CAPITAL WORLD LIMITED

(Incorporated in the Cayman Islands)
Company Registration No.: CT-276295)

QUALIFIED OPINION AND EMPHASIS OF MATTER BY THE INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Pursuant to Rule 704(4) of the Catalist Rules, the board of directors (the "**Board**") of Capital World Limited (the "**Company**" and together with its subsidiaries, "the **Group**") wishes to inform the shareholders that the independent auditor of the Company, Messrs Moore Stephens LLP (the "**Independent Auditor**"), have in their Independent Auditor's Report dated 16 August 2021 (the "**Report**"), expressed: (i) a qualified opinion in respect of the carrying amounts of inventory properties ("**IP**") and property, plant and equipment ("**PPE**"); and (ii) an emphasis of matter in respect of the material uncertainty related to going concern (the "**Emphasis of Matters**") on the audited financial statements of the Group and the Company for the financial year ended 30 June 2020 (the "**Audited FS**").

The extract of the Independent Auditor's Report is annexed to this announcement as Appendix I. The relevant notes to the Audited FS are annexed as Appendix II to this announcement.

The Board is of the opinion that all material disclosures have been provided for in Note 2.1 of the Audited FS in relation to the ability of the Group and the Company to continue as going concerns.

The Independent Auditor's Report and a complete set of the Audited FS is contained in the Company's Annual Report ("**AR**") for the financial year ended 30 June 2020, which will be released on SGXNET in due course. Shareholders of the Company are advised to read this announcement in conjunction with the Company's AR for the financial year ended 30 June 2020 in their entirety.

The Company will update Shareholders where there are any material developments in relation to the above.

Trading in the Company's securities on the SGX-ST has been voluntarily suspended since 14 February 2020, pursuant to Catalist Rules 1303(3).

By Order of the Board
CAPITAL WORLD LIMITED

Siow Chien Fu
Executive Director and Chief Executive Officer
16 August 2021

*This announcement and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Ms. Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

Appendix I

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

CAPITAL WORLD LIMITED
(Incorporated in Cayman Islands)

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Capital World Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 2020, and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group and the statements of changes in equity of the Group and the Company for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2020, 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 year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Qualified Opinion

<u>Carrying amounts of inventory properties ("IP") and property, plant and equipment ("PPE")</u>

We draw attention to Note 9 and Note 17(d) to the financial statements. As disclosed in these notes, the Group has IP - serviced suites under construction and serviced apartments under construction of RM190,603,000 and PPE - hotel under construction of RM36,294,000 respectively.

Management has assessed that the net realisable value of these IP and the recoverable amount of these PPE are higher than their carrying amounts and therefore no write down or impairment is necessary as at 30 June 2020. We were, however, not able to obtain sufficient appropriate audit evidence to assess the reasonableness and appropriateness of the assumptions used in establishing the net realisable value and the recoverable amount of these IP and PPE respectively. We were also not able to conduct alternative procedures to assess the net realisable value and the recoverable amount of these IP and PPE respectively. Consequently, we were unable to determine whether any adjustments to the consolidated financial statements for the current financial year ended 30 June 2020 were necessary.

Basis for Qualified Opinion (cont'd)

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' ("IESBA") *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("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, 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 qualified opinion.

Appendix I

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the financial statements, which indicates that during the financial year ended 30 June 2020, the Group incurred a net loss of RM152,653,000 (2019: RM45,605,000) and a total comprehensive loss of RM152,197,000 (2019: RM44,329,000) and net cash flows used in operating activities of RM2,022,000 (2019: net cash flows generated from operating activities of RM32,646,000).

As disclosed in Note 9(c), subsequent to the financial year ended 30 June 2020, the Group entered into a Conditional Settlement Agreement with Achwell Property Sdn Bhd ("APSB") to discharge its liabilities due to APSB. The Conditional Settlement Agreement is subject to the fulfilment and/or satisfaction of certain conditions precedent disclosed in Note 9(c).

