



Capital World Limited

Annual Report 2020

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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, Hilton hotel, serviced suites and serviced apartments located in Tampoi, Johor. Capital City Mall, part of the development, has been completed in the year 2018.

EXECUTIVE DIRECTOR AND CEO STATEMENT

Moving ahead, the group remains committed to complete our Capital City project while keeping an eye on potential business opportunities in neighboring countries.



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**”) and its subsidiaries (collectively, the “**Group**”) for the financial year ended 30 June 2020 (“**FY2020**”). FY2020 has been a hectic year and I would like to personally thank each of you for supporting us and trusting us along our journey.

After the Court had sanctioned the Scheme of Arrangement, the Company is preparing shareholders’ meeting to seek shareholders’ approval for the issuance of company shares to the creditors in settling their debts. Concurrently, the Company is also working towards to submit a Resumption of Trading to SGX Regco for the purpose to resume the trading activity of the Company.

OUTLOOK

As Capital World looks toward the coming future, a few things are certain.

The world as we know, will not be the same after the Covid-19 pandemic. Every organization must learn from these crises and implement changes that will enhance their resilience. We know some new ways of working and living will continue, and some old ways of interacting and collaborating will subside.

Malaysia has been hit hard with the COVID-19 pandemic especially with Movement Control Order (“**MCO**”) taking place since March 2020 and Capital World Limited has faced the toughest and most unique challenges this year amongst all. Yes, the pandemic will continue to test the economy, it will continue to test the breadth and depth in us, but we do not accept that our future is pre-ordained. It is ours to shape and take-charge.

We are in the right place at the right time. The low interest rates would attract higher investments, coupled with a substantial budget allocation for infrastructure projects from the Malaysian government and the continuity of the Home Ownership Campaign, the country’s property market is expected to see a robust recovery. We are cautiously optimistic that these market stimulant factors will help to revitalize the sales of our Capital City Project.

The Company is in the progress of implementing the recently sanctioned Scheme of Arrangement and upon completion of the Scheme of Arrangement as well as the proposed restructuring in our wholly owned subsidiary Capital City Property Sdn Bhd, are expected to extinguished substantial liabilities of the Group, and further improving the Group’s financial position for a favourable restart. After FY2020, we successfully reached a settlement with Achwell Property Sdn Bhd on 28 July 2021. With good progress in the restructuring, we are fully committed to work towards the resumption of the Company’s shares.

Even as we endured unprecedented stresses, we have been presented with a similar, unprecedented opportunity, that we will soon put to the platter. Looking at our main areas of work, we strive to continue to develop, with potential joint venture parties or by ourself after securing financing support; our core Capital City Project and see it blossom into a significant project in Johor Bahru, Malaysia. With that being said, our Group welcomes potential joint ventures or strategic alliances so that we can reach higher altitude together.

Moving ahead, the Group remains committed to complete our Capital City project while keeping an eye on potential business opportunities in neighbouring countries whereby we are actively identifying and exploring prospective businesses to complement the potential of our Group.

Looking to the immediate future, challenges will undoubtedly continue in 2021 where there is considerable slack in the property market. However, we are prepared for a market under pressure, where we will overcome all obstacles and develop strength and resilience.

With this opportunity, I will like to thank everybody in our team, all our stakeholders, and those who have supported us under such circumstances. Thank you for rising to the challenge over the past year and being willing to take part in our transformation.

Last but not least, I would like to again express my gratitude to all shareholders and we look forward to your continued faith and support as we welcome the exciting years ahead.

SIOW CHIEN FU
EXECUTIVE DIRECTOR
AND CHIEF EXECUTIVE OFFICER

FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2020 ("FY2020"), the Group achieved revenue of RM3.09 million, substantially lower than FY2019 of RM141.2 million on year-on year basis due to the Group's wholly owned subsidiary, Capital City Property Sdn Bhd; that contributed to the Group's property business was under debt restructuring exercise couple with the Covid 19 pandemic.

The Group recorded gross loss of RM1.8 million, significantly decreased by 102% in FY2020 which was mainly due to the higher direct operating expenses relating to the marble products' sales. The negative gross margin in FY2020 mainly attributable from the fixed costs such as depreciation of plant and equipment, and amortisation of mining rights relating to marble business.

The decrease in other income in FY2020 to RM6.4 million was mainly due to a one-off fair value gain of RM5.3 million financial derivatives, and absence of interest income of RM2.2 million.

The selling and distribution expenses comprise mainly consist of sales commission and advertising and promotional expenses. The decrease to RM2.0 million in FY2020 was mainly due to lesser occurrence of such selling and distribution activities, which was in line with the reduction in the Group's revenue from property division.

The impairment of property, plant and equipment of RM51.6 million recorded in the FY2020 has contributed significant increase in general administrative expenses.

In addition to the impairment mentioned above, the increase in general and administrative expenses of RM134.2 million to RM147.8 million in FY2020 was also due to higher allowance for impairment of trade and other receivable of RM29.3 million in FY2020.

The reduction in finance costs was due to repayment of the existing convertible bond and its associated finance costs.

The high income tax expenses in FY2020 was due to the reversal of deferred tax liability in FY2019.

As a result of the above factors, the Group recorded a loss after tax of RM152.6 million in FY2020, a decrease of 235% compared to RM45.6 million in FY2019.

FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 June 2020, the Group had equity attributable to owners of the Company of RM151.2 million, a decrease of RM151.90 million from RM303.1 million as at 30 June 2019.

Total assets comprised current assets of RM580.5 million and non-current assets of RM61.5 million as at 30 June 2020, registering a decrease of RM151.9 million. The decrease in total assets were mainly due to the following:

- Decrease in intangible assets due to impairment of mining rights and disposal of intangible assets of MCM Group;
- Decrease in trade receivables (current and non-current) mainly due to payment received during the current year, cancellation of sales, as well as the impairment of trade receivables and the disposal of a subsidiary, MCM Studio Entertainment Group Sdn Bhd;
- Decrease in deferred tax assets as it was expensed off due to no probable future taxable profit available;
- Decrease in cash and bank balances; and
- Decrease in investment property (non-current assets) due to transfer to non-current asset held for sales as management has committed to sell the investment property for the purpose of the implementation of the debt restructuring exercise.

Total liabilities comprised current liabilities of RM489.4 million and non-current liabilities of RM1.3 million as at 30 June 2020. Total liabilities decreased by RM0.8 million from RM491.5 million as at 30 June 2019 to RM490.7 million as at 30 June 2020. This was largely due to:

- Decrease in trade payable (non-current liabilities and current liabilities) due to the repayment made during the financial year; and

The decrease was offset by:

- Increase in other payables (current and non-current) due to other expenses incurred for debt restructuring exercise;
- Increase in deferred revenue due to increase in advance payments received from the customers recorded during the financial year.

As a result, the Group achieved a net current asset of RM91.0 million as compared to of RM178.5 million as at 30 June 2019.

The Group's total equity decreased from RM302.3 million as at 30 June 2019 to RM151.2 million as at 30 June 2020.

CONSOLIDATED STATEMENT OF CASH FLOWS

The Group's net cash used in operating activities was RM2.0 million in FY2020. This comprised mainly operating cash outflow before working capital changes of RM30.6 million, adjusted for net working capital inflow of RM31.2 million, and interest and tax payment of RM2.6 million.

The net working capital inflow was mainly due to increase in inventory properties, offset by the increase in trade and other payables and deferred revenue and decrease in trade and other receivables.

Net cash used in investing activities of RM0.3 million in FY2020 was mainly due to purchase of property, plant and equipment, and net cash outflow on disposal of subsidiaries.

Overall, cash and cash equivalents decreased to RM0.5 million as at 30 June 2020.

BOARD OF DIRECTORS



1. MR LOW CHAI CHONG

NON-EXECUTIVE INDEPENDENT CHAIRMAN

Appointed to the Board on 30 September 2019 as Non Executive Independent Chairman and Chairman of Remuneration Committee. Mr Low is an advocate and solicitor of the Supreme Court of Singapore and a Senior Partner at Dentons Rodyk Davidson LLP. He has more than 30 years of legal experience representing multinational corporations, financial institutions and listed companies in a wide array of commercial and corporate matters regionally, including dispute resolutions. He is routinely cited in various legal publications as a leading and distinguished Singapore lawyer. Mr Low graduated with a Bachelor of Laws (Honours) degree from the National University of Singapore.

He is also an independent director of Eneco Energy Limited, Moya Holdings Asia Limited and Yinda InFomm Limited, all of which are listed on the SGX-ST with principal commitment with Dentons Rodyk & Davidson LLP.

2. MR SIOW CHIEN FU

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Appointed to the Board on 4 May 2017 as Executive Director 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"). 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

Mr Siow does not hold any directorship with other listed companies.

BOARD OF DIRECTORS

3. MR LIM KIAN THONG

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Mr Lim joined the Board on 21 August 2020 as Non-Executive Independent Director and Chairman of the Audit Committee.

Armed with more than 30 years of financial and treasury experience gained from working as top management and board member in various financial institutions and a manufacturing company, Mr Lim is presently the Deputy COO of iFast Financial Pte Ltd, a wholly-owned subsidiary of iFAST Corporation Limited.

Prior to that, he was the Executive Director and Chief Financial Officer of PureCircle Limited, which was previously listed on the Premium Main Market of The London Stock Exchange, and CEO, Financial Investments of Hua Hong Foundation Investment Group (Singapore). From 2013 to 2019, he was the CEO/Executive Director of Haitong International Securities (Singapore) Pte Ltd. From 2009 to 2012, he worked in DMG & Partners Securities Pte Ltd as Director, Equity Capital Markets. From 2005 to 2009, he was the CEO/Executive Director of SBI E2-Capital Asia Securities Pte. Ltd.

Mr Lim has a Bachelor of Accountancy degree from National University of Singapore and a Master of Business Administration (Banking & Finance) degree from Nanyang Technological University, Singapore. He is also a Fellow, Chartered Accountant of Singapore and Fellow, CPA Australia.

He is also an independent director of United Global Limited and Sitra Holdings (International) Limited, all of which are listed on the SGX-ST with principal commitment with iFAST Financial Pte Ltd.

4. MR LAM KWONG FAI

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Mr Lam Kwong Fai was appointed as Non Executive Independent Director of our Company on 1 December 2020. He was appointed on 23 April 2021 as the Chairman of Nominating Committee.

Mr Lam is a director of various companies engaged in the business of providing corporate finance advisory and compliance advisory in Singapore and the region. He started his career as a regulator before moving into investment banking handling a variety of IPO and other corporate actions. He then moved into Catalist regulation, working with a wide portfolio of listed companies, advising on the listing rules and corporate governance. In his various capacities, he has amassed almost 20 years of experience in the Singapore corporate finance and regulatory scene. Mr Lam obtained a Bachelor of Accountancy from Nanyang Technological University in 2002.

He is also an independent director of China Kunda Technology Holdings Limited, Soon Lian Holdings Ltd and Pan Asian Holdings Limited, all of which are listed on the SGX-ST and D'Nonce Technology Bhd, which is listed on Bursa Malaysia. His principal commitments are with Auspac Management Services Pte. Ltd and Alder Corporate Services Pte. Ltd.

5. MS TAN LER CHOO

NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR

Appointed to the Board on 28 June 2019 as Non-Executive and Non-Independent Director, has a Diploma in Building Construction from Singapore Polytechnic in 1982. She has more than 30 years' experience in the Property Development and Construction industry with an extensive portfolio based in Singapore as well as in Malaysia, ranging from schools to major road works, high-rise residential and airport infrastructure, Mix-Development project, Hotels.

Ms.Tan is primarily responsible for organisation and general management of the Company's overall project development and construction works. She has an invaluable depth of experience having completed a wide range of projects extending from small-scale contracts to major works on public structures and luxury developments.

Notable Accomplishments & Completed Projects:

- Construction and improvement to the Kranji Catchment Drainage Scheme across various locations in Singapore including the massive expansion of the road drainage system
- The construction of prominent schools around Singapore
- The creative construction of the 'walkway and street furniture' for the Singapore Padang and other public structures, Park construction, facilities and landscaping for community parks
- The construction of aircraft parking aprons, associated taxiways and ancillary works and the construction of Expressways and Flyovers
- High-rise construction of a luxury residential in Singapore with over 1,000 units as well as a prominent commercial development venture
- Mix Development of retail, Residential & Hotel in Malaysia

Ms Tan does not hold any directorship with other listed companies with her principal commitment with Hatten Asset Management Sdn Bhd.

SENIOR MANAGEMENT

MS CHAN SHUH CHET **FINANCIAL CONTROLLER**

Ms Chan was appointed as Financial Controller on 27 May 2021 and is to take charge of the financial and accounting functions of the Capital World Group.

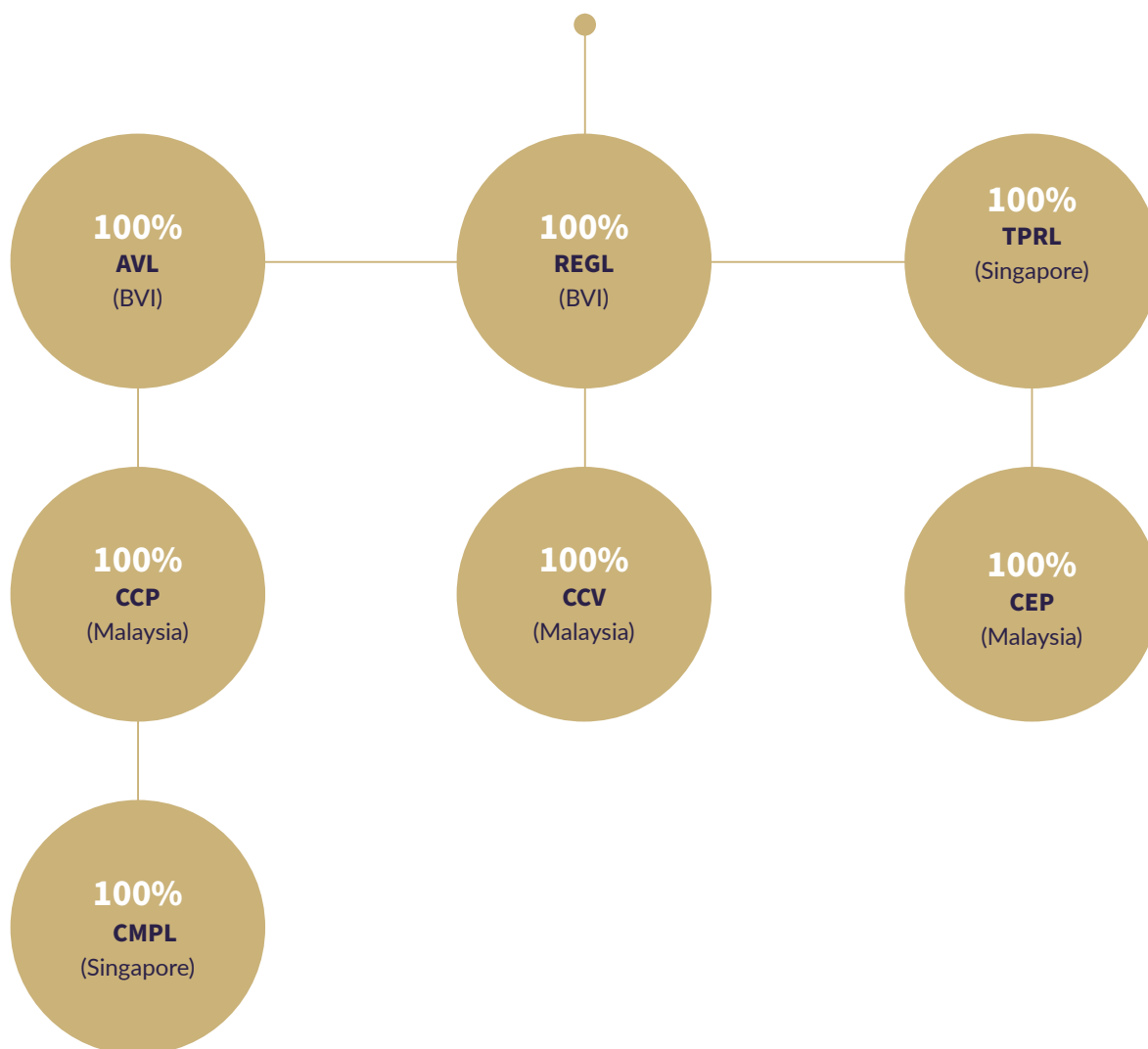
Prior to this appointment, Ms Chan was financial controller at Hua Hong Foundation Investment Holding Pte Ltd in 2020. From 2016 to 2019, she joined Vernal Venture Pte Ltd and VGO Corporation Ltd as financial consultant and undertook various corporate finance assignments prior to that.

She attained a Bachelor of Accounting (Hons) from Universiti Utara Malaysia in 1994, with close to 27 years of working experience in construction, property development, manufacturing, investment and finance.

CORPORATE STRUCTURE



CAPITAL WORLD LIMITED
(Listed on CATALIST)



Legend:

AVL: Altimate Ventures Limited
 REGL: Rise Expedition Global Limited
 CCP: Capital City Property Sdn Bhd
 CCV: Capital City Ventures Sdn Bhd
 CCMPL: Capital City Management Pte Ltd
 TPRL: Terratech Resources Pte Ltd
 CEP: CEP Resources Entitit Sdn Bhd

Note (1): Corporate Structure is as at the date of this annual report. First Star Ventures Limited and Capital City Frontier Sdn. Bhd were dormant and had been disposed and struck off respectively after FY2020.

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CORPORATE GOVERNANCE REPORT

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2018 AND CATALIST RULES

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

This corporate governance report, set out in tabular form, outlines the Company’s corporate governance structures and practices that were in place during the financial year ended 30 June 2020 (“**FY2020**”), with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”).

