)	**–**	**–**	(512,656)	–
Shares issued for Reverse Takeover (Note 20)	**–**	**–**	1,071,428	132,771(3)
Issue of placement shares(5)	**–**	**–**	26,000	3,222
Issuance of new share(8)	**34,146**	**4,041**	–	–
At 30 June	**1,302,460**	**161,210**	1,268,314	157,169

28. SHARE CAPITAL (CONT'D)

Fully paid ordinary shares each carry one vote without restriction and a right to dividends as and when declared by the Company.

(1) The equity structure (i.e. the number and types of equity instruments issued) reflect the equity structure of the Company, being the legal parent, including the equity instruments issued by the Company to effect the reverse acquisition.

(2) The amount recognised as issued equity instruments in the consolidated financial statements includes the issued equity of the Capital City Group immediately before the reverse acquisition to the costs of the reverse acquisition.

(3) This represents the purchase consideration for the Company's acquisition of the Capital City Group which was satisfied by the allotment and issuance of 1,071,428,000 ordinary shares at SGD0.20 (equivalent to RM0.62) per share in the capital of the Company on 4 May 2017.

(4) This represents the fair value of the consideration transferred in relation to the Reverse Takeover. As Capital City Group is a private entity group, the quoted market price of the Company's shares provides a more reliable basis for measuring the consideration transferred than the estimated fair value of the share in the Capital City Group. The consideration transferred is determined using the fair value of the issued equity of the Company before the acquisition, being 170,886,000 shares at SGD0.20 (equivalent to RM0.62) per share, which represents the fair value of the Company being the quoted and traded price of the shares at 4 May 2017 (date of completion of Reverse Acquisition).

(5) On 4 May 2017, the Company issued 26,000,000 placement shares at SGD0.20 (approximately RM0.62) per share.

(6) On 21 April 2016, the Company issued 68,500,000 ordinary shares at SGD0.04 (approximately RM0.13) per share.

(7) On 4 May 2017, the shares in the Company were consolidated on the basis of one consolidated share for every four ordinary shares held by the shareholders ("Share Consolidation"). The number of consolidated shares to which shareholders are entitled arising from the Share Consolidation were rounded down to the nearest whole Consolidated Share, and any fractions of consolidation share arising from the Share Consolidation were disregarded.

(8) The Company has issued 34,146,341 new ordinary shares on 7 May 2018 pursuant to an arranger agreement entered in conjunction with the Subscription Agreement entered by the Company (Note 25).

29. OTHER RESERVES

(a) *Share premium*

Share premium reserve represents the difference between the consideration received for shares issued by the Company and the par value of the Company's shares.

(b) *Merger reserve*

As disclosed in Note 1.2, merger reserve arose from the acquisition of CCP by AVL on 4 April 2017. This represents the difference between (a) the consideration paid by AVL and (b) the net assets and retained earnings of CCP as at 4 April 2017.

(c) *Equity component of convertible bonds*

Convertible bonds are separated into liability and equity components based on the terms of the Subscription Agreement. Equity components of convertible bonds represent the residual amount of convertible bonds after deducting the fair value of the liability component. The amount is presented net of transaction costs of RM117,000.

(d) *Foreign currency translation reserve*

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations and the Company whose functional currencies are different from that of the Group's presentation currency.

29. OTHER RESERVES (CONT'D)

(e) *Capital reserve*

Capital reserve represents the deemed capital contribution from the Company's then-existing immediate holding company prior to the Reverse Takeover in relation to the Restricted Stock Units granted to the directors and employees of the Company.

30. CHANGES IN PRESENTATION CURRENCY

Prior to 4 May 2017, the presentation currency of the Company was SGD. Upon the completion of the Reverse Takeover of the Capital City Group on 4 May 2017, the Company changed its presentation currency to RM. There is no change to the functional currency of the Company which is SGD as the primary economic environment of the Company has remained the same.

