



**BERJAYA**  
**BERJAYA ASSETS BERHAD**  
(Company No. 3907-W)



**ANNUAL  
REPORT  
2019**

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## VISION

- To be an organisation which incorporates good governance and a commitment to excellence in our business practices and generates profitable returns in alignment with our business goals and interests of all our stakeholders.

## MISSION

- To deliver quality and innovation through our products and services which will increase the strength of our brand and enhance value for our shareholders.
- To provide career development opportunities for our employees to realise their full potential within the organisation.
- To generate sustainable and profitable growth across our businesses.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Chairman/Non-Independent Non-Executive Director

YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail

### Executive Directors

Datuk Wira Lye Ek Seang

Chryseis Tan Sheik Ling

Koh Huey Min

### Non-Independent Non-Executive Director

Chan Kien Sing

### Independent Non-Executive Directors

Datuk Robert Yong Kuen Loke

Heng Kiah Choong

Dato' Mohd Salleh Bin Ahmad

### AUDIT AND RISK MANAGEMENT COMMITTEE

Heng Kiah Choong (Chairman)

Datuk Robert Yong Kuen Loke

Dato' Mohd Salleh Bin Ahmad

Chan Kien Sing

### NOMINATION COMMITTEE

Datuk Robert Yong Kuen Loke (Chairman)

Heng Kiah Choong

Dato' Mohd Salleh Bin Ahmad

### REMUNERATION COMMITTEE

Heng Kiah Choong (Chairman)

Datuk Robert Yong Kuen Loke

Dato' Mohd Salleh Bin Ahmad

### SECRETARIES

Tham Lai Heng Michelle

(MAICSA No. 7013702)

Wong Siew Guek

(MAICSA No. 7042922)

### SHARE REGISTRAR

Berjaya Registration Services Sdn Bhd

Lot 10-04A & 10-04B, Level 10 West

Berjaya Times Square

No. 1 Jalan Imbi

55100 Kuala Lumpur

Tel : 03 - 2145 0533

Fax : 03 - 2145 9702

### AUDITORS

Deloitte PLT (LLP0010145-LCA)

Chartered Accountants (AF 0080)

Level 16, Menara LGB

1 Jalan Wan Kadir

Taman Tun Dr. Ismail

60000 Kuala Lumpur

### REGISTERED OFFICE

Lot 13-01A, Level 13 (East Wing)

Berjaya Times Square

No. 1 Jalan Imbi

55100 Kuala Lumpur

Tel : 03 - 2149 1999

Fax : 03 - 2143 1685

### PRINCIPAL BANKERS

Affin Bank Berhad

Kuwait Finance House (Malaysia) Berhad

Malayan Banking Berhad

MBSB Bank Berhad

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

### STOCK SHORT NAME

BJASSET (3239)

### PLACE OF INCORPORATION AND DOMICILE

Malaysia

## PROFILE OF DIRECTORS



### YAM TUNKU TUN AMINAH BINTI SULTAN IBRAHIM ISMAIL

33 years of age • Malaysian • Female

Chairman

Non-Independent Non-Executive Director

YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail was appointed to the Board as Chairman on 4 October 2017.

Her Royal Highness graduated from the prestigious La Salle School of Arts in Singapore. Her Royal Highness is the Chairman of REDtone International Berhad. Her Royal Highness has considerable experience in heading private organisations across a broad range of industries and is a director on the board of several other private companies, including Berjaya Waterfront Sdn Bhd, REDtone Networks Sdn Bhd, Jauhari Maksima Sdn Bhd and Ibzi Holdings Sdn Bhd. Her Royal Highness also holds the Kentucky Fried Chicken franchise in Stulang Laut, Johor Bahru.

Her Royal Highness is the current president of the Johor Darul Ta'zim Football Club (also known as JDT), a football club based in Johor Bahru.

Her Royal Highness is a daughter of DYMM Sultan Ibrahim Johor, a major shareholder of the Company.

## PROFILE OF DIRECTORS



### DATUK WIRA LYE EK SEANG

54 years of age • Malaysian • Male  
Executive Director

Datuk Wira Lye Ek Seang was appointed to the Board as Independent Non-Executive Director on 19 April 2012. On 8 January 2013, he was appointed as an Executive Director of the Company.