Provision	Code Description	Company’s Compliance or Explanation																												
BOARD MATTERS																														
The Board’s Conduct of Affairs																														
Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company																														
1.1	Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.	All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interests of the Group. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict. The Board comprises the following as at the respective dates: <table><tr><th colspan="2">Table 1.1.1 - Composition of the Board as at 30 June 2020</th></tr><tr><th>Name of director</th><th>Designation</th></tr><tr><td>Mr Low Chai Chong</td><td>Non-Executive and Independent Chairman</td></tr><tr><td>Mr Siow Chien Fu</td><td>Executive Director and Chief Executive Officer</td></tr><tr><td>Mr Yong Dennis (Note 1)</td><td>Executive Director</td></tr><tr><td>Mr Aw Eng Hai (Note 2)</td><td>Independent Director</td></tr><tr><td>Ms Tan Ler Choo (Note 5)</td><td>Non-Executive and Non-Independent Director</td></tr></table> <table><tr><th colspan="2">Table 1.1.2 - Composition of the Board as at the date of this report</th></tr><tr><th>Name of director</th><th>Designation</th></tr><tr><td>Mr Low Chai Chong</td><td>Non-Executive and Independent Chairman</td></tr><tr><td>Mr Siow Chien Fu</td><td>Executive Director and Chief Executive Officer</td></tr><tr><td>Mr Lim Kian Thong (Note 3)</td><td>Non-Executive and Independent Director</td></tr><tr><td>Mr Lam Kwong Fai (Note 4)</td><td>Non-Executive and Independent Director</td></tr><tr><td>Ms Tan Ler Choo (Note 5)</td><td>Non-Executive and Non-Independent Director</td></tr></table>	Table 1.1.1 - Composition of the Board as at 30 June 2020		Name of director	Designation	Mr Low Chai Chong	Non-Executive and Independent Chairman	Mr Siow Chien Fu	Executive Director and Chief Executive Officer	Mr Yong Dennis (Note 1)	Executive Director	Mr Aw Eng Hai (Note 2)	Independent Director	Ms Tan Ler Choo (Note 5)	Non-Executive and Non-Independent Director	Table 1.1.2 - Composition of the Board as at the date of this report		Name of director	Designation	Mr Low Chai Chong	Non-Executive and Independent Chairman	Mr Siow Chien Fu	Executive Director and Chief Executive Officer	Mr Lim Kian Thong (Note 3)	Non-Executive and Independent Director	Mr Lam Kwong Fai (Note 4)	Non-Executive and Independent Director	Ms Tan Ler Choo (Note 5)	Non-Executive and Non-Independent Director
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CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		Note 1: Mr Yong Dennis has resigned as the Executive Director on 31 December 2019. Note 2: Mr Aw Eng Hai has resigned as the Independent Director on 3 August 2020. Note 3: Mr Lim Kian Thong was appointed as the Independent Director on 21 August 2020. Note 4: Mr Lam Kwong Fai was appointed as the Independent Director on 1 December 2020 Note 5: Ms Tan Ler Choo is the aunt of substantial shareholders Tan June Teng Colin @ Chen Junting and Tan Ping Huang Edwin @ Chen Binghuang. 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 principal functions include: • 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; • Constructively challenge Management and review its performance; • Ensure transparency and accountability to key stakeholder groups. • Instill an ethical corporate culture and ensure that the Company's values, standards, policies and practices are consistent with the Company's culture; • Ensure compliance with all laws and regulations as may be relevant to the businesses; and • Ensure compliance with all laws and regulations as may be relevant to the business.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
1.2	Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.	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. All new first-time Directors (who have no prior experience as a director in a listed company) are also required to attend appropriate training in the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange within one year from the date of his appointment to the Board. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the Directors are circulated to all Directors by the Company Secretary. The Board, is also updated, from time to time, when new laws or regulations affecting the Group are introduced. The Directors are also encouraged to attend seminars and training courses that will assist them in executing their obligation and responsibilities as directors of the Company. Mr Lam has attended the following training from the date of appointment till to date: i) IVAS-IVSC Business Valuation Virtual Conference 2020 – October 2020 ii) Refinitiv The 12th Compliance and Anti-Money Laundering Seminar – December 2020 Mr Lim Kian Thong has enrolled in the relevant training courses offered by the Singapore Institute of Directors within one year from the date of his appointment. Other than the above, the other directors did not attend any training.
1.3	The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.	Matters that require the Board's approval include, amongst others, the following: • Significant acquisition and disposal of assets; • material borrowings and fund raising exercises; • share issuance and proposal of dividends; • budgets, financial results announcements, annual report and audited financial statements; and • material interested person transactions

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																																								
1.4	Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.	The Board has delegated certain responsibilities to the various Board committees, namely the Audit Committee (the "AC"), the Remuneration Committee (the "RC") and the Nominating Committee (the "NC") (collectively, the "Board Committees") with clearly defined terms of reference. The compositions of the Board Committees as at 30 June 2020 are as follows: <table><tr><th></th><th>AC</th><th>RC</th><th>NC</th></tr><tr><td>Chairman</td><td>Mr Aw Eng Hai</td><td>Mr Low Chai Chong</td><td>Ms Tan Ler Choo</td></tr><tr><td>Member</td><td>Mr Low Chai Chong</td><td>Mr Aw Eng Hai</td><td>Mr Low Chai Chong</td></tr><tr><td>Member</td><td>Ms Tan Ler Choo</td><td>Ms Tan Ler Choo</td><td>Mr Aw Eng Hai</td></tr></table> The compositions of the Board Committees as at the date of this Annual Report are as follows: <table><tr><th></th><th>AC</th><th>RC</th><th>NC</th></tr><tr><td>Chairman</td><td>Mr Lim Kian Thong</td><td>Mr Low Chai Chong</td><td>Mr Lam Kwong Fai</td></tr><tr><td>Member</td><td>Mr Low Chai Chong</td><td>Mr Lim Kian Thong</td><td>Mr Low Chai Chong</td></tr><tr><td>Member</td><td>Mr Lam Kwong Fai</td><td>Mr Lam Kwong Fai</td><td>Mr Lim Kian Thong</td></tr><tr><td>Member</td><td>Ms Tan Ler Choo</td><td>Ms Tan Ler Choo</td><td>Ms Tan Ler Choo</td></tr></table>		AC	RC	NC	Chairman	Mr Aw Eng Hai	Mr Low Chai Chong	Ms Tan Ler Choo	Member	Mr Low Chai Chong	Mr Aw Eng Hai	Mr Low Chai Chong	Member	Ms Tan Ler Choo	Ms Tan Ler Choo	Mr Aw Eng Hai		AC	RC	NC	Chairman	Mr Lim Kian Thong	Mr Low Chai Chong	Mr Lam Kwong Fai	Member	Mr Low Chai Chong	Mr Lim Kian Thong	Mr Low Chai Chong	Member	Mr Lam Kwong Fai	Mr Lam Kwong Fai	Mr Lim Kian Thong	Member	Ms Tan Ler Choo	Ms Tan Ler Choo	Ms Tan Ler Choo				
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Member	Ms Tan Ler Choo	Ms Tan Ler Choo	Ms Tan Ler Choo																																							
1.5	Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.	The Board meets on a quarterly basis, and as and when circumstances require. In FY2020, the number of the Board and Board Committee meetings held and the attendance of each Board member during FY2020 are shown below. <table><tr><th></th><th>Board</th><th>AC</th><th>NC</th><th>RC</th></tr><tr><td>No. of Meetings</td><td>6</td><td>4</td><td>1</td><td>1</td></tr><tr><td colspan="5">No. of Meetings attended by the Respective Directors</td></tr><tr><td>Mr Low Chai Chong (Note 1)</td><td>5</td><td>3</td><td>1</td><td>1</td></tr><tr><td>Mr Siow Chien Fu</td><td>6</td><td>4*</td><td>1*</td><td>1*</td></tr><tr><td>Ms Tan Ler Choo</td><td>6</td><td>4</td><td>1</td><td>1</td></tr><tr><td>Mr Aw Eng Hai (Note 2)</td><td>5</td><td>4</td><td>1</td><td>1</td></tr><tr><td>Mr Yong Dennis (Note 3)</td><td>1</td><td>1*</td><td>-</td><td>-</td></tr></table> Note: * By invitation Note 1: Mr Low Chai Chong was appointed as the Independent Director on 30 September 2019. Note 2: Mr Aw Eng Hai has resigned as the Independent Director on 3 August 2020. Note 3: Mr Yong Dennis has resigned as the Executive Director on 31 December 2019. The Company's constitution allows for meetings to be held through telephone, video-conference, or any other form of audio, audio-visual, electronic or instantaneous communication by which all persons participating in the meeting are able to hear and be heard by all other participants.		Board	AC	NC	RC	No. of Meetings	6	4	1	1	No. of Meetings attended by the Respective Directors					Mr Low Chai Chong (Note 1)	5	3	1	1	Mr Siow Chien Fu	6	4*	1*	1*	Ms Tan Ler Choo	6	4	1	1	Mr Aw Eng Hai (Note 2)	5	4	1	1	Mr Yong Dennis (Note 3)	1	1*	-	-
	Board	AC	NC	RC																																						
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CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company’s Compliance or Explanation		
1.6	Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.		Information	Frequency
		(a)	Updates to the Group’s operations and the markets in which the Group operates in	Quarterly
		(b)	Quarterly and full year financial results	Quarterly
		(c)	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	As and when, relevant
		(d)	Reports on on-going or planned corporate actions	As and when, relevant
		(e)	Internal auditors’ report(s)	As and when, available
		(f)	Research report(s)	As and when, requested
		(g)	Shareholding statistics	As and when, requested
			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.	
1.7	Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company’s expense. The appointment and removal of the company secretary is a decision of the Board as a whole.	Directors have separate and independent access to Management and the Company Secretary at all times. Individually or collectively, in order to execute their duties, Directors can obtain independent professional advice, where required, at the Company’s expense. The Company Secretary, or her representatives, attends all Board meetings and assists the respective Chairman of the Board Committees and Board in the conduct of meetings and ensure that procedures and corporate governance practices are adhered to. The appointment and the removal of the Company Secretary is a decision of the Board as a whole.		
Board Composition and Guidance				
Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.				
2.1	An “independent” director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgement in the best interests of the company,	As at the date of this report, the Board comprises five directors, three out of five are Independent Directors. As such, there is a strong and independent element on the Board.		

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																					
2.2	Independent directors make up a majority of the Board where the Chairman is not independent.	The Chairman of the Board is an Independent Director.																					
2.3	Non-executive directors make up a majority of the Board.	The Non-Executive Directors make up a majority of the Board.																					
2.4	The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.	The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows: The Board will undertake the following steps to maintain or enhance its balance and diversity: <table border="1"> <thead> <tr> <th></th><th>Number of Directors</th><th>Proportion of the Board (%)</th></tr> </thead> <tbody> <tr> <td>Core Competencies</td><td></td><td></td></tr> <tr> <td>Accounting or finance</td><td>2</td><td>40.0</td></tr> <tr> <td>Business Management</td><td>5</td><td>100.0</td></tr> <tr> <td>Legal or Corporate Governance</td><td>2</td><td>40.0</td></tr> <tr> <td>Relevant Industry knowledge or experience</td><td>3</td><td>60.0</td></tr> <tr> <td>Strategic Planning Experience</td><td>5</td><td>100.0</td></tr> </tbody> </table> The Board will undertake the following steps to maintain or enhance its balance and diversity: • annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and • annual 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.		Number of Directors	Proportion of the Board (%)	Core Competencies			Accounting or finance	2	40.0	Business Management	5	100.0	Legal or Corporate Governance	2	40.0	Relevant Industry knowledge or experience	3	60.0	Strategic Planning Experience	5	100.0
	Number of Directors	Proportion of the Board (%)																					
Core Competencies																							
Accounting or finance	2	40.0																					
Business Management	5	100.0																					
Legal or Corporate Governance	2	40.0																					
Relevant Industry knowledge or experience	3	60.0																					
Strategic Planning Experience	5	100.0																					
2.5	Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.	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 and/or discussed informally on various occasions without the presence of Management in FY2020.																					

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<u>Chairman and Chief Executive Officer</u>		
Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.		
3.1	The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.	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 Independent Chairman, Mr Low Chai Chong, is not related to the CEO. The Independent 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.
3.2	The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.	The Chairman is a Non-Executive and Independent Director. He is available to shareholders where they have concerns, and for which contact through the normal channels of communication with the Management are inappropriate or inadequate. The appointment of a Lead Independent Director is not necessary given that the majority of the Board, including the Chairman is independent.
3.3	The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.	

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
Board Membership		
Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.		
4.1	The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to: (a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel; (b) the process and criteria for evaluation of the performance of the Board, its board committees and directors; (c) the review of training and professional development programs for the Board and its directors; and (d) the appointment and re-appointment of directors (including alternate directors, if any).	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.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
4.2	The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.	As at the date of this report, the NC comprises four directors, majority of whom including the NC Chairman are independent. The members of the NC are Mr Lam Kwong Fai, Mr Low Chai Chong, Mr Lim Kian Thong and Ms Tan Ler Choo. The Chairman of the NC is Mr Lam Kwong Fai, an Independent Non-Executive Director.
4.3	The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.	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 Provision 5 of this report. The NC has recommended to the Board that Mr Siow Chien Fu, Mr Lim Kian Thong, and Mr Lam Kwong Fai be re-elected at the forthcoming AGM. The Board has accepted the NC's recommendation. - Mr Siow Chien Fu, will, upon re-election as Director of the Company, remain as Executive Director and Chief Executive Officer. - Mr Lam Kwong Fai, will, upon re-election Director of the Company, remain as Non-Executive and Independent Director of the Company, remain as Chairman of the Nominating Committee, and member of the Audit Committee and Remuneration Committee. Mr Lam will be considered independent for purposes of Rule 704(7) of the Catalist Rules. - Mr Lim Kian Thong, will, upon re-election as Director of the Company, remain as Non-Executive and Independent Director, remain as Chairman of the Audit Committee, and member of the Nominating Committee and Remuneration Committee. Mr Lim will be considered independent for purposes of Rule 704(7) of the Catalist Rules. Pursuant to Rule 720(5) of the Catalist Rules, the additional information set in Appendix 7F of the Catalist Rules relating to Mr Siow Chien Fu, Mr Lam Kwong Fai, and Mr Lim Kian Thong who are seeking re-appointment is disclosed as Appendix to this Corporate Governance Report and is to be read in conjunction with their respective biography under the respective sections of this annual report.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
4.4	The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.	The NC does determine annually whether each of the Independent Directors still meet the criteria of an Independent Director. The Independent Directors had confirmed their independence in accordance with the Code and Rule 406(3)(d) of the Catalist Rules. The NC had also assessed the independence of each Independent Director and is satisfied that Mr Low Chai Chong, Mr Lim Kian Thong and Mr Lam Kwong Fai to be independent.
4.5	The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitment of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.	All newly appointed Directors will undergo an orientation program where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of director of a listed company. To obtain a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational sites and meet with key management personnel. Although some of the Board members have multiple board representations and other principal commitments, the NC is satisfied that the Directors have devoted sufficient time and attention to the Group. The NC is of the view that setting a maximum number of listed board representations that any Director may hold is not necessary as all the Directors are able to devote to the Company's affairs in light of their other commitments. However, as a general guideline to address time commitments that may be faced, a Director who holds more than five listed company board representations (including the appointment with Company) will consult the Chairman of the NC before accepting any new appointments as a Director. The considerations in assessing the capacity of Directors include the following: • Expected and/or competing time commitments of Directors; • Geographical location of Directors; • Size and composition of the Board; • Nature and scope of the Group's operations and size; and • Capacity, complexity and expectations of the other listed directorships and principal commitments held. 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 for FY2020.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company’s Compliance or Explanation								
<u>Board Performance</u>										
Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.										
5.1	The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.	Table 5.1 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. 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 5.1 – 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.	Table 5.1 – Performance Criteria		Performance Criteria	Board and Board Committees	Qualitative	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	Quantitative	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.
Table 5.1 – Performance Criteria										
Performance Criteria	Board and Board Committees									
Qualitative	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									
Quantitative	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.									

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
5.2	The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.	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 FY2020, the review process was as follows: 1. All Directors individually completed a board and board committee performance evaluation 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.
REMUNERATION MATTERS Procedures for Developing Remuneration Policies Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.		
6.1	The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on: (a) a framework of remuneration for the Board and key management personnel; and (b) the specific remuneration packages for each director as well as for the key management personnel.	The RC is guided by key terms of reference as follows: (a) reviewing and recommending annually to the Board, the framework of remuneration and specific remuneration packages for each Director as well as for the key management personnel; (b) 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; (c) reviewing annually the remuneration of employees who are immediate family members of a Director or CEO whose remuneration exceeds S\$100,000 during the year; (d) reviewing the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service; (e) 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; (f) 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; (g) administering the Schemes (where it is implemented); and (h) perform such other functions and duties as many be required by the code.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
6.2	The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.	The members of the RC are Mr Low Chai Chong, Mr Lim Kian Thong, Mr Lam Kwong Fai and Ms Tan Ler Choo. The Chairman of the RC is Mr Low Chai Chong, an Independent Non-Executive Director.
6.3	The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.	Please refer to Provision 6.1 above.
6.4	The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.	No remuneration consultants were engaged by the Company in FY2020.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