The change in presentation currency of the Company has been applied retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Accordingly, the results and financial position of the Company for the financial year ended 30 June 2017 have been translated to RM for presentation purposes using the following procedures:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at the average rate for the year which is a reasonable approximation of the exchange rates at the dates of the transactions;
- Share capital is translated at historical rates of exchange; and
- Resultant exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

31. COMMITMENTS

(a) *Operating lease*

The Group has entered into non-cancellable operating lease agreement for the use of its quarry facilities, premises and office equipment. Leases for quarry facilities are negotiated for terms of 33 years, while premises and office equipment are negotiated for terms ranging from 1 to 3 years.

Minimum lease payments for leases of premises and office equipment recognised as an expense in profit or loss for the financial year ended 31 June 2018 amounted to RM458,000 (2017: RM232,000), and RM11,000 (2017: RM25,000) respectively.

Future minimum rental payable under non-cancellable operating lease for premises and office equipment at the reporting date are as follow:

	Group	
	2018 RM'000	**2017 RM'000**
Within one year	**39**	91
In the second to fifth years, inclusive	**156**	6
	195	97

31. COMMITMENTS (CONT'D)

(a) ***Operating lease*** (Cont'd)

The lease of the quarrying right is based on certain percentage of sales value or market value (whichever is higher) of the blocks or products extracted or produced from the marble quarry, and a percentage of the profit for the mining on the marble quarry pursuant to the terms and conditions as stipulated in the agreement. The Directors are of the view that, as the future sales value or market value and profits of the blocks or products could not be accurately estimated or determined as at the end of each reporting year, the relevant contingent rentals have not been included in operating lease agreements.

(b) ***Capital commitments***

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group and Company	
	2018 **RM'000**	**2017** **RM'000**
Capital commitment in respect of equity investments	**61,800**	–

Capital commitment on equity investment is in respect of the Company's acquisition of Kekal (Note 20). Pursuant to the Sale of Share Agreement entered into between Baiduri and the Seller of the Kekal ("Vendors), the total consideration payable to the Vendors for the acquisition of Kekal is RM63.0 million ("Consideration"), comprising the following:

(a) a sum of RM1.2 million as deposit ("Deposit") for the Proposed Acquisition;

(b) a sum of RM2.3 million payable upon procurement of development order duly approved by the appropriate authority in respect of the Development Land and acceptable to the Baiduri;

(c) a sum of RM1.5 million payable upon the expiry of six (6) months from the date of the procurement of the development order; and

(d) the balance of RM58.0 million ("**Balance Purchase Price**") shall be paid by the Baiduri to the Vendors by utilising twenty per centum (20%) of each net progress claims received by the Baiduri commenced from the sixth (6th) stage of the schedule of payment with regard to the respective properties developed on the Development Lands as stipulated in the sale and purchase agreements in respect of the properties or parcels developed on the Development Lands. The Vendors have agreed to commit to receive a minimum thirty per centum (30%) of the Purchase Price in kind (ie contra with properties and parcels purchase). Under such circumstance, the selection of properties or parcels by the Vendors shall be effected immediately prior to the official launch thereof where the amount of payment in kind shall be mutually agreed by the parties.

As at 30 June 2018, the vendors have not transferred the development order from the relevant authority to the Group.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

32. RELATED PARTY TRANSACTIONS

(a) *Purchase of services*

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with the related parties during the financial years:

	Group	
	2018	**2017**
	RM'000	**RM'000**
With directors' related companies in which certain directors have interest:		
RDC Arkitek Sdn. Bhd.		
Consultancy fee	**1,572**	1,370

(b) *Compensation of key management personnel*

	Group	
	2018	**2017**
	RM'000	**RM'000**
Short-term employee benefits	**4,859**	2,093
Directors' fee	**425**	71
Employer's contribution to defined contribution plans	**281**	96
	5,565	2,260
Comprise amounts paid to:		
Directors of the Company	**2,809**	1,229
Other key management personnel	**2,756**	1,031
	5,565	2,260

33. CONTINGENCIES

Guarantees

A subsidiary of the Company has provided a corporate guarantee to a bank for RM9,258,000 (2017: RM Nil) of bank loans granted to that subsidiary.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) *Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

The carrying amounts of the current portion of hire purchase payables are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of non-current portion of trade and other payables, loans and borrowings, and hire purchase payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, and were assessed to be approximating to their carrying amounts.