He is the founding member of Sunzi Association of Malaysia. He holds a Bachelor of Science (Hons) degree in Mathematics from the University of Malaya. While in University of Malaya, he was "The Sportsman of the Year" in 1989, founder and instructor of Persatuan Taekwondo (WTF) University of Malaya. He joined the Rejimen Askar Wataniah (Reserved Officer Training Unit-ROTU) and was commissioned as Second Lieutenant by Duli Yang Maha Mulia Seri Paduka Baginda Yang Dipertuan Agong on 15 June 1989.

He was a Non-Independent Non-Executive Director and Audit Committee Member of Magna Prima Berhad from 16 July 2007 to 24 June 2009. He was also a Non-Independent Non-Executive Director of Ho Hup Construction Company Berhad from August 2008 and re-designated as Deputy Executive Chairman from December 2008 until March 2010. He had also served on the Boards of REDtone International Berhad and Minetech Resources Berhad as a Non-Independent and Non-Executive Director. He resigned from the Boards of these companies in March 2016 and January 2014 respectively.

Currently, he is an Executive Director of Berjaya Times Square Sdn Bhd. He is a Director of Tropicana Corporation Berhad and a Trustee of Tropicana Foundation. He also sits on the Board of several other private limited companies involved in manufacturing, television program production and distribution and property development.



### CHRYSEIS TAN SHEIK LING

31 years of age • Malaysian • Female  
Executive Director

Chryseis Tan Sheik Ling was appointed to the Board as an Executive Director on 7 December 2016. She graduated with a Bachelor of Arts in Liberal International Studies from Waseda University, Tokyo in 2012.

Currently, she is the Chief Executive Officer of Berjaya Times Square Sdn Bhd, a wholly-owned principal subsidiary of the Company, mainly involved in the marketing and overall management of Berjaya Times Square mall.

She is also a Director of Berjaya Assets Food (BAF) Sdn Bhd ("BAF"), another wholly-owned subsidiary of the Company, and she oversees BAF's interest in the Food & Beverage industry. BAF has secured the right to manage the franchise of Greyhound Café from Bangkok, Thailand in Malaysia.

She is also a Director and Chairman of Natural Avenue Sdn Bhd ("NASB"), a subsidiary of the Company, since 1 August 2014. NASB is the exclusive agent for Sarawak Turf Club's Special Cash Sweep Number Forecast Lotteries in Sarawak.

Presently, she is an Executive Director of Berjaya Land Berhad and a Non-Executive Director of Berjaya Food Berhad. She is also the Head of Marketing for Four Seasons Hotel and Hotel Residences Kyoto, Japan, a hotel and residences development project undertaken by Berjaya Kyoto Development (S) Pte Ltd, an associated company of Berjaya Land Berhad. She also holds directorships in several other private limited companies.

She is a daughter of Tan Sri Dato' Seri Vincent Tan Chee Yiu, a major shareholder of the Company.

## PROFILE OF DIRECTORS



### KOH HUEY MIN

54 years of age • Malaysian • Female  
Executive Director

Koh Huey Min was appointed to the Board as an Executive Director on 23 June 2017. She is a Fellow Member of the Chartered Institute of Management Accountants and a member of the Malaysian Institute of Accountants.

She has more than 30 years of experience in finance, accounting, tax, treasury fields, marketing, business development and shopping complex operations. Prior to joining Berjaya Times Square Sdn Bhd (“BTSSB”), a wholly-owned principal subsidiary of the Company, she was attached to PricewaterhouseCoopers for two years and subsequent to that, she worked in Hong Leong Group of Companies for four years as an Assistant Accountant and subsequently promoted to Accountant. She joined BTSSB in 1994 as a Finance Manager and led the Finance and Admin Department. She was responsible for the overall finance, accounting, tax, treasury and general administration functions of BTSSB. She was promoted to Senior Finance Manager in year 2000, Deputy General Manager-Finance in 2004, General Manager-Finance in 2006, Senior General Manager in 2009 and Executive Director in 2013. Currently, she is an Executive Director of BTSSB and oversees the operations of Berjaya Times Square Group. She also holds directorships in various subsidiaries of the Company.



### CHAN KIEN SING

63 years of age • Malaysian • Male  
Non-Independent Non-Executive Director

Chan Kien Sing was appointed to the Board on 9 April 2001. He is a member of The Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants.

Having articulated with Messrs Peat Marwick Mitchell (now known as KPMG) from 1975 to 1981, he subsequently joined Arab-Malaysian Merchant Bank Berhad (now known as AmlInvestment Bank Berhad) specialising in corporate finance until 1989 when he joined Berjaya Group Berhad.