7.1	A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.	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 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.
7.2	The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.	The remuneration of the Non-Executive Directors (including Independent Director) is determined by their contributions to the Company, taking into account factors such as efforts and time spent as well as their responsibilities on the Board and Board Committees, if applicable. The Directors' fees of the Non-Executive Directors are subject to approval by shareholders at each annual general meeting.
7.3	Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.	The Company's remuneration policy 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 Directors the link on total compensation has to the achievement of organisational and individual performance objectives and benchmarked against relevant and comparative compensation in the market.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																																																																
8.1	The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel	The breakdown for the remuneration of the Directors in FY2020 is as follows: <table><tr><th>Name</th><th>Salary</th><th>Bonus</th><th>Director fees</th><th>Other</th><th>Total</th></tr><tr><td>Mr Low Chai Chong</td><td>-</td><td>-</td><td>100%</td><td>-</td><td>100%</td></tr><tr><td>Mr Siow Chien Fu (CEO)</td><td>65.2%</td><td>21.7%</td><td>-</td><td>13.1%</td><td>100%</td></tr><tr><td>Mr Lim Kian Thong (Note 1)</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Mr Lam Kwong Fai (Note 2)</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Ms Tan Ler Choo</td><td>-</td><td>-</td><td>100%</td><td>-</td><td>-</td></tr><tr><td>Mr Aw Eng Hai (Note 3)</td><td>-</td><td>-</td><td>100%</td><td>-</td><td>100%</td></tr><tr><td>Mr Yong Dennis (Note 4)</td><td>100%</td><td>-</td><td>-</td><td>-</td><td>100%</td></tr></table> Note 1: Mr Lim Kian Thong was appointed as the Independent Director on 21 August 2020. Note 2: Mr Lam Kwong Fai was appointed as the Independent Director on 1 December 2020 Note 3: Mr Aw Eng Hai has resigned as the Independent Director on 3 August 2020. Note 4: Mr Yong Dennis has resigned as the Executive Director on 31 December 2019. The Company did not disclose the total remuneration of each individual director in dollar terms given the commercial sensitivity of the 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. Save for the Executive Directors, the Company only has 2 top key management personnel ("KMP") in FY2020 and the breakdown of their remuneration in FY2020 is as follows: <table><tr><th>Name</th><th>Salary</th><th>Bonus</th><th>Total</th></tr><tr><td colspan="4">Below S\$250,000</td></tr><tr><td>Zhang Da (Note 1)</td><td>75.00%</td><td>25.00%</td><td>100.00%</td></tr><tr><td>Foo Chuan Biao (Note 2)</td><td>100.00%</td><td>0.00%</td><td>100.00%</td></tr></table> Note 1: Mr Zhang Da resigned as Chief Financial Officer on 31 December 2019. Note 2: Mr Foo Chuan Biao was appointed on 28 February 2020 and resigned as Financial Controller on 2 November 2020. The total remuneration paid to these key management personnel in FY2020 are RM591,000.	Name	Salary	Bonus	Director fees	Other	Total	Mr Low Chai Chong	-	-	100%	-	100%	Mr Siow Chien Fu (CEO)	65.2%	21.7%	-	13.1%	100%	Mr Lim Kian Thong (Note 1)	-	-	-	-	-	Mr Lam Kwong Fai (Note 2)	-	-	-	-	-	Ms Tan Ler Choo	-	-	100%	-	-	Mr Aw Eng Hai (Note 3)	-	-	100%	-	100%	Mr Yong Dennis (Note 4)	100%	-	-	-	100%	Name	Salary	Bonus	Total	Below S\$250,000				Zhang Da (Note 1)	75.00%	25.00%	100.00%	Foo Chuan Biao (Note 2)	100.00%	0.00%	100.00%
Name	Salary	Bonus	Director fees	Other	Total																																																													
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Ms Tan Ler Choo	-	-	100%	-	-																																																													
Mr Aw Eng Hai (Note 3)	-	-	100%	-	100%																																																													
Mr Yong Dennis (Note 4)	100%	-	-	-	100%																																																													
Name	Salary	Bonus	Total																																																															
Below S\$250,000																																																																		
Zhang Da (Note 1)	75.00%	25.00%	100.00%																																																															
Foo Chuan Biao (Note 2)	100.00%	0.00%	100.00%																																																															

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
8.2	The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	Except for Mr. Siow Chien Fu, who is controlling shareholder of the company, is also Chief Executive Officer of the Company. There were no employees of the Group who are substantial shareholders of the Company or an immediate family member of a Director, the CEO or substantial shareholder of the Company and whose remuneration exceeded S\$100,000 in FY2020.
8.3	The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.	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 FY2020. 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. The Company currently does not have any employee share option or share schemes.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders

9.1	The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.	The Company manages risks under an overall strategy determined by the Board and supported by the AC. The Company sets acceptable risk management standards and periodically reviews the risks that the Group is subject to. The Board recognises that it is responsible for the overall internal control framework but accepts that no internal control system or risk management will preclude all errors and irregularities such as poor judgement in decision making, human error, losses or fraud, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The AC will annually: • satisfy itself that adequate measures are being made to identify and mitigate any material business risks associated with the Group; • ensure that a review of the effectiveness of the Group's material internal controls, including financial, operating, information technology and compliance controls and risk management, is conducted at least annually. Such review can be carried out by the internal auditors; • ensure that the internal control recommendations made by internal auditors and the management letter recommendations by external auditors (noted during the course of the statutory audit) have been implemented; and
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CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		- ensure the Board is in a position to comment on the adequacy and effectiveness of the internal controls of the Group. The Board with the assistance of the internal auditors, determines the Company's levels of risk tolerance and risk policies and oversees Management in the design, implementation and monitoring of the risk management and internal control systems. The Board also reviews compliance issues, if any, as and when required. During FY2020, the Company underwent a court-supervised restructuring for Scheme of Arrangement pursuant to to Section 211B(1) of the Companies Act (Cap. 50) since February 2020 Further, the Company's wholly owned subsidiary Capital City Property Sdn Bhd was placed under judicial management on 13 March 2020 and the operation of the company has been handover to judicial manager. The Group's other wholly owned subsidiary, CEP Resources Sdn Bhd ("CEP") which is in mining business has temporarily ceased operation since November 2020 mainly due to the Movement Control Orders enforced by Malaysia's government since the start of the Covid 19 pandemic. As such, the Group's operating activities during FY2020 was very minimal. The Board and AC had assessed the adequacy and effectiveness of the existing internal controls in place, vis-à-vis the level of operations of the Group and its current restructuring status and are of the view that notwithstanding the absence of the internal audit function for FY2020, the existing internal controls addressing the Group's financial, operational, compliance and information technology controls and risk management systems are effective and adequate. The bases for the Board's view are as follows: - Assurance has been received from the CEO and Financial Controller. - Key management personnel regularly evaluates, monitors and reports to the AC on material risks; and - Discussions were held between the AC and the external auditors in the absence of the Management to review and address any potential concerns.
9.2	The Board requires and discloses in the company's annual report that it has received assurance from: (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.	Yes, the Board has obtained such assurance from the CEO and Financial Controller in respect of FY2020. The Board has also relied on the CEO and the Financial Controller that the financial records have been properly maintained and the financial statements gave true and fair view of the Group's operations. Please also refer to Provision 10.4 for details regarding Board and AC's views about the Group's IA' function.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
Audit Committee		
Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.		
10.1	The duties of the AC include: (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance; (b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems; (c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements; (d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors; (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and (f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.	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 and internal 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;

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Provision	Code Description	Company's Compliance or Explanation
		(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); (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; (n) reviewing the assurance from the CEO and the CFO on the financial records and financial statements; and (o) perform such other functions and duties as may be required by the relevant Code. There were no non-audit services provided by the external auditors ("Moore Stephens LLP") for FY2020 and the AC has reviewed and is satisfied with the independence of Moore Stephens LLP. The AC recommends the re-appointment of Moore Stephens LLP and approved the remuneration and terms of engagement of Moore Stephens LLP. The amount of audit fee paid to Moore Stephens LLP can be found on page 86 of the Annual Report. Moore Stephens LLP have expressed that they will be seeking for re-appointment at the upcoming AGM. 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 aside from certain complaints that were not related to the Group where certain buyers of the property units made a false allegations on the rental payments which shall be paid by third party company who is unrelated to the Group. 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.
10.2	The AC comprises at least three directors, all of whom are non- executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.	The AC comprises Mr Lim Kian Thong, Mr Low Chai Chong, Mr Lam Kwong Fai and Ms Tan Ler Choo, all of whom are non-executive and majority of whom are independent. The AC Chairman is Mr Lim Kian Thong, an Independent Non-Executive Director. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

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Provision	Code Description	Company's Compliance or Explanation
10.3	The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.	The AC does not comprise any former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.
10.4	The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.	The Company has not appointed any internal auditor ("IA") since the conclusion of the FY2019 internal audit as it is undergoing a Scheme of Arrangement and its wholly-owned subsidiary Capital City Property Sdn Bhd was placed under Judicial Management. The Board and AC had assessed the adequacy and effectiveness of the existing internal controls in place, vis-à-vis the level of operations of the Group and its current restructuring status and are of the view that notwithstanding the absence of the internal audit function for FY2020, the existing internal controls addressing the Group's financial, operational, compliance and information technology controls and risk management systems are effective and adequate. The Company expects that it will be in a better position to negotiate its Resumption Proposal pursuant to Catalist Rule 1304(1) ("Resumption Proposal") post the Court's sanction and estimates to submit the Resumption Proposal to SGX RegCo by 31 December 2021. The Resumption Proposal shall include its new business direction and new potential businesses and the Directors expects to review and make changes to its existing internal control and risk management systems to align with its new business direction during the implementation of its Resumption Proposal. The Directors expects that they will be in a better position to discuss the scope of the internal audit with the incoming IA for the financial year ending 30 June 2022.
10.5	The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.	The AC has met Moore Stephens LLP on various occasions without the presence of Management for FY2020.

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Provision	Code Description	Company's Compliance or Explanation
STAKEHOLDER RIGHTS AND ENGAGEMENT		
<u>Shareholders' Rights</u>		
Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.		
11.1	The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing 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. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (amended on 29 September 2020) (the "Order"), and the joint statement issued by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation on 1 October 2020 providing additional guidance on the conduct of general meetings of listed and non-listed entities during elevated safe distancing period (the "Guidance"), the Company's annual general meeting ("AGM") will be held by way of electronic means and shareholders and members are unable to physically attend the AGM. Accordingly, shareholders and members (including those attending the meeting physically (e.g. management shareholders or members)) must vote by proxy only, and only the chairman of the AGM may be appointed as proxy. Shareholders and members should specifically indicate how they wish to vote for or vote against (or abstain from voting on) the resolutions to be tabled at the forthcoming AGM.
11.2	The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are " bundled ", the company explains the reasons and material implications in the notice of meeting.	All resolutions are tabled separately at general meetings of shareholders.

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Provision	Code Description	Company's Compliance or Explanation
11.3	All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.	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. Except as provided for by the Order and Guidance, 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. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the shareholders' meetings. The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries by our shareholders. The Company will make available minutes of general meetings to shareholders upon their request. Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.
11.4	The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.	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. In view of the current COVID-19 situation and the related safe distancing measures A shareholder WILL NOT be able to attend the AGM in person. If a shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

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Provision	Code Description	Company's Compliance or Explanation
11.5	The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.	The minutes of the general meetings of shareholders will be made available to shareholders upon their request. Pursuant to the Order and Guidance, the minutes of the Company's upcoming AGM will be published on SGXNET within one month after the AGM.
11.6	The company has a dividend policy and communicates it to shareholders.	The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on the shares will depend on, among other things, the Group's operating results, financial conditions, cash flows, expected future earnings, capital expenditure program(s) and investment plans, the terms of the Group's borrowing arrangements (if any) and other factors deemed relevant by the Directors. No dividend has been declared or recommended for the year ended 30 June 2020 as the Group's funds is required to be used for the Group's operations.
<u>Engagement with Shareholders</u>		
Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.		
12.1	The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.	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. All price sensitive will be first released through SGXNET before the Company meets with any investors or analysts. Shareholders are welcome to directly contact the registered office of the Company.
12.2	The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.	
12.3	The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.	

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Provision	Code Description	Company’s Compliance or Explanation
<u>MANAGING STAKEHOLDER RELATIONSHIPS</u>		
<u>Engagement with Stakeholders</u>		
Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.		
13.1	The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.	Shareholders, the investment community, media and analysts are kept informed of the Group's performance, progress and prospects and major developments of the Company on a timely basis through various communication such as announcements, including quarterly and full-year financial results announcements, via SGXNET; and annual reports and notices of general meetings. The Company’s corporate website is under maintenance for the time being. Shareholders can contact the Company via its registered address details disclosed in the corporate information.
13.2	The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	
13.3	The company maintains a current corporate website to communicate and engage with stakeholders.	
<u>COMPLIANCE WITH APPLICABLE CATALIST RULES</u>		
712, 715 or 716	Appointment of auditors	The Company confirms its compliance with Rule 712 and Rule 716 of the Catalist Rules. Certain Singapore incorporated subsidiaries of the Company were audited by other auditors as disclosed in Note 20 to the financial statements in this report. The Board and AC have considered and are satisfied that the appointment of other auditors would not compromise the standard and effectiveness of the audit of the Group by the external auditors as these Singapore incorporated subsidiaries are dormant during FY2020.
1204(8)	Material contracts	Save as disclosed in the CR1204(17) below, there were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder.
1204(10)	Confirmation of adequacy of internal controls	The Board, with the concurrence of the AC, is of the opinion that the internal controls and risk management systems established are adequate and effective to address the financial, operational, information technology and compliance risks based on the following: • assurance from the CEO and FC; and • reviews done by the various Board Committees and Management. Please also refer to Provision 10.4 for details regarding Board and AC’s views about the Group’s IAF.
1204(10C)	AC’s comment on Internal Audit Function (“IAF”) whether the internal audit function is independent, effective and adequately resourced.	Please also refer to Provision 10.4 for details regarding Board and AC’s views about the Group’s IAF.

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Provision	Code Description	Company's Compliance or Explanation		
1204(17)	Interested persons transaction ("IPT")	The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC and they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.		
		Save as disclosed below, there were no IPTs that was equal to or had exceeded S\$100,000 for the year ended 30 June 2020.		
		Name of Interested Persons and Transactions	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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
			RM'000	RM'000
		RDC Arkitek Sdn Bhd (an associate of controlling shareholder of the Company, Mr Siow Chien Fu, for the provision of architectural consultation services)	726	-
		Note (1): Mr Siow Chien Fu ceased to be a shareholder and director of RDC Arkitek Sdn. Bhd. with effect from 19 November 2019.		
1204(19)	Dealing in securities	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.		
1204(21)	Non-sponsor fees	In FY2020, no non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd.		
1204(22)	Use of proceeds	There were no outstanding proceeds arising from initial public offering and/or any offerings pursuant to Chapter 8 of the Catalist Rules.		

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APPENDIX

DECLARATION WITH REGARD TO RE-APPOINTMENT OF DIRECTOR

(This form is based on Appendix 7F and is to be completed when a candidate is proposed to be re-elected to the board at a general meeting)

Date of Appointment	4 May 2017
Name of Person	Siow Chien Fu
Age	59
Country of Principal Residence	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr Siow's who is an architect by profession with extensive experience in property management related business will strengthen the management of the Group. The Board of Directors having considered Mr Siow's qualification and experience, concurred with the Nominating Committee and approved the re-appointment of Mr Siow as the Executive Director and Chief Executive Officer of the Company.
Whether appointment is executive, and if so, the area of responsibility	Mr Siow will be responsible for the strategy setting and management and operations of the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Executive Officer
Professional qualifications	Mr Siow graduated with a Bachelor of Architect from University of Kansas in the USA. He is member of the Pertubuhan Arkitek Malaysia as well the registered Architect of the National Council of Architectural Registration Boards of the State of Missouri, USA, This Missouri Board of Architect, Professional Engineers and Land Surveyors and Lembaga Arkitek Malaysia.
Working experience and occupation(s) during the past 10 years	1992 to 2019 RDC Arkitek Sdn Bhd 2013 to Present CEO of Capital City Properties Sdn Bhd
Shareholding interest in the listed issuer and its subsidiaries	Yes
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments ¹ Including Directorships – Past (for the last 5 years)	1. RDCA Sdn Bhd 2. H Guys Restaurant Sdn Bhd 3. Sun Plus Development Sdn Bhd 4. Pergola Hotel Sdn Bhd 5. Tanah Wajib Sdn Bhd 6. Eco Eight Sdn Bhd 7. Ecobina Sdn Bhd 8. Eco One Sdn Bhd 9. Sunbuild Development Sdn Bhd 10. Hup Heng Blossom Sdn Bhd 11. First Star Venture Limited 12. Capital City Frontier Sdn Bhd 13. Baiduri Megaria Sdn Bhd 14. RDC Arkitek Sdn Bhd 15. RDC Arkitek (KL) Sdn Bhd 16. RDCA Holdings Sdn Bhd 17. Eco Tree Hotel Sdn Bhd 18. Eco Associate Sdn Bhd 19. Ruby Resources Sdn Bhd 20. Bintang Simfoni Sdn Bhd 21. Express Inn Sdn Bhd

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Other Principal Commitments Including Directorships – Present	1. Altimate Ventures Limited 2. Rise Expedition Global Limited 3. Capital City Management Pte Ltd 4. Capital City Ventures Sdn Bhd 5. Terratech Resources Pte Ltd 6. Sri Pelanji Sdn Bhd 7. Bestari Bestmart Sdn Bhd 8. Zillion Enrich Sdn Bhd 9. CEP Resources Sdn Bhd 10. Capital City Property Sdn Bhd 11. AMI Architects Sdn Bhd 12. Revenue Sprint Sdn Bhd 13. Yoleko Sdn Bhd Principal Commitment Capital World Limited CEO
1 “Principal Commitments” shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.	
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	☐ Yes ☒ No If yes, please provide full details:-
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	☐ Yes ☒ No If yes, please provide full details:-
(c) Whether there is any unsatisfied judgment against him?	☐ Yes ☒ No If yes, please provide full details:-
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	☐ Yes ☒ No If yes, please provide full details:-
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	☐ Yes ☒ No If yes, please provide full details:-

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(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	☐ Yes ☒ No If yes, please provide full details:-
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	☐ Yes ☒ No If yes, please provide full details:-
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	☐ Yes ☒ No If yes, please provide full details:-
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	☐ Yes ☒ No If yes, please provide full details:-
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	☐ Yes ☒ No If yes, please provide full details:-
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	☐ Yes ☒ No If yes, please provide full details:-
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	☐ Yes ☒ No If yes, please provide full details:-
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere.	☐ Yes ☒ No If yes, please provide full details:-
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	Not applicable
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	☐ Yes ☒ No If yes, please provide full details:-

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DECLARATION WITH REGARD TO RE-APPOINTMENT OF DIRECTOR

(This form is based on Appendix 7F and is to be completed when a candidate is proposed to be re-elected to the board at a general meeting)

Date of Appointment	21 August 2020
Name of Person	Lim Kian Thong
Age	58
Country of Principal Residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Nominating Committee and Board of Directors of the Company have reviewed and considered Mr Lim Kian Thong's qualifications and work experience and are of the opinion that he is suitable for the role of Non Executive Director of the Company and approved the re-appointment of Mr Lim Kian Thong as the Non Executive Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive and Independent Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	1) Chairman of Audit Committee 2) Member of Nominating Committee 3) Member of Remuneration Committee.
Professional qualifications	1) Bachelor of Accountancy, National University of Singapore 2) Master of Business Administration (Banking & Finance), Nanyang Technological University, Singapore. 3) Fellow, Chartered Accountant of Singapore. 4) Fellow, CPA Australia
Working experience and occupation(s) during the past 10 years	October 2020 to Present IFAST Financial Pte Ltd Deputy COO February 2020 to June 2020 PureCircle Limited (formerly listed on the Main Market of the London Stock Exchange) Chief Financial Officer/Executive Director September 2019 to January 2020 Hua Hong Foundation Investment Holding (Singapore) Pte. Ltd. Chief Executive Officer - Financial Investments April 2013 to August 2019 Haitong International Securities (Singapore) Pte. Ltd. CEO/Executive Director June 2009 to August 2012 DMG & Partners Securities Pte. Ltd. Director, ECM February 2005 to May 2009 SBI E2-Capital Asia Securities Pte. Ltd. CEO/Executive Director/Company Secretary
Shareholding interest in the listed issuer and its subsidiaries	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes

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Other Directorships – Past (for the last 5 years)	1. PureCircle Limited (formerly listed on the Premium Main Market of The London Stock Exchange) 2. Haitong International Securities (Singapore) Pte. Ltd. 3. Haitong International Securities Group (Singapore) Pte. Ltd. 4. Haitong International Financial Products (Singapore) Pte Ltd 5. Haitong International Asset Management (Singapore) Pte. Ltd. (f.k.a. Haitong International Investment (Singapore) Pte Ltd) 6. Haitong International Financial Services (Singapore) Pte Ltd (f.k.a. G. K. Goh Financial Services (S) Pte. Ltd.) 7. Haitong Global Investment SPC 8. Haitong Freedom Multi - Tranche Master Bond Fund 9. Harvest Global Technology Fund S.P. 10. Haitong Global Investment SPC IV 11. Haitong Global Investment SPC II 12. Haitong Freedom Multi Tranche Bond Fund 13. Haitong Global 13. 13.Investment SPC III 14. Haitong Global Investment SPC V 15. Haitong International Investment Fund SPC 16. Haitong Global Investment SPC VI 17. Haitong International Innovation Fund SPC
Other Principal Commitments ¹ Including Directorships – Present	1. Sitra Holdings (International) Limited 2. Bondsupermart Pte. Ltd. 3. iFAST Securities US Corporation 4. United Global Limited 5. Lim & Partners Advisory Services Pte. Ltd. Principal Commitment Deputy COO of iFAST Financial Pte Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.	
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	☐ Yes ☒ No If yes, please provide full details:-
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	☐ Yes ☒ No If yes, please provide full details:-
c) Whether there is any unsatisfied judgment against him?	☐ Yes ☒ No If yes, please provide full details:-
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	☐ Yes ☒ No If yes, please provide full details:-

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e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	☐ Yes ☒ No If yes, please provide full details:-
f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	☐ Yes ☒ No If yes, please provide full details:-
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	☐ Yes ☒ No If yes, please provide full details:-
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	☐ Yes ☒ No If yes, please provide full details:-
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	☐ Yes ☒ No If yes, please provide full details:-
j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	
(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	☐ Yes ☒ No If yes, please provide full details:-
(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	☐ Yes ☒ No If yes, please provide full details:-
(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	☐ Yes ☒ No If yes, please provide full details:-
(iv)	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere.	☐ Yes ☒ No If yes, please provide full details:-
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	Not applicable
k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	☐ Yes ☒ No If yes, please provide full details:-

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DECLARATION WITH REGARD TO RE-APPOINTMENT OF DIRECTOR

(This form is based on Appendix 7F and is to be completed when a candidate is proposed to be re-elected to the board at a general meeting)

Date of Appointment	1 December 2020
Name of Person	Lam Kwong Fai
Age	42
Country of Principal Residence	<i>Singapore</i>
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has reviewed the Nomination Committee's recommendation and the qualifications and experience of Mr Lam Kwong Fai and has approved the re-appointment of Mr Lam Kwong Fai as Non Executive Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-executive Independent Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	1) Chairman of the Nominating Committee 2) Member of Audit Committee 3) Member of Remuneration Committee
Professional qualifications	Mr Lam Kwong Fai graduated with a Bachelor of Accountancy from the Nanyang Technological of University, Singapore.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Working experience and occupation(s) during the past 10 years	March 2021 to present Auspac Management Services Pte. Ltd. CEO December 2020 to present Alder Corporate Services Pte. Ltd . Founder and Director June 2020 to present 3 Peaks Capital Private Limited Director July 2019 to May 2020 Crowe Horwath Capital Pte. Ltd. CEO July 2017 to June 2019 3 Peaks Capital Private Limited Founder and Director July 2014 to June 2017 Prime Partners Corporate Finance Pte Ltd Associate Director April 2012- June 2014 CNP Compliance Pte Ltd Director
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes

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Shareholding interest in the listed issuer and its subsidiaries	No
Other Principal Commitments ¹ Including Directorships – Past (for the last 5 years)	1) Medtecs International Corporation Ltd 2) Medtecs (Asia Pacific) Pte Ltd 3) OEL (Holdings) Limited 4) ACH Investment Pte Ltd
Other Principal Commitments Including Directorships – Present	Directorship 1) Pan Asian Holdings Limited 2) D'Nonce Technology Bhd 3) China Kunda Technologies Holdings Limited 4) Soon Lian Holdings Limited 5) Alder Corporate Services Pte. Ltd. 6) Auspac Management Services Pte. Ltd. 7) 3 Peaks Capital Private Limited 8) Zenith Distribution LLP (dormant) Principal Commitments 1) Auspac Management Services Pte. Ltd. 2) Alder Corporate Services Pte. Ltd.
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	☐ Yes ☒ No If yes, please provide full details:-
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	☐ Yes ☒ No If yes, please provide full details:-
(c) Whether there is any unsatisfied judgment against him?	☐ Yes ☒ No If yes, please provide full details:-
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	☐ Yes ☒ No If yes, please provide full details:-
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	☐ Yes ☒ No If yes, please provide full details:-

¹ "Principal Commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

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(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	☐ Yes ☒ No If yes, please provide full details:-
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	☐ Yes ☒ No If yes, please provide full details:-
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	☐ Yes ☒ No If yes, please provide full details:-
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	☐ Yes ☒ No If yes, please provide full details:-
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	☐ Yes ☒ No If yes, please provide full details:-
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	☐ Yes ☒ No If yes, please provide full details:-
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	☐ Yes ☒ No If yes, please provide full details:-
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere.	☐ Yes ☒ No If yes, please provide full details:-
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	Not applicable
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	☐ Yes ☒ No If yes, please provide full details:-

DIRECTORS' STATEMENT

The directors 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**") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2020.

In the opinion of the directors:

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (b) at the date of this statement, based on the factors as described in Note 2.1 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1. DIRECTORS

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

Siow Chien Fu
 Low Chai Chong
 Tan Ler Choo
 Lim Kian Thong (Appointed on 21 August 2020)
 Lam Kwong Fai (Appointed on 1 December 2020)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year 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.

3. DIRECTORS' INTERESTS IN SHARES OR 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:

Name of director	Direct Interest	
	At 1 July 2019	At 30 June 2020
Ordinary shares of the Company		
Siow Chien Fu	503,745,713	503,745,713

DIRECTORS' STATEMENT

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2020.

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

4. SHARE OPTIONS

No share options have been granted during the financial year ended 30 June 2020 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.

5. AUDIT COMMITTEE

The members of the Audit Committee ("AC") carried out its functions specified in accordance with the Listing Manual Section B: Rules of Catalist of the SGX-GT and the Code of Corporate Governance and the Guidebook for Audit Committees in Singapore (Second Edition), including the following:

- reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- reviewed the quarterly and annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- reviewed the nature and extent of non-audit services provided by the external auditor;
- recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE (CONT'D)

- reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

There were no non-audit services provided by the external auditor for the current financial year ended 30 June 2020. The AC has reviewed and is satisfied with the independence of the external auditor. The AC has also conducted a review of interested person transactions.

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

6 INDEPENDENT AUDITORS

The independent auditors, Moore Stephens LLP, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,

.....
Siow Chien Fu
Director

.....
Low Chai Chong
Director

Singapore
16 August 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Capital World Limited

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

Carrying amounts of inventory properties (“**IP**”) and property, plant and equipment (“**PPE**”)

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.

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.

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).

INDEPENDENT AUDITOR'S REPORT

To the members of Capital World Limited

Material Uncertainty Related to Going Concern (cont'd)

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.

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.

INDEPENDENT AUDITOR'S REPORT

To the members of Capital World Limited

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.

INDEPENDENT AUDITOR'S REPORT

To the members of Capital World Limited

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.
- 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.

INDEPENDENT AUDITOR'S REPORT

To the members of Capital World Limited

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2020

	Note	2020 RM'000	2019 RM'000
Revenue	4	3,092	141,200
Cost of sales		(4,925)	(48,105)
Gross (loss)/profit		(1,833)	93,095
Other income	5	6,428	13,836
Selling and distribution expenses		(871)	(2,871)
General and administrative expenses		(147,752)	(134,212)
Finance costs		(5,339)	(23,172)
Loss before income tax	6	(149,367)	(53,324)
Income tax (expense)/credit	7	(3,286)	7,719
Loss for the year		(152,653)	(45,605)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation reserve released on disposal of a subsidiary company		–	306
Exchange differences arising from translation of foreign operations, net of tax		456	970
Total comprehensive loss for the year		(152,197)	(44,329)
Loss for the year attributable to:			
Owners of the Company		(152,370)	(44,795)
Non-controlling interests		(283)	(810)
		(152,653)	(45,605)
Total comprehensive loss for the year attributable to:			
Owners of the Company		(151,914)	(43,521)
Non-controlling interests		(283)	(808)
		(152,197)	(44,329)
Loss per share (RM cents per share)			
Basic	8	(8.32)	(3.15)
Diluted	8	(8.32)	(3.15)

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current assets					
Inventory properties	9	343,308	345,107	-	-
Inventories	10	67	3,947	-	-
Deferred expenditure	11	-	4,021	-	-
Trade receivables	12	7,144	10,281	-	-
Other receivables, deposits and prepayments	13	2,110	25,853	325	140
Amount due from subsidiaries	14	-	-	80,492	101,401
Cash on hand and at banks	15	1,299	3,224	11	47
		353,928	392,433	80,828	101,588
Non-current assets held for sale	16	226,539	-	-	-
		580,467	392,433	80,828	101,588
Non-current assets					
Trade receivables	12	-	14,495	-	-
Property, plant and equipment	17	61,062	129,073	179	190
Investment properties	18	-	231,162	-	-
Intangible assets	19	432	23,179	-	-
Deferred tax asset	25	-	3,473	-	-
Investment in subsidiaries	20	-	-	107,434	661,635
		61,494	401,382	107,613	661,825
Total assets		641,961	793,815	188,441	763,413
Current liabilities					
Trade payables	21	302,775	70,838	-	-
Other payables and accruals	22	101,575	82,511	22,854	10,343
Deferred revenue	23	5,000	3,068	-	-
Loans and borrowings	24	44,689	44,572	17,027	18,097
Provision for taxation		35,386	12,942	294	293
		489,425	213,931	40,175	28,733
Non-current liabilities					
Trade payables	21	-	247,424	-	-
Other payables	22	-	5,306	-	-
Provision for taxation		-	23,205	-	-
Deferred tax liabilities	25	1,312	1,639	-	-
		1,312	277,574	-	-
Total liabilities		490,737	491,505	40,175	28,733

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2020

(cont'd)

	Note	Group		Company	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Equity attributable to owners of the Company					
Share capital	26	176,240	176,240	225,365	225,365
Share premium	27(a)	3,824	3,824	645,582	645,582
Merger reserve	27(b)	5,000	5,000	–	–
Equity component of convertible bond	27(c)	186	186	186	186
Foreign currency translation reserve	27(d)	1,525	1,069	2,392	2,048
Capital reserve	27(e)	–	–	487	487
(Accumulated losses)/Retained earnings		(35,551)	116,819	(725,746)	(138,988)
		151,224	303,138	148,266	734,680
Non-controlling interests		–	(828)	–	–
Total equity		151,224	302,310	148,266	734,680
Total liabilities and equity		641,961	793,815	188,441	763,413

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2020

Group	Attributable to owners of the Company								
	Equity component of convertible bond						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Foreign currency translation reserve	Retained earnings/ (Accumulated losses)				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening balance at 1 July 2019	176,240	3,824	5,000	186	1,069	116,819	303,138	(828)	302,310
Loss for the year	-	-	-	-	-	(152,370)	(152,370)	(283)	(152,653)
Other comprehensive income									
Exchange differences arising from translation of foreign operations	-	-	-	-	456	-	456	-	456
Total comprehensive loss for the year	-	-	-	-	456	(152,370)	(151,914)	(283)	(152,197)
Contributions by and distribution to owners									
Disposal of interest in a subsidiary (Note 20(a)(i))	-	-	-	-	-	-	-	1,111	1,111
Total contributions by and distribution to owners	-	-	-	-	-	-	-	1,111	1,111
Closing balance at 30 June 2020	176,240	3,824	5,000	186	1,525	(35,551)	151,224	-	151,224

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2020

(cont'd)

Group	Attributable to owners of the Company								
	Share capital	Share premium	Merger reserve	Equity	Foreign	Retained earnings	Total	Non-controlling interests	Total equity
				component	currency				
				of convertible bond	translation reserve				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Opening balance at 1 July 2018	112,085	15,413	5,000	200	(205)	161,500	293,993	86	294,079
Loss for the year	-	-	-	-	-	(44,795)	(44,795)	(810)	(45,605)
Other comprehensive income									
Currency translation reserve released on disposal of a subsidiary company	-	-	-	-	306	-	306	-	306
Exchange differences arising from translation of foreign operations	-	-	-	-	968	-	968	2	970
Total comprehensive loss for the year	-	-	-	-	1,274	(44,795)	(43,521)	(808)	(44,329)
Contributions by and distribution to owners									
Issue of new shares	64,155	(11,589)	-	-	-	-	52,566	-	52,566
Equity component of convertible bonds	-	-	-	100	-	-	100	-	100
Redemption of equity component of convertible bond	-	-	-	(114)	-	114	-	-	-
Disposal of interest in a subsidiary (Note 20(a)(iii))	-	-	-	-	-	-	-	(106)	(106)
Total contributions by and distribution to owners	64,155	(11,589)	-	(14)	-	114	52,666	(106)	52,560
Closing balance at 30 June 2019	176,240	3,824	5,000	186	1,069	116,819	303,138	(828)	302,310

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2020

(cont'd)

			Equity component of	Foreign currency			
	Share capital	Share premium	convertible bond	translation reserve	Capital reserve	Accumulated losses	Total equity
Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening balance at 1 July 2019	225,365	645,582	186	2,048	487	(138,988)	734,680
Loss for the year	-	-	-	-	-	(586,758)	(586,758)
Other comprehensive income	-	-	-	344	-	-	344
Total comprehensive loss for the year	-	-	-	344	-	(586,758)	(586,414)
Closing balance at 30 June 2020	225,365	645,582	186	2,392	487	(725,746)	148,266

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2020

(cont'd)

	Share capital	Share premium	Equity component of convertible bond	Foreign currency translation reserve	Capital reserve	Accumulated losses	Total equity
Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening balance at 1 July 2018	161,210	657,170	200	3,618	487	(28,028)	794,657
Loss for the year	-	-	-	-	-	(111,074)	(111,074)
Other comprehensive income							
Exchange differences arising from translation	-	-	-	(1,570)	-	-	(1,570)
Total comprehensive income for the year	-	-	-	(1,570)	-	(111,074)	(112,644)
Contributions by and distribution to owners							
Issue of new shares	64,155	(11,588)	-	-	-	-	52,567
Equity component of convertible bonds	-	-	100	-	-	-	100
Redemption of equity component of convertible bonds	-	-	(114)	-	-	114	-
Total contributions by and distribution to owners	64,155	(11,588)	(14)	-	-	114	52,667
Closing balance at 30 June 2019	225,365	645,582	186	2,048	487	(138,988)	734,680

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2020

	Note	2020 RM'000	2019 RM'000
Cash flows from operating activities			
Loss before income tax		(149,367)	(53,324)
Adjustments for:			
Depreciation of property, plant and equipment		4,406	5,229
Depreciation of investment properties		4,623	3,511
Amortisation of intangible assets		1,272	3,648
Amortisation of deferred expenditure		–	4,528
Amortisation of fulfilment cost		–	151
Gain on disposal of subsidiaries		(4,071)	(3,641)
Property, plant and equipment written off		143	306
Inventories written-down		1,900	2,600
Inventories written off		–	937
Allowance for impairment of trade receivables		15,258	2,441
Allowance for impairment of other receivables		14,028	–
Allowance for impairment of deferred expenditure		4,021	–
Allowance for impairment of mining rights		20,586	57,495
Allowance for impairment of goodwill		–	11,378
Allowance for impairment of property, plant and equipment		51,559	3,129
Fair value gain on derivatives		–	(5,249)
Loss on deposit forfeited		–	500
Amortisation of facility fee on convertible bond		–	7,579
Interest income		(350)	(2,527)
Interest expense		5,339	23,172
Operating cash flows before changes in working capital		(30,653)	61,863
Changes in working capital:			
Inventories		1,979	1,578
Inventory properties		(438)	(54,968)
Deferred expenditure		–	(2,800)
Trade and other receivables		10,002	7,974
Trade and other payables and deferred revenue		19,677	42,905
Cash flows generated from operations		567	56,552
Interest paid		(2,038)	(17,840)
Interest received		350	2,527
Income taxes paid		(901)	(8,593)
Net cash flows (used in)/generated from operating activities		(2,022)	32,646
Cash flows from investing activities			
Purchase of property, plant and equipment		(42)	(31,779)
Purchase of intangible assets		(80)	(1,813)
Cost incurred on investment properties		–	(41,002)
Net cash (outflow)/inflow on disposal of subsidiaries	20(a)	(140)	1,099
Net cash flows used in investing activities		(262)	(73,495)

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2020

(cont'd)

	Note	2020 RM'000	2019 RM'000
Cash flows from financing activities			
Proceeds from loans and borrowings		18,096	9,173
Repayment of loans and borrowings		(18,194)	(21,535)
Proceeds from issuance of placement shares		-	25,943
Repayment of hire purchase payables		-	(37)
Withdrawal of secured deposit		70	5,200
Net cash flows (used in)/generated from financing activities		(28)	18,744
Net decrease in cash and cash equivalents		(2,312)	(22,105)
Effect of exchange rate changes in cash and cash equivalents		457	1,050
Cash and cash equivalents at the beginning of the year		2,399	23,454
Cash and cash equivalents at the end of the year	15	544	2,399

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL INFORMATION

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 1 North Bridge Road, #24-09 High Street Centre, Singapore 179094.