As disclosed in Note 34, a subsidiary of the Group, Capital City Property Sdn. Bhd. ("CCP") was placed under judicial management pursuant to an order of the Judicial Commissioner of the Malaysia High Court dated 13 March 2020 ("JM Order") and a judicial manager ("Judicial Manager") was appointed to manage the affairs, business and property of CCP. On 25 September 2020, the Judicial Manager has circulated a Statement of Proposal (the "SOP") to CCP's creditors in connection with the Debt Settlement Proposal under Section 420 of the Malaysia Companies Act 2016 ("Debt Settlement Proposal"). On 9 October 2020, CCP's creditors' meeting was convened with more than 75% in value of creditors present and voting in person or by proxy supporting the Judicial Manager's SOP. On 16 October 2020, the Judicial Manager has filed the result of CCP's creditors' meeting with the Malaysia High Court, which is the effective date of the SOP. As disclosed in Note 36(b), an application has been filed by a group of purchasers of the Group's inventory properties ("Proposed Interveners"), to, inter alia, set aside the JM Order and the SOP.

The Judicial Manager is in the process of implementing the Debt Settlement Proposal as described above; and has sought CCP's creditors' indulgence for a revised timeline for the SOP pending the resolution of the Conditional Settlement Agreement with APSB.

Material Uncertainty Related to Going Concern (cont'd)

As disclosed in Note 35, on 17 February 2020, the Company made an application to the High Court of the Republic of Singapore (the "Court") for a moratorium pursuant to Section 211B(1) of the Singapore Companies Act, Chapter 50 (the "Act"), to commence the process of re-organising the liabilities of the Company and one of its subsidiaries, namely, CCP (the "Application"). On 15 July 2020, the Company proposed to enter into a "pre-packaged" Scheme of Arrangement (the "Scheme of Arrangement") with its creditors ("Scheme Parties") pursuant to Section 211I of the Act. On 12 August 2020, the Company filed an originating summons to obtain the Court's approval for the Scheme of Arrangement ("Sanction Application"). On 24 June 2021, the Court has sanctioned the Sanction Application and the order of the Court was lodged with the Accounting and Corporate Regulatory Authority of Singapore (ACRA) on 9 July 2021, which is the effective date of the Scheme of Arrangement.

The ability of the Group and the Company to continue as going concerns is dependent on the:

- fulfilment and/or satisfaction of the conditions precedent of the Conditional Settlement Agreement with APSB;

- successful implementation and completion of the Debt Settlement Proposal; which includes the cash settlement of an amount due to the Inland Revenue of Malaysia of approximately RM40,000,000, and the dismissal of the application by the Proposed Interveners; and

- successful implementation and completion of the Scheme of Arrangement.

The above conditions and events indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's ability to continue as going concerns and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business.

In the event that the Group and the Company are unable to continue as going concerns, the Group and the Company may be unable to discharge their 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 recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to these financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the 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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Inventory Properties and Non-Current Assets Held for Sale We refer to Note 2.8, Note 2.25, Note 9 and Note 16 to the financial statements. As at 30 June 2020, the Group has inventory properties (Retail units of the retail mall) of RM151,964,000 and non-current assets held for sale of RM226,539,000, representing 24% and 35% of the Group's total assets respectively. Inventory properties are measured at the lower of cost and net realisable value and non-current assets held for sale are measured at the lower of the assets' previous carrying amount and fair value less cost to sell.	**Our response:** We focused on this area because of the significant judgement involved in making the estimates of the net realisable value of the inventory properties and the fair value less cost to sale of the non-current assets held for sale. We designed and performed the following key procedures, amongst others: - Evaluated and tested management's assessment of the inventory properties to state them at the lower of cost and net realisable value; - Evaluated and tested management's assessment of the non-current assets held for sale to state them at the lower of the assets' previous carrying amount and net fair value less costs to sell; and - Evaluated the appropriateness of the presentation and classification of the non-current assets held for sale. **Our findings:** We found that management's assessment of the net realisable value of the inventory properties and the net fair value less costs to sell of the non-current assets held for sale to be reasonable and the presentation and

	classification of the non-current assets held for sale to be appropriate.

Other Matter

The consolidated financial statements of the Group for the year ended 30 June 2019 were audited by another auditor who expressed a disclaimer of opinion on those statements on 11 October 2019. An update of the disclaimer of opinion in respect of the going concerns of the Group and the Company is disclosed in the *Material Uncertainty Related to Going Concern* section above.