(c) *Assets and liabilities not carried at fair value but for which fair value is disclosed*

The following table shows an analysis of the Group's assets not measured at fair value but for which fair value is disclosed:

	Fair value measurements at the end of the reporting year using Significant unobservable inputs (Level 3) RM'000	Carrying amount RM'000
2018		
Non-financial assets:		
Investment properties under construction	**572,000**	**192,579**
2017		
Non-financial assets:		
Investment properties under construction	781,526	142,321

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

(c) ***Assets and liabilities not carried at fair value but for which fair value is disclosed*** (Cont'd)

Determination of fair value

The fair value is determined using the residual approach which takes into consideration the projected gross development value on a completed basis, costs incurred, and estimated cost to completion.

Information about significant unobservable inputs used in Level 3 fair value measurements

Description	Fair value as at 30 June 2018 RM'000	Fair value as at 30 June 2017 RM'000	Significant Unobservable inputs	Range (weighted average)
Investment properties under construction	**572,000**	781,526	– gross development value	RM350 to RM3,500 (2017: RM500 to RM5,000) per square feet
			– estimated construction cost to completion	RM1,000 to RM3,000 (2017: RM1,000 to RM3,000) per square feet

The estimated fair value would increase with higher gross development value and decrease with higher cost to completion.

There were no material transfers between Level 1, Level 2 and Level 3 during the financial years.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The management reviews and agrees policies and procedures for the management of these risks, which are executed by the management. It is, and has been, throughout the current and previous financial year, the Group does not undertake any trading of derivative financial instruments.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) ***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 cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with reputable financial institutions.

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

(a) ***Credit risk*** (Cont'd)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with customers of appropriate credit standing and history or government authorities. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting year were as follows:

	Group			
	2018		**2017**	
	RM'000	**% of total**	**RM'000**	**% of total**
By country:				
Malaysia	**44,642**	**89%**	17,740	66%
PRC	**5,536**	**11%**	8,957	34%
Singapore	**–**	**–**	58	0%
	50,178	**100%**	26,755	100%

Financial assets that are neither past due nor impaired

The Group's trade receivables that are neither past due nor impaired are substantially companies and individuals with good collection track records with the Group. The Group's historical experience in the collection of receivables fall within the credit terms granted. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

(b) ***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 the 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's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with several banks.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

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

(b) ***Liquidity risk*** (Cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting year based on contractual undiscounted repayment obligations.

	Group Less than 1 year RM'000	2 to 5 years RM'000	Total RM'000
30 June 2018			
Financial assets:			
Trade receivables	**30,868**	**19,310**	**50,178**
Other receivables and deposits	**17,719**	**–**	**17,719**
Unbilled receivables	**3,469**	**–**	**3,469**
Fixed deposits	**6,703**	**–**	**6,703**
Cash and bank balances	**22,776**	**–**	**22,776**
Total undiscounted financial assets	**81,535**	**19,310**	**100,845**
Financial liabilities:			
Trade payables	**119,078**	**116,592**	**235,670**
Other payables and accruals	**72,056**	**1,819**	**73,875**
Hire purchase payables	**38**	**–**	**38**
Loans and borrowings	**58,711**	**1,889**	**60,600**
Total undiscounted financial liabilities	**249,883**	**120,300**	**370,183**
Total net undiscounted financial liabilities	**(168,348)**	**(100,990)**	**(269,338)**
30 June 2017			
Financial assets:			
Trade receivables	26,755	–	26,755
Other receivables and deposits	6,799	–	6,799
Fixed deposits	12,946	–	12,946
Cash and bank balances	23,441	–	23,441
Total undiscounted financial assets	69,941	–	69,941
Financial liabilities:			
Trade payables	159,377	111,506	270,883
Other payables and accruals	38,126	–	38,126
Hire purchase payables	53	39	92
Total undiscounted financial liabilities	197,556	111,545	309,101
Total net undiscounted financial liabilities	(127,615)	(111,545)	(239,160)

At the balance sheet date, all of the Company's financial assets and liabilities have maturity profile of one year or less.