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

These financial statements for the financial year ended 30 June 2020 were approved and authorised for issue by the Board of Directors in accordance with a resolution of the directors on the date of the Directors’ Statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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).

NOTES TO THE FINANCIAL STATEMENTS

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

2.1 Basis of Preparation (cont'd)

Going concern assumption (cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.1 Basis of Preparation (cont'd)

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.

2.2 Adoption of New and Amended Standards and Interpretations

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 2019. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

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

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 financial periods beginning on or after
Amendments to IAS 1 and IAS 8 <i>Definition of Material</i>	1 January 2020
Amendments to IFRS 3 <i>Business Combination</i>	1 January 2020
Interest Rate Benchmark Reform – Amendments to IFRS 9 <i>Financial Instruments</i> , IAS 39 <i>Financial Instruments: Recognition and Measurement</i> and IFRS 7 <i>Financial Instruments Disclosures</i>	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendment to IFRS 16 <i>Leases – Covid-19-Related Rent Concessions</i>	1 June 2020
Amendment to IFRS 16 <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to IAS 16 <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to IAS 37 <i>Provisions – Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to IFRS 3 <i>Business Combinations – Reference to the Conceptual Framework</i>	1 January 2022
Annual improvements to IFRSs 2018 – 2020	1 January 2022
Amendments to IAS 1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to IAS 8 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to IAS 12 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

The directors do not expect that the adoption of these new and revised standards above will have a material impact on the financial statements in the period of initial application.

2.4 Basis of Consolidation and Business Combinations

(a) 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.4 Basis of Consolidation and Business Combinations (cont'd)

(b) *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.

NOTES TO THE FINANCIAL STATEMENTS

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

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.

2.6 Foreign Currency

The financial statements are prepared in Malaysia Ringgit, which is also the Company's functional currency. 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.

NOTES TO THE FINANCIAL STATEMENTS

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

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:

Building	50 years
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
Theme park	10 years
Office premises	2 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.

Included in the mining infrastructure are costs in relation to the construction of the gravel 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 2020, the remaining useful life of the right is 24 (2019: 25) years.

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

- it is probable that the future economic benefit (improved access to the marble reserves) associated with stripping activity will flow to the Group;
- the Group can identify the component of the ore body for which access has been improved; and
- 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.

NOTES TO THE FINANCIAL STATEMENTS

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

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.

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 relate; less the costs that relate directly to providing the goods and that have not been recognised as expenses.

NOTES TO THE FINANCIAL STATEMENTS

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

2.9 Investment Properties

Investment properties comprise a completed property 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.

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

Investment properties 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 are recognised in profit and loss in the year of retirement or disposal.

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:

- Raw materials: purchase costs on a first-in-first-out basis.
- Finished goods and work-in-progress: 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.11 Intangible Assets (cont'd)

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.

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.

2.12 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has 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 balance sheet, 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, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses relating to goodwill cannot be reversed in future periods.

NOTES TO THE FINANCIAL STATEMENTS

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

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.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of 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 party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investment in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit and loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss ("FVPL"). A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

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

2.14 Financial Instruments (cont'd)

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

Subsequent measurement (cont'd)

Investment in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

(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. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.15 Impairment of Financial Assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

2.15 Impairment of Financial Assets (cont'd)

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are more than 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.16 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits and cash in holding accounts that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value. For the purpose of the statement of cash flows, cash pledged is excluded from cash and cash equivalents.

2.17 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.

2.18 Leases

(a) *These accounting policies are applied on and after the initial application date of IFRS 16, 1 July 2019:*

When the Group is a lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

NOTES TO THE FINANCIAL STATEMENTS

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

2.18 Leases (cont'd)

- (a) *These accounting policies are applied on and after the initial application date of IFRS 16, 1 July 2019: (cont'd)*

When the Group is a lessee (cont'd)

The Group recognises right-of-use assets and lease liabilities at the date which the underlying assets become available for use. Right-of-use assets are measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement dates, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment and are disclosed in Note 2.7. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities. The Group presents its right-of-use assets (except for those which meets the definition of an investment property) in "Property, plant and equipment" and lease liabilities in "Loans and Borrowings" in the statement of financial position. Right-of-use assets which meet the definition of an investment property are presented within "Investment properties" and accounted for in accordance with Note 2.9.

The initial measurement of lease liabilities is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease components. The Group has elected not to separate lease and non-lease components for property leases; instead, these are accounted for as one single lease component.

NOTES TO THE FINANCIAL STATEMENTS

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

2.18 Leases (cont'd)

(a) *These accounting policies are applied on and after the initial application date of IFRS 16, 1 July 2019: (cont'd)*

When the Group is a lessee (cont'd)

Lease liabilities are measured at amortised cost, and are remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise lease extension and termination options;
- There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- There is a modification to the lease term.

When lease liabilities are remeasured, corresponding adjustments are made against the right-of-use assets. If the carrying amounts of the right-of-use assets have been reduced to zero, the adjustments are recorded in profit or loss. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less, as well as leases of low value assets, except in the case of sub-lease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments that are based on an index or a rate are included in the measurement of the corresponding right-of-use assets and lease liabilities. Other variable lease payments are recognised in profit or loss when incurred.

When the Group is a lessor

Each lease in which the Group acts as a lessor is classified as either an operating or a finance lease at lease inception. Leases that transfer substantially all of the risks and rewards incidental to ownership of the underlying assets are classified as finance leases. Other leases are classified as operating leases.

Finance leases

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases. The leased assets are derecognised and the present value of the lease receivables (net of initial direct costs for negotiating and arranging the lease) are recognised on the statements of financial position. The difference between the gross receivables and the present value of the lease receivable is recognised as unearned finance income. Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable. Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Operating leases

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income. Contingent rents are recognised as income in profit or loss when earned.

NOTES TO THE FINANCIAL STATEMENTS

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

2.18 Leases (cont'd)

- (b) *These accounting policies are applied before the initial application date of IFRS 16, 1 July 2019:*

As 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.

As lessor

The Group's accounting policies as a lessor under IAS 17 are similar to those under IFRS 16 (Note 2.18(a)).

2.19 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 under construction 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.19 Revenue (cont'd)

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

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 under construction to customers are fully furnished. The sale of the serviced suite under construction 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.

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 relate; less the costs that relate directly to providing the goods and that have not been recognised as expenses.

NOTES TO THE FINANCIAL STATEMENTS

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

2.19 Revenue (cont'd)

(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.

(d) *Forfeiture income*

Forfeiture income is recognised when (i) deposits or instalments paid by customers are forfeited to the Group according to the terms of the sales and purchase agreement and (ii) administrative and management fee paid by a customer is forfeited to the Group according to the terms of the contractor agreement.

(e) *Interest income*

Interest income is recognised using the effective interest method.

(f) *Rental income*

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on straight-line basis.

2.20 Convertible Instrument with Embedded Derivative

Convertible bond with conversion option is 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.20 Convertible Instrument with Embedded Derivative (cont'd)

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.

2.21 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.

2.22 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.

2.23 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.

2.24 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.24 Taxes (cont'd)

(a) *Current income tax* (cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.24 Taxes (cont'd)

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

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.

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.

(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.

2.25 Non-Current Assets Held for Sale

Non-current assets are classified as held for sale or distribution if their carrying amount will be recovered through a sale transaction or distribution rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less cost to sell.

The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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.

(a) *Classification of the Group's properties*

The Group determines whether a property should be classified as property, plant and equipment, non-current assets held for sale or inventory property based on the Group's intentions regarding the properties:

- Hotel under construction and car parks of retail mall (Capital City) that are held by the Group for use in the production or supply of goods or services are classified as property, plant and equipment.
- Non-current assets held for sale comprise retail units of the retail mall (Capital City), promotional lots, indoor music circus and convention hall in the retail mall (Capital City) that are committed for sale by the Group as at 30 June 2020.
- Inventory properties comprise serviced suites under construction, serviced apartments under construction and retail units of the retail mall (Capital City) that are held for sale in the ordinary course of business.

(b) *Carrying amounts of inventory properties and non-current assets held for sale*

Inventory properties are stated at the lower of cost and net realisable value ("NRV") and non-current assets held for sale are stated at the lower of the assets' previous carrying amount and fair value less cost to sell.

The NRV of inventory properties and fair value of non-current assets held for sale are assessed with reference to the Group's expectations of future selling prices.

The carrying amounts of the Group's inventory properties and non-current assets held for sale as at 30 June 2020 are disclosed in Note 9 and Note 16 respectively.

NOTES TO THE FINANCIAL STATEMENTS

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

(c) *Impairment of property, plant and equipment*

Property, plant and equipment are stated at cost less any impairment losses. The Group reviews the carrying amount of property, plant and equipment to determine if there are any indicators of impairment. If any such indication exists, the recoverable amount of the property, plant and equipment is estimated to determine the extent of the impairment loss (if any).

The carrying amount of the Group's property, plant and equipment as at 30 June 2020 is disclosed in Note 17.

(d) *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 amounts of the Group's provision for taxation, deferred tax asset and deferred tax liabilities at the end of the reporting period was RM35,386,000 (2019: RM36,147,000), Nil (2019: RM3,473,000) and RM1,312,000 (2019: RM1,639,000) respectively.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Group	
	2020 RM'000	2019 RM'000
Sale of inventory properties	–	127,352
Sale of marble products	2,247	2,715
Revenue from construction contracts	–	7,782
Other services	845	3,351
	3,092	141,200

NOTES TO THE FINANCIAL STATEMENTS

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (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 or service lines and geographical regions.

Segment	Sale of inventory properties		Sale of marble products		Revenue from construction contracts		Other services		Adjustments and eliminations		Total Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Primary geographical markets</u>												
Malaysia	-	127,352	2,247	2,715	-	-	845	3,351	-	-	3,092	133,418
Singapore	-	-	-	-	-	-	7,065	9,135	(9,135)	-	-	-
People's Republic of China	-	-	-	-	-	7,782	-	-	-	-	-	7,782
	-	127,352	2,247	2,715	-	7,782	7,910	12,486	(7,065)	(9,135)	3,092	141,200
<u>Major product or service lines</u>												
Serviced suites	-	11,497	-	-	-	-	-	-	-	-	-	11,497
Commercial properties	-	115,855	-	-	-	-	-	-	-	-	-	115,855
Marble products	-	-	2,247	2,715	-	-	-	-	-	-	2,247	2,715
Construction contracts	-	-	-	-	-	7,782	-	-	-	-	-	7,782
Other services	-	-	-	-	-	-	7,910	12,486	(7,065)	(9,135)	845	3,351
	-	127,352	2,247	2,715	-	7,782	7,910	12,486	(7,065)	(9,135)	3,092	141,200
<u>Timing of transfer of goods and services</u>												
At a point in time	-	-	2,247	2,715	-	-	-	3,351	-	-	2,247	6,066
Over time	-	127,352	-	-	-	7,782	7,910	9,135	(7,065)	(9,135)	845	135,134
	-	127,352	2,247	2,715	-	7,782	7,910	12,486	(7,065)	(9,135)	3,092	141,200

NOTES TO THE FINANCIAL STATEMENTS

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(b) *Contract assets and contract liabilities*

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

	Group		
	2020	2019	1 July 2019
	RM'000	RM'000	RM'000
Receivables from contracts with customers ("Trade receivables") (Note 12)	7,144	24,776	50,178
Contract assets ("Unbilled receivables")	–	–	3,469
Contract liabilities ("Deferred revenue") (Note 23)	(5,000)	(3,068)	(94,476)

Contract assets primarily related to the Group's right to consideration for work completed at the reporting date for construction contracts. Contract assets were 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 assets and contract liabilities are explained as follows:

	Group	
	2020	2019
	RM'000	RM'000
<u>Contract assets</u>		
Contract asset reclassified to receivable	–	3,469
<u>Contract liabilities</u>		
Revenue recognised that was included in the contract liability balance at the beginning of the year	–	91,408
Increase due to cash received, excluding amounts recognised as revenue during the year	(1,932)	–

(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 2020 is RM46,498,000 (2019: RM46,498,000).

NOTES TO THE FINANCIAL STATEMENTS

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(c) *Transaction price allocated to remaining performance obligations (cont'd)*

The Group expects to recognise Nil (2019: RM18,600,000) as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 30 June 2020 in the financial year 2021 and RM46,498,000 (2019: RM27,898,000) within next 2 years to 5 years.

5. OTHER INCOME

	Group	
	2020	2019
	RM'000	RM'000
Interest income	350	2,529
Miscellaneous income	382	445
Forfeiture income	1,584	1,024
Fair value gain on derivatives	–	5,249
Gain on disposal of subsidiaries (Note 20(a))	4,071	3,641
Reimbursement of operating expenses	41	948
	6,428	13,836

NOTES TO THE FINANCIAL STATEMENTS

6. LOSS BEFORE INCOME TAX

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

	Group	
	2020	2019
	RM'000	RM'000
Audit fees:		
- Auditors of the Company	258	275
- Other auditors	100	266
Impairment of mining rights	20,586	57,495
Impairment of goodwill	-	11,378
Impairment of property, plant and equipment	51,559	3,129
Impairment of deferred expenditure	4,021	-
Depreciation of property, plant and equipment	4,406	5,229
Amortisation of mining rights	1,272	3,648
Amortisation of deferred expenditure	-	4,528
Amortisation of fulfilment cost recognised as an expense in cost of sales	-	151
Rental of premises	189	639
Rental of office equipment	63	17
Employee benefit expense:		
- Salaries and bonuses	4,814	8,103
- Social security contributions	15	30
- Contributions to defined contribution plan	352	634
Interest expense:		
- Loans and borrowings	4,459	6,039
- Convertible bonds	877	17,131
- Lease liabilities	3	2
Realised foreign exchange loss, net	-	147
Inventories written-down	1,900	2,600
Inventories written off	-	937
Allowance for impairment of trade receivables	15,258	2,441
Allowance for impairment of other receivables	14,028	-
Property, plant and equipment written off	143	306
Loss on deposit forfeited	-	500
Depreciation of investment properties	4,623	3,511

NOTES TO THE FINANCIAL STATEMENTS

7. INCOME TAX EXPENSE/(CREDIT)

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% (2019: 17%), 24% (2019: 24%) and 25% (2019: 25%) on the assessable profits generated in these countries respectively.

The major components of income tax expense for the years ended 30 June 2020 and 2019 are:

	Note	Group	
		2020	2019
		RM'000	RM'000
Consolidated statement of comprehensive income:			
Income tax:			
- Current year		169	11,261
- Overprovision in respect of previous years		(29)	(1,373)
		140	9,888
Deferred income tax:			
- Origination and reversal of temporary differences		3,146	(14,386)
- Overprovision in respect of previous years	25	-	(3,221)
Income tax expense/(credit) recognised in profit or loss		3,286	(7,719)

The reconciliation between the income tax expense/(credit) and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 30 June 2020 and 2019 are as follows:

	Group	
	2020	2019
	RM'000	RM'000
Loss before income tax	(149,367)	(53,324)
Tax benefits at the domestic rates applicable to losses in the countries where the Group operates	(35,718)	(11,534)
Adjustments:		
Non-deductible expenses	39,033	9,339
Overprovision in respect of previous years	(29)	(4,594)
Others	-	(930)
Income tax (credit)/expense recognised in profit or loss	3,286	(7,719)

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

The non-deductible expenses comprise mainly allowance for impairment of assets and certain corporate expenses not deductible for tax purposes.

NOTES TO THE FINANCIAL STATEMENTS

8. LOSS PER SHARE

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

Diluted loss per share is calculated by dividing loss for the year attributable to 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 years ended 30 June 2020 and 30 June 2019, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible loan/bonds as they had an anti-dilutive effect on the loss per share calculation.

Computation of basic and diluted loss per share for the years ended 30 June 2020 and 2019:

	Group	
	2020	2019
Loss for the year attributable to owners of the Company used in the computation of diluted loss per share (RM'000)	(152,370)	(44,795)
Weighted average number of ordinary shares for basic and diluted loss per share computation ('000)	1,832,094	1,422,866
Loss per share (RM cents)		
- Basic and diluted	(8.32)	(3.15)

NOTES TO THE FINANCIAL STATEMENTS

9. INVENTORY PROPERTIES

	Group	
	2020	2019
	RM'000	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.

NOTES TO THE FINANCIAL STATEMENTS

9. INVENTORY PROPERTIES (CONT'D)

(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.

NOTES TO THE FINANCIAL STATEMENTS

9. INVENTORY PROPERTIES (CONT'D)

(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
- A PSB 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.

NOTES TO THE FINANCIAL STATEMENTS

9. INVENTORY PROPERTIES (CONT'D)

- (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.

NOTES TO THE FINANCIAL STATEMENTS

9. INVENTORY PROPERTIES (CONT'D)

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.

10. INVENTORIES

	Group	
	2020	2019
	RM'000	RM'000
Marble products	67	3,947
Inventories recognised as an expense in cost of sales	1,973	237

NOTES TO THE FINANCIAL STATEMENTS

11. DEFERRED EXPENDITURE

	Group	
	2020 RM'000	2019 RM'000
At 1 July	4,021	5,749
Add: Incurred during the financial year	–	2,800
	4,021	8,549
Less: Amortisation recognised in profit or loss	–	(4,528)
Less: Allowance for impairment recognised in profit or loss	(4,021)	–
At 30 June	–	4,021

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.

The Group recognised an impairment of RM4,021,000 (2019: Nil) in relation to the costs capitalised for the year ended 30 June 2020.

Deferred expenditure was 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.

Allowance for impairment

The movement in allowance for impairment of deferred expenditure is as follows:

	Group	
	2020 RM'000	2019 RM'000
At 1 July	–	–
Charge for the year	4,021	–
At 30 June	4,021	–

The allowance for impairment of deferred expenditure is included in the “General and administrative expenses” line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

12. TRADE RECEIVABLES

	Group	
	2020	2019
	RM'000	RM'000
Current	7,144	10,281
Non-current	–	14,495
As at 30 June	7,144	24,776

Expected credit losses

The movement in allowance for expected credit losses of trade receivables are as follows:

	Group	
	2020	2019
	RM'000	RM'000
At 1 July	2,479	38
Charge for the year	15,258	2,441
At 30 June	17,737	2,479

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Sundry receivables	–	22,385	–	–
Deposits	2,004	2,537	273	106
Prepayments	100	912	46	32
GST receivables	6	19	6	2
Total other receivables, deposits and prepayments	2,110	25,853	325	140
Add:				
Trade receivables (current and non-current) (Note 12)	7,144	24,776	–	–
Amount due from subsidiaries (Note 14)	–	–	80,492	101,401
Cash on hand and at banks (Note 15)	1,299	3,224	11	47
Less:				
Prepayments	(100)	(912)	(46)	(32)
GST receivables	(6)	(19)	(6)	(2)
Total financial assets carried at amortised cost	10,447	52,922	80,776	101,554

NOTES TO THE FINANCIAL STATEMENTS

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

Sundry receivables were non-interest bearing and 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 were assessed and approved on a case-by-case basis.