Currently, he is an Executive Director of Berjaya Media Berhad and a Director of Berjaya Corporation Berhad, Berjaya Sports Toto Berhad and 7-Eleven Malaysia Holdings Berhad. He also holds directorships in several other private limited companies.

He is a member of the Audit and Risk Management Committee.

## PROFILE OF DIRECTORS



### DATUK ROBERT YONG KUEN LOKE

67 years of age • Malaysian • Male  
Independent Non-Executive Director

Datuk Robert Yong Kuen Loke was appointed as a Non-Independent Non-Executive Director of the Company on 9 April 2001. He was subsequently re-designated as an Independent Non-Executive Director of the Company on 1 December 2009.

He is a Fellow member of The Institute of Chartered Accountants in England and Wales and a member of The Institute of Singapore Chartered Accountants and the Malaysian Institute of Accountants. He is also a Council Member of The Malaysian Institute of Certified Public Accountants and presently serves as a member of its Executive Committee. He has many years of working experience in the fields of accounting, audit, treasury and financial management. He started his career in London in 1973 and worked for more than five years with chartered accounting firms. Subsequently, he was with Price Waterhouse, Singapore from 1979 to 1982. From 1983 to 1986, he served as the Group Finance Manager in UMW Holdings Berhad and Group Treasurer in Edaran Otomobil Nasional Bhd. He joined Berjaya Group of Companies in 1987 until his retirement as Executive Director on 30 November 2007.

Currently, he is a Director of Berjaya Corporation Berhad, Berjaya Land Berhad, Berjaya Sports Toto Berhad and Berjaya Media Berhad.

Datuk Robert Yong Kuen Loke is the Chairman of the Nomination Committee and a member of the Audit and Risk Management Committee and Remuneration Committee of the Company.



### HENG KIAH CHOONG

70 years of age • Malaysian • Male  
Independent Non-Executive Director

Heng Kiah Choong was appointed to the Board on 27 February 2001.

He started his sports-related business upon completion of his secondary education in 1966. Currently, he is the Managing Director of Sai (M) Sdn Bhd, overseeing the overall management of the graphic design and Sports Event Management departments. He has extensive interest in sports-related business and activities. He is currently the Deputy President of Kuala Lumpur Tenpin Bowling Association. His company is the marketing representative of the International Sepak Takraw Federation responsible in the marketing and promotion of sepak takraw and distribution of sepak takraw equipment.

He is the Chairman of the Audit and Risk Management Committee and the Remuneration Committee. He is also a member of the Nomination Committee.

## PROFILE OF DIRECTORS



### **DATO' MOHD SALLEH BIN AHMAD**

**77 years of age • Malaysian • Male**  
**Independent Non-Executive Director**

Dato' Mohd Salleh Bin Ahmad was appointed to the Board on 28 March 2005. He graduated with a degree in Bachelor of Arts (Second Class Honours), University of Malaya.

He began his career with the Ministry of Finance as Assistant Secretary in 1966. He was promoted to Principal Assistant Secretary in 1969 and was the Deputy Head of Division prior to his departure in 1988. Thereafter, he joined the Ministry of Defence and was the Director of Establishment and Services. He was appointed as the Chief Executive Officer of Koperasi Serbaguna Anak-Anak Selangor Berhad (KOSAS) in 1991 until January 2005. He also holds directorships in several private limited companies.

He is a member of the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee.

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Save as disclosed, none of the Directors have:-

1. any family relationship with any directors and/or major shareholders of the Company;
2. any conflict of interest with the Company;
3. any convictions for offences within the past 5 years other than traffic offences; and
4. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



## KEY SENIOR MANAGEMENT

### TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN

67 years of age • Malaysian • Male • Executive Chairman, Berjaya Times Square Sdn Bhd ("BTSSB")

He is a businessman and entrepreneur with more than four decades of entrepreneurial experience and has diverse interests in property development and investment, gaming, lottery management, stockbroking, motor distribution, retailing, trading, hospitality, internet-related businesses, environmental and utilities, media, food and beverage, telecommunications, insurance and education through various public and private companies, namely, Berjaya Corporation group of companies, Berjaya Media Berhad, Berjaya Assets Berhad, 7-Eleven Malaysia Holdings Berhad, Intan Utilities Sdn Bhd, U Mobile Sdn Bhd and MOL Ventures Pte Ltd.