36. SEGMENT INFORMATION

BUSINESS SEGMENTS

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services offered. The operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is organised into three main operating business segments, namely:

(a) ***Property development business***

An innovative property developer that focuses on working with land owners to minimise initial capital outlay. The Group undertakes the conception, design and implementation of integrated property projects.

(b) ***Mining business***

The Group is also engaged in the production and sale of premium quality marble blocks and slabs, aggregates and calcium carbonate powder from its quarry in Kelantan, Malaysia.

(c) ***Others***

It relates to group level corporate services and treasury function.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between operating segments are on terms' agreed in a manner similar to transactions with third parties at the then prevailing market prices. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

36. SEGMENT INFORMATION (CONT'D)

	Property development RM'000	Mining RM'000	Others RM'000	Elimination RM'000	Group RM'000	Note
2018						
Revenue						
Revenue from external customers	**135,642**	**6,952**	**–**	**–**	**142,594**	
Inter-segment revenue	**–**	**–**	**8,007**	**(8,007)**	**–**	**A**
Total revenue	**135,642**	**6,952**	**8,007**	**(8,007)**	**142,594**	
Results						
Interest income	**1,180**	**7**	**8**	**–**	**1,195**	
Depreciation expense	**178**	**2,764**	**33**	**–**	**2,974**	
Amortisation expense	**13,786**	**3,143**	**–**	**–**	**16,929**	
Impairment of inventories	**–**	**5,984**	**–**	**–**	**5,984**	
Plant and equipment written off	**–**	**635**	**–**	**–**	**635**	
Profit/(loss) before tax	**90,632**	**(11,025)**	**(3,228)**	**(1,582)**	**74,797**	
Assets:						
Additions to non-current assets	**62,981**	**–**	**–**	**–**	**62,981**	
Segment assets	**674,625**	**131,088**	**825,917**	**(821,565)**	**810,065**	
Segment liabilities	**441,304**	**35,559**	**31,260**	**(58)**	**508,065**	

Note

A Inter-segment revenues and income are eliminated on consolidation.

	Property development RM'000	Mining RM'000	Others RM'000	Elimination RM'000	Group RM'000	Note
2017						
Revenue						
Revenue from external customers	182,566	1,321	–	–	183,887	
Inter-segment revenue	–	–	923	(923)	–	A
Total revenue	182,566	1,321	923	(923)	183,887	
Results						
Interest income	620	–	–	–	620	
Depreciation expense	230	483	–	–	713	
Amortisation expense	14,923	533	–	–	15,456	
Profit/(loss) before tax	116,252	(1,514)	(12,607)	(18)	102,113	
Assets:						
Additions to non-current assets	48,018	116,191	–	–	164,209	
Segment assets	546,744	107,218	799,314	(756,854)	696,422	
Segment liabilities	416,966	98,156	9,501	(65,265)	459,358	

Note

A Inter-segment revenues and income are eliminated on consolidation.

36. SEGMENT INFORMATION (CONT'D)

GEOGRAPHICAL INFORMATION

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Malaysia	**137,368**	182,580	**516,902**	438,461
Singapore	**140**	62	**236**	–
PRC	**5,086**	1,245	**24**	53
	142,594	183,887	**517,162**	438,514

Non-current assets information presented above consist of property, plant and equipment, inventory properties, investment properties under construction, intangible assets and deferred expenditure as presented in the consolidated statement of financial position.