Expected credit losses

The movement in allowance for expected credit losses of other receivables is as follows:

	Group	
	2020	2019
	RM'000	RM'000
At 1 July	–	–
Charge for the year	14,028	–
At 30 June	14,028	–

14. AMOUNT DUE FROM SUBSIDIARIES

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

Expected credit losses

The movement in allowance for expected credit losses of the amount due from subsidiaries is as follows:

	Company	
	2020	2019
	RM'000	RM'000
At 1 July	5,047	–
Charge for the year	27,676	5,047
At 30 June	32,723	5,047

NOTES TO THE FINANCIAL STATEMENTS

15. CASH ON HAND AND AT BANKS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	1,299	3,224	11	47
Less: Cash at bank and deposits not available for use	(755)	(825)	–	–
Cash and cash equivalents per the consolidated statement of cash flows	544	2,399	11	47

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

Included in cash at banks of the Group is RM755,000 as at 30 June 2020 (2019: RM825,000) which is pledged as a security for bank guarantees granted for the Group.

16. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2020	2019
	RM'000	RM'000
Investment properties (Note 18)	226,539	–

As part of the Group's Debt Settlement Proposal (Note 34), the Group is committed to sell or to contra its investment properties to settle the debt owing by the Group to its creditors as at 30 June 2020. Accordingly, the investment properties were reclassified to non-current assets held for sale as at 30 June 2020.

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

Group	Building-in-progress			Furniture											Total
	Freehold land	in-progress	RM'000	Building	Computer equipment	and fittings	Motor vehicles	Office equipment	Renovation machinery	Plant and building	Factory infrastructure	Mining	Theme park	Office premises	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated depreciation and impairment (cont'd)															
Disposal/															
Written off	-	-	-	(3)	-	-	-	(87)	-	(795)	-	-	-	-	(885)
Exchange	-	-	-	-	-	-	-	(1)	-	118	-	-	-	-	117
realignement															
At 30 June															
2019	-	-	1,073	400	207	403	75	282	3,432	328	3,310	998	-	-	10,508
Charge for the year	1,431	-	-	56	50	4	21	15	1,497	-	603	629	100	4,406	
Impairment losses	15,886	-	28,839	-	20	-	-	-	2,170	846	3,798	-	-	-	51,559
Disposal/															
Written off	-	-	-	-	(26)	-	-	(46)	-	-	-	-	-	-	(72)
Derecognised															
on															
disposal of subsidiaries															
(Note 20															
(a)(i))	-	-	-	(98)	(41)	-	-	-	(184)	-	-	(1,636)	-	-	(1,959)
Exchange															
realignement	-	-	-	-	-	2	2	(15)	-	-	6	9	1	5	
At 30 June															
2020	17,317	-	29,912	358	210	409	98	236	6,915	1,174	7,717	-	101	64,447	
Net carrying amount															
At 30 June															
2019	37,583	24,131	45,214	333	294	8	63	100	4,203	846	4,407	11,891	-	129,073	
At 30 June															
2020	20,266	24,131	16,375	18	73	2	44	39	-	-	-	-	114	61,062	

NOTES TO THE FINANCIAL STATEMENTS

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

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

	Group	
	2020	2019
	RM'000	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%.

NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENT PROPERTIES

	Group	
	2020 RM'000	2019 RM'000
Cost		
At 1 July	234,673	193,360
Development costs incurred (including consideration payable to land owner)	–	41,002
Interest capitalised	–	311
Reclassified to non-current assets held for sale (Note 16)	(234,673)	–
At 30 June	–	234,673
Accumulated depreciation		
At 1 July	3,511	–
Depreciation for the year	4,623	3,511
Reclassified to non-current assets held for sale (Note 16)	(8,134)	–
At 30 June	–	3,511
Net carrying amount		
At 30 June	–	231,162

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

The Group's investment properties are as follows:

Location	Description	Tenure
Tampoi, Johor Bahru (Malaysia)	A property comprising retail units, children's theme park, cinema, World of Museums and convention hall in the retail mall (Capital City)	Freehold

NOTES TO THE FINANCIAL STATEMENTS

19. INTANGIBLE ASSETS

Group	Mining rights RM'000	Goodwill RM'000	Intellectual property RM'000	Total RM'000
Cost				
At 1 July 2018	86,184	11,378	–	97,562
Additions	–	–	1,813	1,813
At 30 June 2019 and 1 July 2019	86,184	11,378	1,813	99,375
Additions	–	–	80	80
Derecognised on disposal of subsidiaries (Note 20(a)(i))	–	–	(1,893)	(1,893)
At 30 June 2020	86,184	11,378	–	97,562
Accumulated amortisation and impairment				
At 1 July 2018	3,677	–	–	3,677
Charge for the year	3,148	–	500	3,648
Impairment losses	57,495	11,378	–	68,873
Exchange realignment	(2)	–	–	(2)
At 30 June 2019 and 1 July 2019	64,318	11,378	500	76,196
Charge for the year	853	–	419	1,272
Derecognised on disposal of subsidiaries (Note 20(a)(i))	–	–	(919)	(919)
Impairment losses	20,586	–	–	20,586
Exchange realignment	(5)	–	–	(5)
At 30 June 2020	85,752	11,378	–	97,130
Net carrying amount				
At 30 June 2019	21,866	–	1,313	23,179
At 30 June 2020	432	–	–	432

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 2020, the remaining useful life of the right is 24 years (2019: 25 years).

The amortisation and allowance for impairment of mining rights are included in the "General and administrative expenses" line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

19. INTANGIBLE ASSETS (CONT'D)

Impairment testing of mining rights and mining infrastructure

Mining rights and mining infrastructure has been allocated to the following cash generating unit ("CGU"):

	Group	
	2020	2019
	RM'000	RM'000
Mining rights	432	21,866
Mining infrastructure (Note 18)	–	4,407

The recoverable amount of mining rights and mining infrastructure under the mining CGU is determined based on value-in-use calculations using cash flow projection from the revenue forecast approved by management, covering periods up to the contract period ending in 2031 (2019: periods up to the forecast concession right period ending in 2044). The pre-tax discount rate applied to the cash flow projections is 13.5% (2019: 13.5%).

Impairment loss recognised

During the financial year ended 30 June 2020, an impairment loss amounting to RM24,384,000 (2019: RM72,002,000) was recognised to write-down the carrying amount of mining rights, goodwill and property, plant and equipment (Mining infrastructure) amounting to RM20,586,000, Nil and RM3,798,000 (2019: RM57,495,000, RM11,378,000 and RM3,129,000) respectively. The allowance for impairment of these assets has been recognised in profit or loss under the line item "General and administrative expenses".

20. INVESTMENT IN SUBSIDIARIES

	Company	
	2020	2019
	RM'000	RM'000
Unquoted shares, at cost	763,223	763,225
Impairment losses	(655,789)	(101,590)
	107,434	661,635

During the current financial year, management performed an impairment test for the investment in Altimate Ventures Limited and its subsidiaries ("AVL Group"), as AVL Group incurred a significant loss during the current financial year. An impairment loss of RM554,199,000 (2019: RM101,590,000) was recognised for the current financial year ended 30 June 2020 to write down the investment in AVL Group to its recoverable amount. The recoverable amount of the investment in AVL Group has been determined based on the net worth of AVL Group.

NOTES TO THE FINANCIAL STATEMENTS

20. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows:

Company name	Country of incorporation	Percentage of equity attributable to the company				Principal activities
		2020		2019		
		Direct	Indirect	Direct	Indirect	
Terratech Resources Pte. Ltd. ²	Singapore	100%	–	100%	–	Investment holding, sales and marketing
Altimate Ventures Limited ^{4,5}	British Virgin Islands	100%	–	100%	–	Investment holding
Rise Expedition Global Limited ^{4,5}	British Virgin Islands	100%	–	100%	–	Investment holding
First Star Ventures Limited ^{4,5}	British Virgin Islands	100%	–	100%	–	Investment holding
CEP Resources Entity Sdn. Bhd. ¹	Malaysia	–	100%	–	100%	Exploration, development and extraction of marble and production of marble products
Capital City Property Sdn. Bhd. ¹	Malaysia	–	100%	–	100%	Property development and property investment
Capital City Management Pte. Ltd. ²	Singapore	–	100%	–	100%	Business and management consultancy services
Capital City Ventures Sdn. Bhd. ³	Malaysia	–	100%	–	100%	Property development and property investment
Capital City Frontier Sdn. Bhd. ^{4,7}	Malaysia	–	100%	–	100%	Property development and property investment
Baiduri Megaria Sdn. Bhd. ⁶	Malaysia	–	–	100%	–	Property development and property investment
Kekal Efektif Sdn. Bhd. ⁶	Malaysia	–	–	–	100%	Property development and property investment
MCM Studio Entertainment Group Sdn. Bhd. ⁶	Malaysia	–	–	80%	–	Provision of theme park related services
MCM Movie Planet Sdn. Bhd. ⁶	Malaysia	–	–	–	80%	Provision of theme park related services
MCM Cartoon Planet Sdn. Bhd. ⁶	Malaysia	–	–	–	80%	Provision of theme park related services
MCM Music Planet Sdn. Bhd. ⁶	Malaysia	–	–	–	80%	Provision of theme park related services
MCM Events Sdn. Bhd. ⁶	Malaysia	–	–	–	80%	Provision of theme park related services

¹ Audited by Moore Stephens Associates PLT, Malaysia (a member firm of Moore Global Network Limited)

² Audited by T S Tay Public Accounting Corporation, Singapore

³ Audited by NK Associates, Malaysia

⁴ Reviewed by Moore Stephens LLP, Singapore for consolidation purpose

⁵ No statutory audit requirement in the country of incorporation

⁶ The subsidiary was disposed of during the current financial year

⁷ The subsidiary has been struck off subsequent to year end

NOTES TO THE FINANCIAL STATEMENTS

20. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows: (cont'd)

(a) Disposal of subsidiaries

- (i) On 8 November 2019 and 8 January 2020, the Group entered into sale and purchase agreements with third parties to dispose 100% and 80% of its interests in its subsidiaries, Baiduri Megaria Sdn. Bhd. ("Baiduri") and MCM Studio Entertainment Group Sdn. Bhd. ("MCM"), respectively, at their carrying values. The disposals were fully settled in cash.

The value of assets and liabilities of Baiduri and MCM and the effect of disposals were:

2020	Baiduri RM'000	MCM RM'000	Total RM'000
Property, plant and equipment	-	(12,155)	(12,155)
Intangible assets	-	(974)	(974)
Inventory properties	(2,237)	-	(2,237)
Trade receivables	-	(655)	(655)
Other receivables	(1,283)	(149)	(1,432)
Cash and cash equivalents	(13)	(127)	(140)
Trade payables	-	176	176
Other payables	3,149	19,444	22,593
Contract liabilities	-	6	6
Non-controlling interest	-	(1,111)	(1,111)
Net (assets)/liabilities disposed	(384)	4,455	4,071
Consideration received	-*	-*	-*
Net gain on disposal of subsidiaries, include in "Other income" (Note 5)	(384)	4,455	4,071

The aggregate cash outflow arising from disposal of subsidiaries

2020	Baiduri RM'000	MCM RM'000	Total RM'000
Consideration received	-*	-*	-*
Less: Cash and cash equivalent balances disposed of	(13)	(127)	(140)
Net cash outflow on disposal of a subsidiaries	(13)	(127)	(140)

* Amount less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

20. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Disposal of subsidiary (cont'd)

- (ii) On 30 November 2018, the Group entered into a sale and purchase agreement to dispose 80% of its interest in its subsidiary, Shaanxi Hengyu Architectural Interior Engineering Co. Ltd. at its carrying value. The disposal was fully settled in cash.

The value of assets and liabilities of Shaanxi Hengyu Architectural Interior Engineering Co. Ltd. and the effect of disposal were:

	2019 RM'000
Property, plant and equipment	(14)
Trade receivables	(7,412)
Contract assets	(2,909)
Other receivables	(1,406)
Cash and cash equivalents	(3,270)
Trade payables	6,941
Other payables	7,489
Contract liabilities	53
Non-controlling interest	106
Net assets disposed	(422)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of a subsidiary	(306)
Consideration received	4,369
Gain on disposal of subsidiary, include in "Other income" (Note 5)	3,641

The aggregate cash outflow arising from disposal of subsidiaries

	2019 RM'000
Consideration received	4,369
Less: Cash and cash equivalent balances disposed of	(3,270)
Net cash inflow on disposal of a subsidiary	1,099

NOTES TO THE FINANCIAL STATEMENTS

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 current and non-current trade payables are amounts of RM157,612,000 (2019: RM24,270,000) and Nil (2019: RM135,540,000) relating to deferred payment of the land payable to APSB. These amounts are secured by a corporate guarantee by the Company. The non-current trade payables were determined based on the present value of deferred payment discounted at 7.1%.

Included in current and non-current trade payables are construction costs of RM122,346,000 (2019: RM18,986,000) and Nil (2019: RM111,884,000) payable to a shareholder of the Company. These amounts are secured by a corporate guarantee by the Company.

22. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current				
- Sundry payables	59,478	54,101	2,098	1,103
- Deposit received	6,135	-	6,135	-
- Accruals	35,962	28,410	9,199	4,678
- Amount due to subsidiaries	-	-	5,422	4,562
	101,575	82,511	22,854	10,343
Non-current				
- Other payables	-	5,306	-	-
Total other payables and accruals	101,575	87,817	22,854	10,343
Add:				
Trade payables (Current and non-current) (Note 21)	302,775	318,262	-	-
Loans and borrowings (Current and non-current) (Note 24)	44,689	44,572	17,027	18,097
Total financial liabilities carried at amortised cost	449,039	450,651	39,881	28,440

Sundry payables mainly comprised a non-trade amount of RM29,552,000 (2019: RM4,071,000) payable to a shareholder of the Company and the retail mall's related expenses. Sundry payables are non-interest bearing and are normally settled on three to six months terms.

The amount due to subsidiaries is non-trade in nature, unsecured, interest-free and are repayable on demand.

23. DEFERRED REVENUE

Deferred revenue relates to a contract liability where 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

24. LOANS AND BORROWINGS

	Maturity Date	Group		Company	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Bank loan (Secured)					
- HKD loan at 10.5% p.a. (Note a)	Oct-20	27,630	26,475	-	-
Convertible Bonds (Secured)					
- 10% p.a. coupon (Note b)	May-20	-	18,097	-	18,097
Convertible loan (Unsecured)					
- 15% p.a. (Note c)	Oct-20	16,909	-	16,909	-
Other loans		150	-	118	-
		44,689	44,572	17,027	18,097

- (a) HKD loan is denominated in Hong Kong Dollar and is secured by a pledge of shares from the Company's controlling shareholders and a corporate guarantee by the Company.
- (b) 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 (equivalent to RM55,339,000) to the Company, convertible into 219,512,195 shares at a conversion price of S\$0.082 (equivalent to RM0.2521) ("Conversion Price"). The Conversion Price was equivalent to the volume weighted average price of S\$0.082 (equivalent to RM0.2521) 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 (equivalent to RM24,595,000) ("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 were secured by a charge over the shares of the Company's controlling shareholders.

NOTES TO THE FINANCIAL STATEMENTS

24. LOANS AND BORROWINGS (CONT'D)

- (b) 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 26).

As at 30 June 2019, the convertible bonds classified as loans and borrowings comprise the following:

	Group and Company
	2019
	RM'000
Liability component of convertible bond	20,753
Transaction costs	(2,656)
	<u>18,097</u>

The carrying amount of the liability component of convertible bonds at the end of the reporting period was arrived at as follows:

	Group and Company
	2019
	RM'000
Face value of convertible bond	18,423
Equity component (Note 27)	(278)
	18,145
Less: Transaction costs allocated to liability component	(2,656)
Liability component of convertible bond at initial recognition	15,489
Add: Amortisation of discount during the previous financial year	2,608
Liability component of convertible bond at the end of the reporting period	<u>18,097</u>

- (c) On 3 October 2019, the Company entered into a convertible loan agreement ("Convertible Loan Agreement") with external parties (the "Lenders") by which the Lenders agreed to grant an interest-bearing convertible loan of an aggregate principal amount of S\$5,500,000 (equivalent to RM16,909,000) to the Company to repay all amounts due and outstanding, together with any unpaid interest accrued, under the Convertible Bonds as disclosed in Note 24(b) above. The balance of the convertible loan is used by the Group for its working capital requirements.

The convertible loan can be converted by a lender from time to time into the Company's ordinary shares ("Conversion Shares") at a conversion price of S\$0.01517 (equivalent to RM0.04663) specified in the Convertible Loan Agreement. The conversion option is valid until the date immediately before the date falling 12 months from the disbursement date of the convertible loan ("Maturity Date").

NOTES TO THE FINANCIAL STATEMENTS

24. LOANS AND BORROWINGS (CONT'D)

- (c) The convertible loan bears a fixed interest rate of 15% per annum and the accrued interest shall be payable in cash by the Company half-yearly in arrears. Each interest period shall be six months ("Interest Period"). In the event that the Company fails to repay any amount payable by its due date, interest shall accrue on the overdue amount from the due date up to the actual date of payment at a fixed interest rate of 17% per annum. Any interest accruing for the overdue amount shall be immediately payable by the Company on demand by the Lenders. Default interest payable arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable. The Company shall repay the outstanding principal amount of the convertible loan in full, together with any unpaid interest accrued, on or before the Maturity Date.

Pursuant to the terms of the Convertible Loan Agreement, the Company shall raise funds of an aggregate amount equal to S\$15,000,000 (equivalent to RM46,116,000) ("Relevant Amount") or more and the Company shall use its best endeavours to repay the outstanding principal sum of the convertible loan in full (together with all accrued and unpaid interest) within 2 calendar months from the date the aggregate funds raised reaches or exceeds the Relevant Amount.