Responsibilities of Management and Directors for the Consolidated Financial Statements

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

In preparing the consolidated 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 are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated 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 those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 Neo Keng Jin.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
16 August 2021

CAPITAL WORLD LIMITED
(Incorporated in Cayman Islands)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

2.1 Basis of Preparation

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

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

These 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.

Going concern assumption

During the financial year ended 30 June 2020, the Group incurred a net loss of RM152,653,000 (2019: RM45,605,000) and total comprehensive loss of RM152,197,000 (2019: RM44,329,000) and net cash flows used in operating activities of RM2,022,000 (2019: net cash flows generated from operating activities of RM32,646,000).

As disclosed in Note 9(c), subsequent to the financial year ended 30 June 2020, the Group entered into a Conditional Settlement Agreement with Achwell Property Sdn Bhd ("APSB") to discharge its liabilities due to APSB. The Conditional Settlement Agreement is subject to the fulfilment and/or satisfaction of certain conditions precedent disclosed in Note 9(c).

As disclosed in Note 34, a subsidiary of the Group, Capital City Property Sdn. Bhd. ("CCP") was placed under judicial management pursuant to an order of the Judicial Commissioner of the Malaysia High Court dated 13 March 2020 ("JM Order") and a judicial manager ("Judicial Manager") was appointed to manage the affairs, business and property of CCP. On 25 September 2020, the Judicial Manager has circulated a Statement of Proposal (the "SOP") to CCP's creditors in connection with the Debt Settlement Proposal under Section 420 of the Malaysia Companies Act 2016 ("Debt Settlement Proposal"). On 9 October 2020, CCP's creditors' meeting was convened with more than 75% in value of creditors present and voting in person or by proxy supporting the Judicial Manager's SOP. On 16 October 2020, the Judicial Manager has filed the result of CCP's creditors' meeting with the Malaysia High Court, which is the effective date of the SOP. As disclosed in Note 36(b), an application has been filed by a group of purchasers of the Group's inventory properties ("Proposed Interveners"), to, inter alia, set aside the JM Order and the SOP.

The Judicial Manager is in the process of implementing the Debt Settlement Proposal as described above; and has sought CCP's creditors' indulgence for a revised timeline for the SOP pending the resolution of the Conditional Settlement Agreement with APSB.

As disclosed in Note 35, on 17 February 2020, the Company made an application to the High Court of the Republic of Singapore (the "Court") for a moratorium pursuant to Section 211B(1) of the Singapore Companies Act, Chapter 50 (the "Act"), to commence the process of re-organising the liabilities of the Company and one of its subsidiaries, namely, CCP (the

"Application"). On 15 July 2020, the Company proposed to enter into a "pre-packaged" Scheme of Arrangement (the "Scheme of Arrangement") with its creditors ("Scheme Parties") pursuant to Section 211I of the Act. On 12 August 2020, the Company filed an originating summons to obtain the Court's approval for the Scheme of Arrangement ("Sanction Application"). On 24 June 2021, the Court has sanctioned the Sanction Application and the order of the Court was lodged with the Accounting and Corporate Regulatory Authority of Singapore (ACRA) on 9 July 2021, which is the effective date of the Scheme of Arrangement.

The ability of the Group and the Company to continue as going concerns is dependent on the:

- fulfilment and/or satisfaction of the conditions precedent of the Conditional Settlement Agreement with APSB;

- successful implementation and completion of the Debt Settlement Proposal; which includes the cash settlement of an amount due to the Inland Revenue of Malaysia of approximately RM40,000,000, and the dismissal of the application by the Proposed Interveners; and

- successful implementation and completion of the Scheme of Arrangement.

The above conditions and events indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's ability to continue as going concerns and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business.