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 30 June 2018 and 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, hire purchase payables, trade payables, other payables and accruals, provision, less cash and bank balances. Capital refers to equity attributable to the equity holders of the Group.

	Group	
	2018 RM'000	**2017 RM'000**
Hire purchase payables	**37**	88
Trade payables	**235,670**	241,997
Other payables and accruals	**73,875**	38,126
Provision	**–**	4,977
Less: Cash and bank balances	**(29,479)**	(23,441)
Net debt	**280,103**	261,747
Equity attributable to the owners of the Company	**301,914**	236,923
Capital and net debt	**582,017**	498,670
Gearing ratio	**48%**	52%

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 30 June 2018 and 2017.

38. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) *Incorporation of four subsidiaries*

Subsequent to the financial year end, the Company's directly owned subsidiary, MCM Studio Entertainment Group Sdn Bhd incorporated four subsidiaries as follows:

(i) MCM Movie Planet Sdn. Bhd. (Date of incorporation: 13 September 2018);

(ii) MCM Cartoon Planet Sdn. Bhd. (Date of incorporation: 12 September 2018);

(iii) MCM Music Plant Sdn. Bhd. (Date of incorporation: 12 September 2018); and

(iv) MCM Events Sdn. Bhd. (Date of incorporation: 12 September 2018).

The four subsidiaries are in the business of provision of theme park related activities.

(b) *Extension of HKD loan*

On 11 October 2018, the Group obtained approval from a lender to extend the repayment date of loans and borrowings of RM25,741,000 due on 31 October 2018 by a further 12 months to 31 October 2019.

(c) *Drawdown of Series A Tranche 3 convertible bonds of S$3 million and new shares issuance*

On 2 August 2018, the Company has issued 14,634,146 new shares following the drawdown of Series A Tranche 3 convertible bonds of S$3 million under the Convertible Bonds Subscription Agreement. These new shares were allotted and issued by the Company to Prosper Network Co., Ltd, pursuant to the Arranger Agreement.

Following the Allotment and Issuance, the total number of issued and paid-up ordinary shares of the Company has increased from 1,302,460,408 shares to 1,317,094,554 shares.

39. AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 11 October 2018.

Statistics of Shareholdings

AS AT 27 SEPTEMBER 2018

SHARE CAPITAL

Issued and Fully Paid-up Share Capital	:	S$52,683,783
Class of Shares	:	Ordinary Share
Number of Shares	:	1,317,094,554
Voting Rights	:	One vote per Ordinary Share
Treasury Shares	:	Nil
Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	13	1.51	465	0.00
100 – 1,000	18	2.08	9,525	0.00
1,001 – 10,000	225	26.07	1,116,950	0.08
10,001 – 1,000,000	570	66.05	66,625,950	5.06
1,000,001 AND ABOVE	37	4.29	1,249,341,664	94.86
TOTAL	**863**	**100.00**	**1,317,094,554**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SIOW CHIEN FU	503,745,713	38.25
2	TAN JUNE TENG COLIN @CHEN JUNTING	250,892,857	19.05
3	TAN PING HUANG EDWIN @CHEN BINGHUANG	250,892,857	19.05
4	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	35,196,660	2.67
5	UOB KAY HIAN PRIVATE LIMITED	33,735,647	2.56
6	TRITECH GROUP LIMITED	25,140,100	1.91
7	CHONG THIM PHENG	17,218,800	1.31
8	OCBC SECURITIES PRIVATE LIMITED	16,189,125	1.23
9	CITIBANK CONSUMER NOMINEES PTE LTD	14,146,341	1.07
10	LUMINOR PACIFIC FUND 1 LTD	9,981,200	0.76
11	MAYBANK KIM ENG SECURITIES PTE. LTD.	8,284,125	0.63
12	PHILLIP SECURITIES PTE LTD	6,675,375	0.51
13	CHUA BEE BEE	5,500,000	0.42
14	HONG LEONG FINANCE NOMINEES PTE LTD	5,000,000	0.38
15	CHAN HOCK LYE	4,716,350	0.36
16	YAP XI MING	4,561,250	0.35
17	CHEONG HOCK LAI	4,550,000	0.35
18	RHB SECURITIES SINGAPORE PTE. LTD.	4,526,700	0.34
19	LIEW YOON KWAI	4,250,000	0.32
20	LIOW THIAM BOCK	3,800,000	0.29
	TOTAL	**1,209,003,100**	**91.81**