As at the date of issuance of these financial statements, the Lenders have not converted their outstanding loan into Conversion Shares.

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

			Non-cash changes	
	At 1 July 2019	Net cash flows	Adoption of IFRS 16	At 30 June 2020
	RM'000	RM'000	RM'000	RM'000
Loans and borrowings:				
- Current	44,572	(98)	215	44,689

NOTES TO THE FINANCIAL STATEMENTS

24. LOANS AND BORROWINGS (CONT'D)

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

	Non-cash changes							
	At 1 July 2018	Net cash flows	Amortisation Reclassification					At 30 June 2019
			Transaction costs	of transaction costs	to derivative equity components	Accretion of interests	Foreign exchange movement	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loans and borrowings:								
- Current	43,330	(12,362)	(2,709)	8,856	(150)	4,451	1,304	44,572
- Non-current	1,852	-	-	-	-	-	-	(1,852)
Obligations under operating leases:								
- Current	37	(37)	-	-	-	-	-	-
Total	45,219	(12,399)	(2,709)	8,856	(150)	4,451	1,304	44,572

The "other" column relates to reclassification of non-current portion of loans and borrowings due to passage of time.

NOTES TO THE FINANCIAL STATEMENTS

25. DEFERRED TAX ASSET AND LIABILITIES

(a) Deferred tax asset

The components and movements of deferred tax asset for the years ended 30 June 2020 and 2019 are as follows:

	Group	
	2020	2019
	RM'000	RM'000
At 1 July	3,473	4,156
Recognised in profit or loss	(3,473)	(683)
At 30 June	–	3,473

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 2020 and 2019 are as follows:

	Fair value adjustments on mining assets arising from Reverse Takeover
	RM'000
At 1 July 2018	19,929
Over provision in respect of previous years	(3,221)
Recognised in profit or loss	(15,069)
As at 30 June 2019 and 1 July 2019	1,639
Recognised in profit or loss	(327)
As at 30 June 2020	1,312

NOTES TO THE FINANCIAL STATEMENTS

26. SHARE CAPITAL

	Group			
	2020		2019	
	Number of shares		Number of shares	
	'000	RM'000	'000	RM'000
Issued and fully paid-up ordinary shares				
At 1 July	1,832,094	176,240	1,302,460	112,085 ⁽²⁾
Issue of new shares	–	–	529,634 ⁽³⁾	64,155 ⁽³⁾
At 30 June	1,832,094	176,240	1,832,094	176,240

	Company			
	2020		2019	
	Number of shares ⁽¹⁾		Number of shares ⁽¹⁾	
	'000	RM'000	'000	RM'000
Issued and paid-up				
At 1 July	1,832,094	225,365	1,302,460	161,210
Issue of new shares	–	–	529,634 ⁽³⁾	64,155 ⁽³⁾
At 30 June	1,832,094	225,365	1,832,094	225,365

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 which occurred during the previous financial year ended 30 June 2017.
- (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) On 21 December 2018, the Company issued 265,000,000 new ordinary shares at SGD0.035 (equivalent to RM0.105) per share.

On 31 August 2018, the Company issued 14,634,146 new ordinary shares at SGD0.052 (equivalent to RM0.156) per share pursuant to an arranger agreement entered in conjunction with the Subscription Agreement entered by the Company (Note 24).

On 17 May 2019, the Company issued 250,000,000 new ordinary shares at SGD0.032 (equivalent to RM0.096) per share.

NOTES TO THE FINANCIAL STATEMENTS

27. 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*

Merger reserve arose from the acquisition of CCP by AVL on 4 April 2017. This represents the difference between the consideration paid by AVL and 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 was presented net of transaction costs of RM138,000.

(d) *Foreign currency translation reserve*

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

(e) *Capital reserve*

Capital reserve represents the deemed capital contribution from the Company's then-existing immediate holding company prior to the reverse acquisition in relation to restricted stock units granted to the directors and employees of the Company.

28. COMMITMENTS

(a) *Operating lease - as a lessee*

The Group has entered into a non-cancellable operating lease agreement for premises and office equipment 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 30 June 2020 amounted to RM189,000 (2019: RM639,000), and RM63,000 (2019: RM17,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

28. COMMITMENTS (CONT'D)

(a) Operating lease - as a lessee (cont'd)

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

	Group	
	2020	2019
	RM'000	RM'000
Within one year	99	233
In the second to fifth years, inclusive	53	310
	152	543

(b) Operating lease - as a lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of one and three years.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period were as follows:

	Group	
	2020	2019
	RM'000	RM'000
Within one year	–	4,005
In the second to fifth years, inclusive	–	3,806
	–	7,811

The Group's investment properties have been temporarily closed on 28 February 2020 and reclassified as "Non-current assets held for sale" (Note 16) as at 30 June 2020.

(c) Capital commitments

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

	Group	
	2020	2019
	RM'000	RM'000
Capital commitment in respect of equity investments	–	61,800
Other capital expenditure	34,529	34,618
	34,529	96,418

NOTES TO THE FINANCIAL STATEMENTS

28. COMMITMENTS (CONT'D)

(c) *Capital commitments (cont'd)*

Capital commitment on equity investment is in respect of the Group's acquisition of Kekal Efektif Sdn. Bhd. ("Kekal"). 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 was 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 a development order duly approved by the appropriate authority in respect of the Development Land and acceptable to Baiduri;
- (c) a sum of RM1.5 million payable upon the expiry of six 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 Baiduri to the Vendors by utilising 20% of each net progress claims received by Baiduri commencing from the sixth stage of the schedule of payments 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 30% of the Purchase Price in kind (i.e. 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 2019, the Vendors have not transferred the development order from the relevant authority to the Group.

The Company disposed of Baiduri during the financial year ended 30 June 2020 (Note 20(a)(i)).

Other capital expenditure relates to the Group's development of an integrated development project in Tebrau, Johor Bahru, Malaysia. This project has been terminated as at the date of issuance of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

29. 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	
	2020	2019
	RM'000	RM'000
With directors' related companies in which certain directors have interest:		
<u>RDC Arkitek Sdn. Bhd.</u>		
Consultancy fee	726	1,452

(b) *Compensation of key management personnel*

	Group	
	2020	2019
	RM'000	RM'000
Short-term employee benefits	2,677	3,034
Directors' fee	430	261
Employer's contribution to defined contribution plans	68	68
	3,175	3,363
Comprise amounts paid to:		
- Directors of the Company	2,584	2,619
- Other key management personnel	591	744
	3,175	3,363

NOTES TO THE FINANCIAL STATEMENTS

30. 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 than 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 amount of the current financial assets and financial liabilities are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of non-current portion of trade payables and other 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
2019		
Non-financial assets:		
- Investment properties	734,235	231,162

NOTES TO THE FINANCIAL STATEMENTS

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(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 took 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 2019 RM'000	Significant unobservable inputs	Range (weighted average)
Investment properties	734,235	- gross development value	2019: RM350 to RM3,500 per square feet
		- estimated construction cost to completion	2019: 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 financial years ended 30 June 2020 and 2019.

31. 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 years, 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.

NOTES TO THE FINANCIAL STATEMENTS

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

(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 (including amount due from subsidiaries). For other financial assets (Cash on hand and at banks), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 60 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

NOTES TO THE FINANCIAL STATEMENTS

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

(a) Credit risk (cont'd)

Credit risk grading guideline

Management has established the Group's internal credit risk grading to the different exposures according to their degree of default risk. The internal credit risk grading which are used to report the Group's credit risk exposure to key management personnel for credit risk management purposes are as follows:

Internal rating grades	Definition	Basis of recognition of expected credit loss
i. Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month expected credit loss
ii. Under-performing	There has been a significant increase in credit risk since initial recognition (i.e. contractual payments are more than 30 days past due).	Lifetime expected credit loss (not credit impaired)
iii. Non-performing	There is evidence indicating that the asset is credit-impaired (i.e. contractual payments are more than 365 days past due).	Lifetime expected credit loss (credit impaired)
iv. Write-off	There is evidence indicating that there is no reasonable expectation of recovery as the debtor is in severe financial difficulty.	Asset is written off

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The loss allowance provision as at 30 June 2020 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's current trade receivables using provision matrix, grouped by geographical region:

Malaysia:

	Trade receivables (current)				
	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2020					
Gross carrying amount	-	-	-	24,881	24,881
Loss allowance provision	-	-	-	(17,737)	(17,737)
Net carrying amount	-	-	-	7,144	7,144
2019					
Gross carrying amount	22	148	569	12,021	12,760
Loss allowance provision	-	-	-	(2,479)	(2,479)
Net carrying amount	-	148	569	9,542	10,281

Information regarding loss allowance movement of trade receivables is disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS

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

(a) Credit risk (cont'd)

Other receivables

The Group's credit risk exposure in relation to other receivables, deposits and prepayments under IFRS 9 as at 30 June 2020 are set out in the credit risk rating grades as follows:

	Internal credit rating	Expected credit loss	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
Group - 2020					
Other receivables, deposits and prepayments	Non-performing	Lifetime ECL	16,138	(14,028)	2,110
Group - 2019					
Other receivables, deposits and prepayments	Performing	12-month ECL	25,853	–	25,853

The Group assessed the latest performance and financial position of the debtors, adjusted for the future outlook of the industry in which the debtors operate in, and concluded that there is significant difficulty of certain debtors (2019: no significant increase in the credit risk since the initial recognition of the financial assets). Accordingly, the Group measured the impairment loss allowance using lifetime ECL (credit-impaired) (2019: 12-month ECL) and determined that the ECL on the other receivables, deposits and prepayments is significant (2019: insignificant).

The Company's credit risk exposure in relation to other receivables, deposits and prepayments and amount due from subsidiaries under IFRS 9 as at 30 June 2020 are set out in the credit risk rating grades as follows:

	Internal credit rating	Expected credit loss	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
Company - 2020					
Other receivables, deposits and prepayments	Performing	12-month ECL	325	–	325
Amount due from subsidiaries	Under-performing	Lifetime ECL	113,215	(32,723)	80,492

NOTES TO THE FINANCIAL STATEMENTS

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

(a) Credit risk (cont'd)

Other receivables (cont'd)

	Internal credit rating	Expected credit loss	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
Company - 2019					
Other receivables, deposits and prepayments	Performing	12-month ECL	140	–	140
Amount due from subsidiaries	Under-performing	Lifetime ECL	106,448	(5,047)	101,401

Other receivables, deposits and prepayments

The Company assessed the latest performance and financial position of the debtors, adjusted for the future outlook of the industry in which the debtors operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using a 12-month ECL and determined that the ECL is insignificant.

Amount due from subsidiaries

In determining the ECL, management has taken into account the historical default experience and the financial positions of the subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for amount due from subsidiaries. The above assessment is after taking into account the latest financial positions of the subsidiaries.

Information regarding loss allowance movement of other receivables, deposits and prepayments and amount due from subsidiaries is disclosed in Note 13 and Note 14 respectively.

NOTES TO THE FINANCIAL STATEMENTS

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

(a) Credit risk (cont'd)

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

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			
	2020		2019	
	RM'000	% of total	RM'000	% of total
By country:				
- Malaysia	7,144	100%	24,776	100%

(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.

Further details of the Group's and the Company's management of the financial obligations are disclosed in Note 34 and Note 35.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(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	Between 2 and 5 years	Total
	RM'000	RM'000	RM'000
2020			
Financial assets:			
- Trade receivables	7,144	–	7,144
- Other receivables and deposits	2,004	–	2,004
- Cash and bank balances	1,299	–	1,299
Total undiscounted financial assets	10,447	–	10,447
Financial liabilities:			
- Trade payables	302,775	–	302,775
- Other payables and accruals	101,575	–	101,575
- Loans and borrowings	44,689	–	44,689
Total undiscounted financial liabilities	449,039	–	449,039
Total net undiscounted financial liabilities	(438,592)	–	(438,592)

NOTES TO THE FINANCIAL STATEMENTS

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

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

	Group		
	Less than 1 year	Between 2 and 5 years	Total
	RM'000	RM'000	RM'000
2019			
Financial assets:			
- Trade receivables	10,281	14,495	24,776
- Other receivables and deposits	24,922	-	24,922
- Cash and bank balances	3,224	-	3,224
Total undiscounted financial assets	38,427	14,495	52,922
Financial liabilities:			
- Trade payables	70,838	247,424	318,262
- Other payables and accruals	82,511	5,306	87,817
- Loans and borrowings	47,158	-	47,158
Total undiscounted financial liabilities	200,507	252,730	453,237
Total net undiscounted financial liabilities	(162,080)	(238,235)	(400,315)

As at 30 June 2020 and 30 June 2019, all of the Company's financial assets and financial liabilities have maturity profile of one year or less.

32. 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.

NOTES TO THE FINANCIAL STATEMENTS

32. SEGMENT INFORMATION (CONT'D)

Business segments (cont'd)

(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, treasury function and provision for theme park activities in the retail mall.

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.

	Property development	Mining	Others	Elimination	Group	Note
	RM'000	RM'000	RM'000	RM'000	RM'000	
2020						
<u>Revenue</u>						
Revenue from external customers	341	2,247	504	–	3,092	
Inter-segment revenue	–	–	7,065	(7,065)	–	A
Total revenue	341	2,247	7,569	(7,065)	3,092	
<u>Results</u>						
Interest income	(349)	–	(1)	–	(350)	
Depreciation expense	6,115	1,881	1,033	–	9,029	
Amortisation expense	–	853	419	–	1,272	
Impairment of non-financial assets	48,746	27,420	–	–	76,166	
Impairment of financial assets	27,823	299	1,164	–	29,286	
Property, plant and equipment written off	–	–	143	–	143	
Inventories written-down	–	1,900	–	–	1,900	
Gain on disposal of subsidiaries	–	–	(4,071)	–	(4,071)	
Profit/(loss) before tax	(115,171)	(13,569)	(34,558)	13,931	(149,367)	

NOTES TO THE FINANCIAL STATEMENTS

32. SEGMENT INFORMATION (CONT'D)

	Property development	Mining	Others	Elimination	Group	Note
	RM'000	RM'000	RM'000	RM'000	RM'000	
2020						
Assets:						
- Additions to non-current assets	6	-	116	-	122	
- Segment Assets	638,793	4,932	195,998	(197,762)	641,961	
Segment liabilities	531,358	63,135	71,447	(175,203)	490,737	
2019						
<u>Revenue</u>						
Revenue from external customers	127,352	10,497	3,351	-	141,200	
Inter-segment revenue	-	-	9,135	(9,135)	-	A
Total revenue	127,352	10,497	12,486	(9,135)	141,200	
<u>Results</u>						
Interest income	(2,517)	-	(10)	-	(2,527)	
Depreciation expense	5,249	1,340	2,151	-	8,740	
Amortisation expense	4,679	3,648	7,579	-	15,906	
Impairment of non-financial assets	-	72,002	-	-	72,002	
Impairment of financial assets	2,441	-	-	-	2,441	
Property, plant and equipment written off	-	40	266	-	306	
Inventories written-down	-	1,426	1,174	-	2,600	
Inventories written off	-	937	-	-	937	
Loss on deposit forfeited	-	-	500	-	500	
Fair value gain on derivatives	-	-	(5,249)	-	(5,249)	
Gain on disposal of subsidiary	-	-	(3,641)	-	(3,641)	
Profit/(loss) before tax	39,338	(11,336)	(114,110)	32,784	(53,324)	
Assets:						
- Additions to non-current assets	73,955	-	1,813	-	75,768	
- Segment assets	745,548	86,134	790,035	(827,902)	793,815	
Segment liabilities	522,759	93,546	62,881	(187,681)	491,505	

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

NOTES TO THE FINANCIAL STATEMENTS

32. 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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Malaysia	3,092	133,418	61,288	383,187
Singapore	-	-	206	227
PRC	-	7,782	-	-
	3,092	141,200	61,494	383,414

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

33. 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 2020 and 2019.

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, trade payables and other payables and accruals less cash and bank balances. Capital refers to equity attributable to the equity holders of the Group.

NOTES TO THE FINANCIAL STATEMENTS

33. CAPITAL MANAGEMENT (CONT'D)

	Group	
	2020	2019
	RM'000	RM'000
Trade payables	302,775	318,262
Other payables and accruals	101,575	87,817
Less: Cash on hand and at banks	(1,299)	(3,224)
Net debt	403,051	402,855
Equity attributable to owners of the Company	151,224	303,138
Capital and net debt	554,275	705,993
Gearing ratio	73%	57%

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 30 June 2020 and 2019.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS

36. LEGAL CASES

- (a) As at the date of issuance of these financial statements, the Group has received a number of legal claims of approximately RM59 million from several third parties, of which approximately RM47 million of these legal claims will be settled/discharged through the Debt Settlement Proposal and the Scheme of Arrangement as disclosed in Note 34 and Note 35 respectively. Management is of the view that it is not probable that an outflow of resources embodying economic benefits will be required to settle the remaining claims of RM12 million. Accordingly, no provision for any liability has been made in these financial statements.
- (b) A group of purchasers of the Group's inventory properties ("Proposed Interveners") has filed an application that leave be granted to the Proposed Interveners to intervene and be added as parties in the proceeding, that the JM Order dated 13 March 2020 be set aside, that the votes acquired during creditors' meeting be set aside and as a result, the SOP by the Judicial Manager be set aside and a stay on the SOP and/or JM Order. The case management of the Proposed Interveners has been fixed on 17 August 2021.

37. IMPACT OF COVID-19

In March 2020, the World Health Organisation had declared COVID-19 outbreak a pandemic. The spread of COVID-19 has created a high level of uncertainty to the near-term global economic prospect and caused disruptions to various businesses.

Malaysia implemented a series of measures and policies such as different-level Movement Control Order (MCO), border closures and local inter-state travel restrictions, which significantly disrupted the business activities of the Group.

The COVID-19 pandemic has significantly impacted the Group's operations and its financial performance for the current financial year ended 30 June 2020 and subsequent to the financial year end. Management is closely monitoring the Group's businesses and has taken certain measures to deal with the impact including managing the Group's liquidity and/or conserving cash flow.