Nevertheless, in the preparation of the financial statements, the directors of the Company believe that the use of the going concern assumption is appropriate after taking into consideration:

(i) The Debt Settlement Proposal by the Judicial Manager of CCP and the Scheme of Arrangement of the Company as disclosed in Note 34 and Note 35 to the financial statements, respectively, would be successfully completed in due course;

(ii) The Group will file an application with the Inland Revenue Board of Malaysia to defer the payment of approximately RM40,000,000 included in the Debt Settlement Proposal as disclosed in Note 34;

(iii) Nothing has come to the attention of the management that the conditions precedent of the Conditional Settlement Agreement between APSB and the Group could not be fulfilled within the conditional period;

(iv) Management is engaged in various discussions with potential buyers on the sale of the Group's non-current assets held for sale and inventory properties (Retail units of the retail mall);

(v) Management is currently sourcing for new funds; and

(vi) Management is of the view that the Group and the Company would have sufficient working capital and would be able to meet their obligations as and when they fall due based on a cash flow forecast.

In the event that the Group and the Company are unable to continue as going concerns, the Group and the Company may be unable to discharge their 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 recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to these financial statements.

9 Inventory Properties

	Group	
	2020 RM'000	2019 RM'000
Inventory properties:		
- Freehold land	128,549	152,286
- Development costs	214,759	192,821
	343,308	345,107
Comprised:		
- Serviced suites under construction	72,692	71,369
- Serviced apartments under construction	117,911	117,911
	190,603	189,280
- Retail units of the retail mall	151,964	151,964
- Others	741	3,863
	343,308	345,107
Inventory properties recognised as an expense in cost of sales	-	30,557

(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 ("Joint Venture Agreement") is the registered and beneficial owner, herein referred to as (the "Land"). In accordance with the terms and conditions of the Joint Venture Agreement, the agreement will become unconditional and effective when the following conditions precedent 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 Joint Venture Agreement; and

- APSB to obtain approval from the shareholders of APSB's holding company.

The above two conditions were fulfilled on 13 March 2014.

(a) 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 a 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 that portion of the Land that have been classified as property, plant and equipment and investment properties.

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 on 16.7% of the final aggregate of the gross individual unit selling price of the units of the 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 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 2019 was determined based on the present value of deferred payment discounted at 7.1%.

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

(b) On 29 March 2019, the Group entered into the following agreements with APSB to effect the proposed variation to the terms of the Joint Venture Agreement and the supplemental agreements ("Proposed Variation").

- a conditional settlement agreement to vary the terms of the Joint Venture Agreement and the supplemental agreements ("First Settlement Agreement");
- a conditional put option agreement whereby the Group shall grant to APSB a put option to sell and require the Group to purchase from APSB the identified retail units (as defined in the agreement) which remain unsold by APSB prior to the exercise of the put option during the option period ("Put Option Agreement"); and
- a conditional call option agreement whereby APSB shall grant to the Group a call option to buy and require APSB to sell to the Group the remaining retail units during the option period ("Call Option Agreement").

In accordance with the terms and conditions of the First Settlement Agreement, the agreement will become conditional and effective when the following conditions precedent are fulfilled and satisfied:

- the Group to obtain a grant of credit facilities from a reputable financial institution for a loan sum of not less than RM50 million (the "Loan"), and which part of the Loan granted shall be directly disbursed to APSB on the first drawdown (the "Covenanted Sum") as follows:

(i) For a Loan amount equal to or less than RM100 million, the Covenanted Sum shall be RM20 million;

(ii) For a Loan amount of more than RM100 million but equal to or less than RM150 million, the Covenanted Sum shall be RM30 million; and

(iii) For a Loan amount of more than RM150 million, the Covenanted Sum shall be RM35 million;

- the approval of the shareholders of the Company to enter into the Proposed Variation; and

- APSB to obtain the approval of the shareholders of its holding company, a company listed on the main market of Bursa Malaysia Securities Berhad to enter into the First Settlement Agreement.

In September 2019, the Group and APSB have mutually agreed in writing to extend the conditional period for another six months to 28 March 2020. However, the above conditions were not fully fulfilled on 28 March 2020. Accordingly, the First Settlement Agreement, Put Option Agreement and Call Option Agreement have lapsed.