Statistics of Shareholdings

AS AT 27 SEPTEMBER 2018

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

		DIRECT INTEREST		DEEMED INTEREST	
NO.	**NAME OF SUBSTANTIAL SHAREHOLDERS**	**NO. OF SHARES HELD**	**%**	**NO. OF SHARES HELD**	**%**
1	Siow Chien Fu	503,745,713	38.25	–	–
2	Tan June Teng Colin @ Chen Junting ("Colin Tan")(1)	250,892,857	19.05	–	–
3	Tan Ping Huang Edwin @ Chen Binghuang ("Edwin Tan")(1)	250,892,857	19.05	–	–
4	Chong Thim Pheng(2)	17,218,800	1.31	243,902,439	18.52

Notes:

(1) Mr Colin Tan and Mr Edwin Tan are brothers. The aggregate shares held by Mr Colin Tan and Mr Edwin Tan, as parties acting in concert, account for approximately 38.10% of the total issued Shares of the Company.

(2) Mr Chong Thim Pheng is deemed interested in the Share charges granted by Mr Siow Chien Fu, Mr Tan June Teng Colin @ Chen Junting and Mr Tan Ping Huang Edwin @ Chen Binghuang.

Based on the information available to the Company as at 27 September 2018, approximately 22.34% of the ordinary issued shares of the Company are held by the public.

Accordingly, Rule 723 of the Listing Manual (Section B: Rule of Catalist) of the Singapore Exchange Securities Trading Limited has been complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (the "**AGM**") of Capital World Limited (the "**Company**") will be held at 390 Havelock Road, #04-06 King's Centre, Singapore 169662 on Wednesday, 31 October 2018 at 10.00 a.m., to consider and, if thought fit, to pass the following Ordinary Resolutions, with or without modifications:–

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 30 June 2018 together with the Independent Auditor's Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of S$140,000 for the financial year ended 30 June 2018 (FY2017: RM69,500). **Resolution 2**

3. To re-elect Mr Siow Chien Fu retiring pursuant to Article 86(1) of the Articles of Association of the Company. **Resolution 3**
   [See Explanatory Note (1)(a)]

4. To re-elect Mr Tan Eng Kiat Dominic retiring pursuant to Article 86(1) of the Articles of Association of the Company. **Resolution 4**
   [See Explanatory Note (1)(b)]

5. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

AS SPECIAL BUSINESS

6. **General Authority to Allot and Issue Shares** **Resolution 6**

   That, pursuant to Article 12(1) of the Articles of Association of the Company and Rule 806(2) of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors to:

   (a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or;

   (ii) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into Shares;

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors shall in their absolute discretion deem fit, and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

   provided always that:

   (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), provided that the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company;

Notice of
Annual General Meeting

(2) (subject to such manner of calculation as may be prescribed by the Catalist Rules), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of total issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities outstanding at the time this authority is given;

(b) (where applicable) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Directors shall comply with the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Cayman Companies Law**"), and otherwise, and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (2)]

7. Proposed Renewal Of The Share Buyback Mandate **Resolution 7**

(a) That, pursuant to the Articles of Association of the Company and the Catalist Rules, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully-paid ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as defined herein), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein), whether by way of:

(i) on-market purchases (the "**Market Purchase**"), transacted on the SGX-ST through the SGX-ST's trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose; and/or