38. COMPARATIVE FIGURES

Change in classification

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements. As a result, certain line items have been amended on the face of the consolidated statement of financial position. Comparative figures have been adjusted to conform with current year's presentation as follows:

	2019 (As previously reported)	Reclassification	2019 (Represented)
	RM	RM	RM
<u>Consolidated Statement of Financial Position</u>			
Current assets:			
- Inventory properties	223,333	121,774	345,107
Current assets:			
- Inventory properties	121,774	(121,774)	-

STATISTICS OF SHAREHOLDINGS

As at 29 July 2021

SHARE CAPITAL

Issued and Fully Paid-up Share Capital	:	S\$73,283,782
Class of Shares	:	Ordinary Shares
Votting Rights	:	One Vote per Ordinary Share
Number of Ordinary Share	:	1,832,094,554
Number of Treasury Share	:	Nil
Number of Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1 - 99	15	1.61	526	0.00
100 - 1,000	25	2.69	13,080	0.00
1,001 - 10,000	213	22.90	1,027,800	0.06
10,001 - 1,000,000	608	65.38	103,517,484	5.65
1,000,001 AND ABOVE	69	7.42	1,727,535,664	94.29
TOTAL	930	100.00	1,832,094,554	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SIOW CHIEN FU	503,745,713	27.50
2	MAYBANK KIM ENG SECURITIES PTE. LTD.	253,290,825	13.83
3	TAN JUNE TENG COLIN @CHEN JUNTING	250,892,857	13.69
4	TAN PING HUANG EDWIN @CHEN BINGHUANG	250,892,857	13.69
5	TWIN UNITRADE SDN BHD	53,849,455	2.94
6	UOB KAY HIAN PRIVATE LIMITED	50,037,947	2.73
7	OCBC SECURITIES PRIVATE LIMITED	48,563,425	2.65
8	PHILLIP SECURITIES PTE LTD	33,655,475	1.84
9	TRITECH GROUP LIMITED	25,140,100	1.37
10	HONG LAI HUAT INTERNATIONAL PTE LTD	20,000,000	1.09
11	ONG JIA JING	17,000,000	0.93
12	PRG HOLDINGS BERHAD	15,000,000	0.82
13	TAN LEE TIANG	13,401,100	0.73
14	JOSEPH BONG KIN FOOK	12,618,646	0.69

STATISTICS OF SHAREHOLDINGS

As at 29 July 2021

SUSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

NO.	NAME OF SUSTANTIAL SHAREHOLDERS	DIRECT INTEREST		DEEMED INTEREST	
		NO OF SHARES HELD	%	NO OF SHARES HELD	%
1	Siow Chien Fu	503,745,713	27.50	–	–
2	Tan June Teng Colin @ Chen Junting (“Colin Tan”) ⁽¹⁾	250,892,857	13.69	–	–
3	Tan Ping Huang Edwin @ Chen Binghuang (“Edwin Tan”) ⁽¹⁾	250,892,857	13.69	–	–
4	PRG Holdings Berhad ⁽²⁾	15,000,000	0.82	250,000,000	13.65

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 27.39% of the total issued Shares of the Company.

(2) 250 million shares are held under the nominee of Maybank Kim Eng Securities (Pte) Ltd.

Based on the information available to the Company as at 29 July 2021, approximately 30.65% of the ordinary issued shares of the Company are held by the public.

Accordingly, Rule 723 of the Listing Manual (Section B: Rule of Catalyst) 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 (“AGM”) of Capital World Limited (the “Company”) will be held by way of electronic means on Tuesday, 31 August 2021 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

- | | | |
|----|--|---------------------|
| 1. | To receive and adopt the Directors’ Statement and the Audited Financial Statements for the financial year ended 30 June 2020 together with the Independent Auditor’s Report thereon. | Resolution 1 |
| 2. | To approve the payment of Directors’ fees of S\$126,403 for the financial year ended 30 June 2020 (FY2019: S\$148,666.63). | Resolution 2 |
| 3. | To re-elect Mr Lim Kian Thong retiring pursuant to Article 85(6) of the Articles of Association of the Company.
<i>[See Explanatory Note (1)(a)]</i> | Resolution 3 |
| 4. | To re-elect Mr Lam Kwong Fai retiring pursuant to Article 85(6) of the Articles of Association of the Company.
<i>[See Explanatory Note (1)(b)]</i> | Resolution 4 |
| 5. | To re-elect Mr Siow Chien Fu retiring pursuant to Article 86(1) of the Articles of Association of the Company.
<i>[See Explanatory Note (1)(c)]</i> | Resolution 5 |
| 6. | To re-appoint Moore Stephens LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 6 |
| 7. | To transact any other ordinary business which may be properly transacted at an Annual General Meeting. | |

AS SPECIAL BUSINESS

- | | | |
|----|--|---|
| 8. | General Authority to Allot and Issue Shares | Resolution 7 |
| | 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, |

NOTICE OF ANNUAL GENERAL MEETING

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;
- (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;

Adjustments in accordance with sub-paragraphs (2)(a) or (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

- (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 SGXST), 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)]

9. Proposed Renewal Of The Share Buyback Mandate

Resolution 8

- (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:

NOTICE OF ANNUAL GENERAL MEETING

- (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;

NOTICE OF ANNUAL 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 during the relevant five day period and the day on which the purchases are made;

“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.

- (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)]

By Order of the Board

Lee Pih Peng
Company Secretary

Singapore
16 August 2021

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes

1. (a) Mr Lim Kian Thong will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee and will be considered independent for purposes of Rule 704(7) of the Catalist Rules. Detailed information of Mr Lim Kian Thong can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report.
- (b) Mr Lam Kwong Fai will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee and will be considered independent for purposes of Rule 704(7) of the Catalist Rules. Detailed information of Mr Lam Kwong Fai can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report.
- (c) Mr Siow Chien Fu will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Executive Officer of the Company. Detailed information of Mr Siow Chien Fu can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report.
2. The Ordinary Resolution 7 proposed in item 8 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 7, 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 7 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 7. 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 7.
3. The Ordinary Resolution 8 proposed in item 9 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), at prices up to but not exceeding the Maximum Price (as defined above), as at the date of the passing of this Ordinary Resolution 8. Details the proposed renewal of the Share Buyback Mandate are set out in the Appendix accompany this annual report.

IMPORTANT NOTICE FOR SHAREHOLDERS:

The Company's AGM is being convened, and will be held, by way of electronic means pursuant to the provision of the COVID-19 (Temporary Measures)(Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation titled "Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period".

Copies of the documents and information relating to the AGM (including the Annual Report FY2020, Notice of AGM, Appendix to Notice of AGM and Proxy Form) have been made available on SGXNET and may be accessed at the URL <https://www.sgx.com/securities/company-announcements>.

A printed copy of this Notice of AGM, Appendix to Notice of AGM, Proxy Form and Annual Report FY2020 will **NOT** be despatched to shareholders.

Shareholders should take note of the following arrangements for the AGM:

(a) Participation in the AGM via Live Webcast

The AGM will be conducted only by way of electronic means, and shareholders will not be able to attend the AGM in person. Shareholders will also not be able to vote online on the resolutions to be tabled for approval at the AGM. Shareholders may instead participate in the AGM by:-

- (i) Observing and/or listening to the proceedings of the AGM through a "live" audio-visual webcast and "live" audio-only feed;
- (ii) Submitting questions in relation to any agenda item in this notice of AGM in advance of the AGM; and/or
- (iii) Appointing the chairman of the AGM ("**Chairman**") as proxy to vote on their behalf in accordance with their vote instructions.

Details of the steps for pre-registration, pre-submission of questions and voting at the AGM are set out in items (b) to (e) below.

NOTICE OF ANNUAL GENERAL MEETING

(b) Pre-registration for AGM

Shareholders, including investors who hold shares through the Central Provident Fund ("CPF") and/or Supplementary Retirement Scheme ("SRS"), who wish to follow the proceedings of the AGM must pre-register online at <https://rebrand.ly/Capital-World-Limited-2020-AGM> not later than **27 August 2021, 10.00 a.m.** ("**Pre-Registration Deadline**") for verification purposes. Following successful verification, an email with instructions on how to join the live webcast or audio feed of the AGM proceedings will be sent to the registered shareholders via email by 30 August 2021, 3.00 p.m. Shareholders must not forward the email instruction to other persons who are not shareholders and who are not entitled to attend the AGM proceedings. This is also to avoid any technical disruptions or overload to the AGM proceedings.

Investors holding shares through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50) ("**Investors**") (other than CPF/SRS investors) will not be able to pre-register for the live webcast of the AGM. An Investor who wishes to participate in the live webcast of the AGM should approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number), via email to the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at srs.teamd@boardroomlimited.com not later than **27 August 2021, 10.00 a.m.**

Shareholders and Investors who have registered by the Pre-Registration Deadline but did not receive the aforementioned email by **30 August 2021, 3.00 p.m.** should contact the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. by email to srs.teamd@boardroomlimited.com.

(c) Submission of Questions

Shareholders and Investors will not be able to ask questions during the AGM proceedings.

Shareholders and Investors who have questions in relation to any agenda item in this notice of AGM can submit their questions to the Company in advance, by **27 August 2021, 10.00 a.m.**, through any of the following means:

- (i) by email to srs.teamd@boardroomlimited.com; or
- (ii) by post, to be deposited with Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

Shareholders and/or Investors must identify themselves when posting questions through email or mail by providing the following details:

- (i) Full Name;
- (ii) Contact Telephone Number;
- (iii) Email Address; and
- (iv) The manner in which you hold shares (if you hold shares directly, please provide your CDP account number; otherwise, please state if you hold your shares through CPF or SRS, or are a relevant intermediary shareholder)

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult to submit questions by post, members are strongly encouraged to submit their questions via the pre-registration website or by email. The Company will endeavour to respond to all substantial and relevant questions either prior to the AGM (via an announcement on SGXNET at the URL <https://www.sgx.com/securities/company-announcements> or at the AGM. The minutes of the AGM will be published on SGXNET within one month after the AGM.

(d) Voting at the AGM by appointing Chairman as Proxy (Submit a Proxy Form)

For Investors who hold shares through relevant intermediaries please refer to item (e) for the procedures to vote at the AGM.

Shareholders will only be able to vote at the AGM by appointing the Chairman as proxy to vote on their behalf. Duly completed Proxy Forms must be submitted through any of the following means not later than **29 August 2021, 10.00 a.m.** (being not later than forty-eight (48) hours before the time appointed for holding the AGM):

- (iii) by email to srs.teamd@boardroomlimited.com; or
- (iv) by post, to be deposited with the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

The Proxy Form has been made available on SGXNET and may be accessed at the URL <https://www.sgx.com/securities/company-announcements>.

In appointing the Chairman of the Meeting as proxy, the Shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

Please refer to the detailed instructions set out in the Proxy Form.

NOTICE OF ANNUAL GENERAL MEETING

(e) Voting at the AGM by Relevant Intermediary Investors and CPF/SRS Investors

Relevant Intermediary Investors (including CPF/SRS investors) who wish to appoint the Chairman as their proxy to vote at the AGM should not make use of the Proxy Form and should instead approach their respective relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS investors who wish to vote should approach their respective CPF agent banks or SRS approved banks or depository agents to submit their votes by **19 August 2021, 10.00 a.m.**, being at least seven (7) working days before the AGM, in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman to vote on their behalf not later than **29 August 2021, 10.00 a.m.**

Important Reminder

Due to the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Shareholders and Investors are advised to regularly check the Company's website or announcements released on SGXNET for updates on the AGM.

Personal Data Privacy

"Personal data" in this notice of AGM has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes your name, address and NRIC/Passport number. By submitting (a) an application to pre-register for participation in the AGM via the Webcast; (b) questions relating to the resolutions to be tabled for approval at the AGM; and/or (c) an instrument appointing Chairman of the meeting as proxy to vote at the AGM and/or any adjournment thereof, a member of the Company hereby consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers including any organisations the Company has engaged to perform any function related to the AGM) for the purposes of, (i) verifying the member's information and processing of the member's application to pre-register to participate in the AGM via the Webcast and providing the member with any technical assistance where possible; (ii) addressing any selected questions submitted by the member and following up with the member where necessary, and responding to, handling, and processing queries and requests from the member; (iii) the processing and administration by the Company (or its agents or service providers including any organisations the Company has engaged to perform any function related to the AGM) of proxy forms appointing Chairman of the meeting for the AGM (including any adjournment thereof); and (iv) the preparation, compilation and disclosure (as application) of the attendance lists, minutes, questions from members and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers including any organisations the Company has engaged to perform any function related to the AGM) to comply with any applicable laws, listing rules, regulations and/or guidelines.

CAPITAL WORLD LIMITED

(Company Registration No. CT-276295)

(Incorporated in the Cayman Islands on 15 March 2013)

**ANNUAL GENERAL MEETING -
SHAREHOLDER PROXY FORM****IMPORTANT:**

1. The Annual General Meeting ("AGM" or the "Meeting") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation titled "Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period". Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Notice of AGM dated 16 August 2021 which has been uploaded on SGXNET on the same day.
2. A shareholder WILL NOT be able to attend the AGM in person. If a shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. For CPF, or SRS investors who wish to appoint the Chairman of the Meeting as their proxy, they should approach their CPF and/or SRS Approved Nominees to submit their votes at least seven (7) working days before the AGM. This Proxy Form is not valid for use by CPF, or SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. By submitting this proxy form appointing the Chairman of the Meeting as proxy, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 16 August 2021.
5. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a shareholder's proxy to vote on his/her/ its behalf at the AGM.

I/We, _____ (Name) _____ (NRIC / Passport no.)
of _____ (Address)

being a *shareholder/shareholders of **CAPITAL WORLD LIMITED** (the "**Company**"), hereby appoint the Chairman of the Meeting as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM of the Company to be held by way of electronic means via live webcast on Tuesday, 31 August 2021 at 10.00 a.m. and at any adjournment thereof. *I/We direct the Chairman of the Meeting to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes for or against a resolution to be proposed at the AGM, please indicate with a "✓" in the space provided under "For" or "Against". If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution to be proposed at the Meeting, please indicate with a "✓" in the space provided under "Abstain". Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.)

No.	Resolutions relating to:	For	Against	Abstain
ORDINARY BUSINESS				
Resolution 1	Directors' Statements, Audited Financial Statements for the financial year ended 30 June 2020 and the Independent Auditor's Report			
Resolution 2	Directors' fees of S\$126,403 for the financial year ended 30 June 2020			
Resolution 3	Re-election of Mr Lim Kian Thong as a Director of the Company			
Resolution 4	Re-election of Mr Lam Kwong Fai as a Director of the Company			
Resolution 5	Re-election of Mr Siow Chien Fu as a Director of the Company			
Resolution 6	Re-appointment of Moore Stephens LLP as Auditors of the Company and to authorise the Directors to fix their remuneration			
SPECIAL BUSINESS				
Resolution 7	General authority to allot and issue Shares			
Resolution 8	Renewal of the Share buyback Mandate			

* Delete where inapplicable

Dated this _____ day of _____, 2021

Signature(s) of Member(s) or Common Seal of
Corporate Shareholders

Total Number of Shares held in:	No. of Shares
Register of Members	

IMPORTANT: PLEASE READ NOTES OVERLEAF CAREFULLY BEFORE COMPLETING THIS SHAREHOLDER PROXY FORM

Notes:

- (1) Please insert the total number of shares held in your name in the Register of Members of the Company. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act (Chapter 289) of Singapore), please use the Depositor Proxy Form. If no number of shares is inserted, this proxy form will be deemed to relate to all shares held by you in the Register of Members of the Company.
- (2) A shareholder will not be able to vote through the live webcast and voting is only through submission of proxy form. If a shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
- (3) The Chairman of the Meeting, as a proxy, need not be a member of the Company.
- (4) The proxy form appointing Chairman of the Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the proxy form appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (5) Where this proxy form appointing Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the power of attorney or a notorially certified copy thereof (failing previous registration with the Company) must be lodged with this proxy form, failing which this proxy form may be treated as invalid.
- (6) If the Chairman of the Meeting as proxy is to be appointed, the proxy form appointing the Chairman of the Meeting as proxy, duly executed, must be submitted through any of the following means not later than forty-eight (48) hours before the time appointed for holding the AGM:
 - (i) By sending a scanned PDF copy by email to srs.teamd@boardroomlimited.com; or
 - (ii) by depositing a physical copy at the registered 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.
- (7) The Company shall be entitled to reject the proxy form appointing Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form appointing Chairman of the Meeting as proxy. The Company may reject any proxy form appointment the Chairman of the Meeting as proxy lodged if the shareholder being the appointor, is not shown to have shares entered against his/her/its name in the Register of Members of the Company as at forty-eight (48) hours before the time appointed for holding the AGM, as certified by the Company's Singapore Share Transfer Agent.

Personal Data Privacy:

By submitting this proxy form appointing Chairman of the Meeting as proxy, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 16 August 2021.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Low Chai Chong

Non-Executive Independent Chairman

Mr Siow Chien Fu

Executive Director and Chief Executive Officer

Mr Lim Kian Thong

Non-Executive and Independent Director

Mr Lam Kwong Fai

Non-Executive and Independent Director

Ms Tan Ler Choo

Non-Executive and Non-Independent Director

AUDIT COMMITTEE

Mr Lim Kian Thong (Chairman)

Mr Low Chai Chong

Mr Lam Kwong Fai

Ms Tan Ler Choo

REMUNERATION COMMITTEE

Mr Low Chai Chong (Chairman)

Mr Lim Kian Thong

Mr Lam Kwong Fai

Ms Tan Ler Choo

NOMINATING COMMITTEE

Mr Lam Kwong Fai (Chairman)

Mr Low Chai Chong

Mr Lam Kwong Fai

Ms Tan Ler Choo

COMPANY SECRETARY

Ms Lee Pih Peng

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

1 North Bridge Road
#24-09 High Street Centre
Singapore 179094

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place #32-01

Singapore Land Tower

Singapore 048623

AUDITOR

Moore Stephens LLP

10 Anson Road

#29-15 International Road

Singapore 079903

Partner-in-charge: Mr Neo Keng Jin

(Appointed since the financial year ended
30 June 2020)

PRINCIPAL BANKER

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



CAPITAL WORLD LIMITED

SINGAPORE OFFICE

1 North Bridge Road
#24-09 High Street Centre
Singapore 179094
Tel : (65) 6734 9633

MALAYSIA OFFICE

LG-06, Pangsapuri Jentayu Jalan Tampoi,
Kawasan Perindustrian Tampoi Johor Bahru,
81200 Johor, Malaysia
Tel : (60) 7238 6622
Fax: (60) 7236 3322