(c) Subsequent to the current financial year ended 30 June 2020, the Group's Judicial Manager entered into a Conditional Settlement Agreement with APSB which sets out the terms and conditions governing the payment of the final settlement sum of RM40 million ("Final Settlement Sum") and other matters relating to the settlement ("Final Settlement Agreement"). In accordance with the terms and conditions of the Final Settlement Agreement, the agreement will become conditional and effective when the following conditions precedent are fulfilled and satisfied:

- the Group to obtain the sanction of the Malaysia High Court of the Final Settlement Agreement and to grant approval to allow the Group to create a first fixed charge over the collateralised units (as defined in the Final Settlement Agreement) in favour of APSB, to secure the settlement of the Final Settlement Sum and to obtain any other approvals which may be required by the Group to perform the Final Settlement Agreement for which the Group shall be caused to comply therein to satisfy the fulfilment of this condition precedent; and

- APSB to obtain and procure shareholders' approval of its ultimate holding company in an extraordinary general meeting to authorise APSB to enter into the Final Settlement Agreement with the Group.

The above conditions shall be fulfilled within six months from the date of the Final Settlement Agreement. If any of the above conditions are not fulfilled within the conditional period, the Group and APSB shall enter into negotiations in good faith for a period of one month from the expiry of the conditional period to consider an alternative or other arrangements.

As at the date of issuance of these financial statements, the above conditions have not been fulfilled. Notwithstanding the above, nothing has come to the attention of management that the above conditions could not be fulfilled within the conditional period.

(d) 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 costs as at 30 June 2020 and 30 June 2019 respectively. 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.

There was no fulfilment cost recognised in profit or loss for the year ended 30 June 2020 (2019: RM151,000).

There was no impairment loss in relation to the costs capitalised for the years ended 30 June 2020 and 2019.

(e) Total borrowing costs capitalised in inventory properties as at 30 June 2020 was Nil (2019: RM6,564,046). These borrowing costs relate to unwinding of interest for the consideration payable for the allocated land cost capitalised in inventory properties, which was calculated using the effective interest method of 7.1% for the previous year ended 30 June 2019. The capitalisation of borrowing costs is suspended during the year as no construction is carried out as at 30 June 2020.

Particulars of the inventory properties as at 30 June 2020 are as follows:

Location	Tenure	Land area (square feet)	Gross floor area (square feet)	Expected completion date
Tampoi, Johor Bahru (Malaysia)	Freehold	439,727	Retail mall: 762,451	Completed
			Serviced suites: 347,202	Temporarily suspended
			Serviced apartments: Between 172,954 and 223,427	Temporarily suspended

The serviced suites under construction and the serviced apartments under construction are temporarily suspended during the current financial year ended 30 June 2020. However, management has assessed that the net realisable value of these inventory properties is higher than its carrying amount and therefore no write down is necessary as at 30 June 2020.

17 Property, Plant and Equipment

(a) The additions to property, plant and equipment are by means of:

	Group 2020 RM'000	Group 2019 RM'000
Cash invested in property, plant and equipment	42	31,779
Interest capitalised [1]	-	863
Capitalisation of right-of-use asset	215	-
	257	32,642

(b) The purchase consideration of the Land has been recognised in property, plant and equipment (freehold land), investment properties 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 2019 was determined based on the present value of deferred payment discounted at 7.1%. The capitalisation of borrowing costs is suspended during the year as no construction is carried out as at 30 June 2020.

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

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

(d) Included in the net carrying amounts of the freehold land and building-in-progress are hotel under construction amounting to RM36,294,000 (2019: RM36,294,000). The hotel under construction is temporarily suspended during the current financial year ended 30 June 2020. However, management has assessed that the recoverable amount of the hotel under construction is higher than its carrying amount and therefore no impairment is necessary as at 30 June 2020.

(e) During the current financial year, the Group carried out a review of the recoverable amount of its property, plant and equipment due to losses incurred. An impairment loss of RM51,559,000 (2019: RM3,129,000) was recognised in profit or loss for the financial year ended 30 June 2020 as the recoverable amount of the assets was projected to be below its net carrying amount. The recoverable amount was computed based on value in use using a discounted cash flow projection. The pre-tax discount rate used was 12%.

34 Debt Settlement Proposal

On 14 February 2020, the Company's subsidiary, CCP has filed an application in the High Court of Malaya, Kuala Lumpur, Malaysia (the "Malaysia High Court") for an order to place itself under judicial management.

Pursuant to an order of the Judicial Commissioner of the Malaysia High Court dated 13 March 2020 ("JM Order"), CCP was placed under judicial management and a judicial manager ("Judicial Manager") was appointed to manage the affairs, business and property of CCP during the period of the JM Order.