(ii) off-market purchases (the "**Off-Market Purchase**") in accordance with an equal access scheme(s) as defined in Section 76C of the Singapore Companies Act, and which will satisfy all the conditions prescribed by the Articles of Association and the Catalist Rules,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Singapore Companies Act, the Catalist Rules, the Take-over Code, and the Cayman Companies Law, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors, either be cancelled or held as Treasury Shares, depending on the needs of the Company, and dealt with in accordance with the Cayman Companies Law;

(c) unless varied or revoked by an ordinary resolution of the Shareholders in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

  (i) the conclusion of the next AGM, or the date by which the next AGM is required by law or by the Articles of Association to be held; or

  (ii) the date on which the purchases or acquisitions of Shares are carried out to the full extent of the Share Buyback Mandate; or

  (iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

(d) for the purpose of this Resolution:

"**Maximum Limit**" means the number of Shares representing not more than 10% of the total number of issued Shares of the Company (excluding Treasury Shares and subsidiary holdings (if any)) as at the date of this Resolution at which the Share Buyback Mandate is approved unless the Company has, at any time during the Relevant Period, effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Cayman Companies Law, in which event the total number of Shares shall be taken to be the total number of Shares as altered (excluding Treasury Shares and subsidiary holdings (if any) that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date of the passing of this Resolution and expiring on the earliest of the date on which the next annual general meeting of the Company is held or is required by law to be held, the date on which the share buy-backs are carried out to the full extent of the Share Purchase Mandate, or the date the said mandate is revoked or varied by the Company in a general meeting;

"**Maximum Price**" to be paid (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) for the Shares to be purchased or acquired by the Company, will be determined by the Directors, and must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Market Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Market Price,

in either case, excluding related expenses of the purchase;

"**Average Closing Market Price**" means the average of the closing market prices of a Share over the last five Market Days on which transactions in the Shares were recorded, preceding the day on which the purchase or acquisition of the Shares was made or, as the case may be, preceding the day of making the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five day period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities.

Notice of
Annual General Meeting

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (3)]

8. Proposed Renewal Of The Interested Person Transactions Mandate **Resolution 8**

That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Catalist Rules, for the Company, its subsidiaries and associated companies which are entities at risk as defined under Chapter 9 of the Catalist Rules, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions, particulars of which are set out in the Appendix to this annual report, with any person who is of the class of Interested Persons described in the Appendix to this annual report, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders and are in accordance with the review procedures for Interested Person Transactions as set out in the Appendix to this annual report (the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier; and

(c) the Directors be and are hereby authorised, jointly or severally, to take such steps and exercise such discretion as the Directors may in their absolute discretion deem fit, advisable or necessary or in the interest of the Company to give effect to the IPT Mandate and/or this Resolution.

[See Explanatory Note (4)]

9. To transact any other business that may be transacted at an AGM.

By Order of the Board

Shawn Chan Changyun
Company Secretary

Singapore
15 October 2018

Notice of
Annual General Meeting

Notes:–

1. A member entitled to attend and vote at the Annual General Meeting of the Company (the "AGM") and who holds two or more Shares is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company. Such member should complete, sign and return the Shareholder Proxy Form in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the office of the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 48 hours before the time fixed for the AGM. The appointment of a proxy by a member does not preclude him from attending and voting in person at the AGM if he so wishes in place of the proxy. For the avoidance of doubt, the Shareholder Proxy Form should not be used by Depositors. Depositors who wish to attend and vote at the AGM should refer to paragraphs 2 and 3 below.

2. A Depositor (other than Depositors which are corporations) holding Shares through the CDP and whose name appears in the Depository Register (as defined in Section 81SF of the Securities and Futures Act of Singapore) who wishes to attend and vote at the AGM may do so as CDP's proxy without having to complete or return any form of proxy.