On 25 September 2020, the Judicial Manager circulated the Statement of Proposal (the "SOP") to CCP's creditors in connection with the Debt Settlement Proposal under Section 420 of the Malaysia Companies Act 2016 ("Debt Settlement Proposal").

CCP shall settle the outstanding amounts/debt due to its creditors by cash, issuance of the Company's shares or by way of contra of the Group's retail units of the retail mall at the agreed transaction value of RM1,000 per square foot. The settlement of the outstanding amounts/debt due to its creditors by cash includes an amount due to the Inland Revenue Board of Malaysia of approximately RM40,000,000.

On 9 October 2020, CCP's creditors' meeting was convened with more than 75% in value of creditors present and voting in person or by proxy supporting the Judicial Manager's SOP.

On 16 October 2020, the Judicial Manager has filed the result of CCP's creditors' meeting with the Malaysia High Court, which is the effective date of the SOP.

As at the date of issuance of these financial statements, the Judicial Manager is in the process of implementing the Debt Settlement Proposal as described above; and has sought CCP's creditors' indulgence for a revised timeline for the SOP pending the resolution of the Conditional Settlement Agreement with APSB.

35 Scheme of Arrangement

On 13 February 2020, the Company filed to apply to the High Court of the Republic of Singapore (the "Court") to propose a Scheme of Arrangement for the purposes of implementing and facilitating the restructuring of its debt obligations and liabilities.

On 17 February 2020, the Company made an application to the Court for a moratorium pursuant to Section 211B(1) of the Singapore Companies Act, Chapter 50 (the "Act"), to commence the process of re-organising the liabilities of the Company and one of its subsidiaries, namely, CCP (the "Application").

On 15 July 2020, the Company proposed to enter into a "pre-packaged" Scheme of Arrangement (the "Scheme of Arrangement") with its creditors ("Scheme Parties") pursuant to Section 211I of the Act. The Scheme of Arrangement comprises principally the following elements:

(a) the Company shall allot and issue the new shares of the Company ("Scheme Shares") for 100 cents to the dollar for each of the approved claims of the Scheme Parties to extinguish all the Company's debts and liabilities through the issuance of Scheme Shares, such that no outstanding debts remain due to the Scheme Parties upon completion of the Scheme of Arrangement; and

(b) the Company shall allot and issue Scheme Shares to its subsidiary, CCP, in order for CCP to restructure its debts and liabilities by allotting and issuing Scheme Shares for 100 cents to the dollar of adjudicated claims by CCP such that no adjudicated claims by CCP remain due from CCP to its creditors after the terms of the Scheme of Arrangement have been executed.

On 12 August 2020, the Company filed an originating summons to obtain the Court's approval for the Scheme of Arrangement ("Sanction Application").

On 24 June 2021, the Court has sanctioned the Sanction Application and the order of the Court was lodged with the Accounting and Corporate Regulatory Authority of Singapore (ACRA) on 9 July 2021 ("Scheme Effective Date").

The following are the conditions precedent of the Scheme of Arrangement to be satisfied by the Company within twelve (12) months after the Scheme Effective Date:

(i) the receipt of approval-in-principle from the Singapore Exchange Securities Trading Limited ("SGX-ST") in relation to the dealing in, listing of and quotation for the Scheme Shares to be issued to the Scheme Parties;

(ii) the approval of the Company's independent shareholders (i.e. shareholders who are considered independent for the purposes of the proposed issue of the Scheme Shares to the certain Scheme Parties who are interested persons pursuant to Rule 804 and 812 of the Listing Manual) being obtained for the allotment and issuance of the Scheme Shares to the Scheme Parties and other resolutions (including, but not limited to interested party transactions) in connection thereto at an extraordinary general meeting; and

(iii) as at the Scheme Effective Date, there is no resolution being passed or order made for the winding up of the Company or its subsidiaries, no receiver, trustee, judicial manager or similar officer of the Company or its subsidiaries, their assets or any of them being appointed and no encumbrancer taking possession of their assets.

As at the date of issuance of these financial statements, the above conditions precedent have not been satisfied.