3. (i) A Depositor which is a corporation and who wishes to attend and vote at the AGM or (ii) an individual Depositor who is unable to attend the AGM personally and wishes to appoint person(s) to attend the AGM and vote on his behalf, should complete sign and return the Depositor Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive the office of the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 48 hours before the time fixed for the AGM.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Explanatory Notes

1. (a) Mr. Siow Chien Fu will, upon re-election as a Director of the Company, remain as Chief Executive Officer. Save for his controlling shareholding interest in the Company, Mr. Siow does not have relationship including immediate family relationships between himself and the Directors, the Company and its other 10% or more shareholders. Further information of Mr. Siow can be found under the section entitled 'Board of Directors' on page 9 of the Annual Report 2018.

   (b) Mr. Tan Eng Kiat Dominic will, upon re-election as a Director of the Company, remain as Non-Executive Chairman, Chairman of Remuneration Committee and member of the Audit and Nominating Committees and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. Mr. Tan does not have relationship including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. Further information of Mr. Tan can be found under the section entitled 'Board of Directors' on page 9 of the Annual Report 2018.

2. The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company, from the date of the forthcoming AGM of the Company until the next AGM of the Company, to allot and issue Shares and convertible securities in the Company, without seeking any further approval from Shareholders in a general meeting but within the limitation imposed by Ordinary Resolution 6, for such purposes as the Directors may consider would be in the best interests of the Company. The number of Shares and convertible securities that the Directors may allot and issue under Ordinary Resolution 6 would not exceed one hundred per cent. (100%) of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time of the passing of Ordinary Resolution 6. For issue of Shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed fifty per cent. (50%) of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time of the passing of Ordinary Resolution 6.

3. The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, from the date of the AGM until the next AGM or the date by which the next AGM of the Company is required by law to be held or when varied or revoked by the Company in general meeting, whichever is earlier, to purchase or acquire up to ten per centum (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holding), sat prices up to but not exceeding the Maximum Price (as defined above), as at the date of the passing of this Ordinary Resolution 7. Details the proposed renewal of the Share Buyback Mandate are set out in the Appendix accompany this annual report.

4. The Ordinary Resolution 8 proposed in item 8 above, if passed, will renew the IPT Mandate and empower the Company, its subsidiaries and associated companies, to enter into the Interested Person Transactions as described in the Appendix to this annual report. The authority under the renewed IPT Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next AGM of the Company, or the date by which the next AGM is required by law to be held, whichever is the earlier. Details the proposed renewal of the IPT Mandate are set out in the Appendix accompany this annual report.

Corporate Information

BOARD OF DIRECTORS

Mr. Tan Eng Kiat Dominic ("Dominic Tan")
Non-Executive Chairman
Mr. Siow Chien Fu
Executive Director and Chief Executive Officer
Mr. Tham Kok Peng
Executive Director
Mr. Aw Eng Hai
Independent Director
Mr. Lye Thiam Fatt Joseph Victor ("Victor Lye")
Independent Director

AUDIT COMMITTEE

Mr. Aw Eng Hai *Chairman*
Mr. Tan Eng Kiat Dominic
Mr. Lye Thiam Fatt Joseph Victor

REMUNERATION COMMITTEE

Mr. Tan Eng Kiat Dominic (*Chairman)*
Mr. Aw Eng Hai
Mr. Lye Thiam Fatt Joseph Victor

NOMINATING COMMITTEE

Mr. Lye Thiam Fatt Joseph Victor (*Chairman)*
Mr. Tan Eng Kiat Dominic
Mr. Aw Eng Hai

COMPANY SECRETARY

Shawn Chan Changyun

REGISTERED OFFICE

The Offices of Conyers Trust
Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

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Singapore 169662
www.capitalworld.com.sg

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

AUDITOR

ERNST & YOUNG LLP
One Raffles Quay
North Tower Level 18
Singapore 048583
Partner-in-charge: Ng Boon Heng
(Appointed since the financial year ended
30 June 2017)

PRINCIPAL BANKER

RHB Bank Singapore
90 Cecil Street
RHB Building
Singapore 069531

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

United Overseas Bank (Malaysia) Bhd.
Menara UOB
Jalan Raja Laut
57038 Kuala Lumpur
Malaysia

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

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