Currently, he is the Executive Chairman of Berjaya Corporation Berhad and the Chairman of Berjaya Capital Berhad, U Mobile Sdn Bhd, Cosway (M) Sdn Bhd and Country Farms Sdn Bhd. He is also the Managing Director/Chief Executive Officer of Sports Toto Malaysia Sdn Bhd. He also holds directorships in several other private limited companies and also in Berjaya Corporation group of companies.

His daughter, Chryseis Tan Sheik Ling is a member of the Board. His son, Tan U-Peng is the Managing Director of Berjaya UK Investment & Development Limited ("BIDL").

### TAN U-PENG

27 years of age • Malaysian • Male • Managing Director, Berjaya UK Investment & Development Limited ("BIDL")

He graduated with a Bachelor of Science (BSc, Hons) in Sports and Exercise Science in 2013 from Loughborough University and a Master's Degree (MSc) in Science Epidemiology from University College London (UCL) in 2015.

He started his career in automobile retail with H.R. Owen in 2016 where he currently holds the position of Executive Director. His scope of work covered senior management restructuring and currently covers all aspects of the business by providing a supportive function in the strategic direction and management of the company. He also oversees some investments by H.R. Owen.

He started his career with BIDL on 1 November 2016 as the Managing Director overseeing the development of the assets held by the company. BIDL currently holds a 70-unit apartment blocks unit in the heart of Islington, North London. It also holds a large theatre events space which hosts events from fashion shoots, music videos, and film premieres.

His father, Tan Sri Dato' Seri Vincent Tan Chee Yioun is the Executive Chairman of BTSSB and a major shareholder of the Company. His sister, Chryseis Tan Sheik Ling is a member of the Board.

### CHAN CHUN MUN

46 years of age • Malaysian • Male • Head of Marketing & Leasing, BTSSB

He was appointed as the Head of Marketing & Leasing on 1 July 2018.

He holds a Diploma in Commerce (Business Management) from Tunku Abdul Rahman University College. Additionally, he is also a graduate member of the Institute of Chartered Secretaries and Administrators (ICSA).

He has been in the shopping mall industry for the past 20 years and was involved in conducting feasibility studies for landlords/developers, market analysis, concept and retail development planning, trade and tenant mix planning, lease structure and negotiation, tenants relation management and property management for various retail projects.

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Save as disclosed, none of the Key Senior Management have:-

1. any directorship in public companies and listed issuers;
2. any family relationship with any directors and/or major shareholders of the Company;
3. any conflict of interest with the Company;
4. any conviction for offences within the past 5 years other than traffic offences; and
5. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# CHAIRMAN'S STATEMENT

**On behalf of the Board of Directors of Berjaya Assets Berhad (“BAssets”), I am pleased to present the Annual Report and Financial Statements for the financial year ended 30 June 2019.**

## FINANCIAL RESULTS

For the financial year ended 30 June 2019, BAssets registered a higher revenue of RM330.7 million as compared to a revenue of RM312.7 million in the previous financial year mainly due to the recognition of the sale of several parcels of land amounting to RM 26.1 million, the higher theme park ticket sales, and higher revenue generated from the vehicle assembly business segment. The above offset the lower revenue from the gaming business segment resulting from lower number of draws recorded. The property development and property investment business segment reported lower revenue due to lower rental income from lower occupancy rates.

The Group registered a pre-tax loss of RM14.1 million in the financial year under review as compared to the pre-tax loss of RM12.6 million reported in the previous financial year mainly due to lower share of results from joint ventures compared to the previous financial year, and recognition of fair value gain for investment properties amounting to RM15.7 million in the previous financial year. These were mitigated by the higher contribution from the property development and property investment business segments arising from lower operating expenditure, the higher share of results from an associated company, and the different accounting treatment of impairment loss of other investments, following the adoption of the Malaysian Financial Reporting Standards (“MFRS 9”) whereby the impairment loss of these investments are now accounted for in other comprehensive income.

## DIVIDEND

The Board did not recommend any dividend in the financial year ended 30 June 2019.

## SIGNIFICANT CORPORATE DEVELOPMENT

Reference is made to BAssets’ announcements dated 10 April 2012, 17 April 2012, 18 December 2012 and 15 March 2013 in relation to the proposed acquisition by Berjaya Waterfront Sdn Bhd (“BWF”), to acquire lease interest in a parcel of land known as Lot No. PTB 20379 measuring about 4.285 acres (“Land”) from Kelana Megah Sdn Bhd (“KMSB”) for a cash consideration of RM27.99 million (“SPA”). The SPA is still pending certain conditions precedent to be fulfilled, which include, amongst others, the alienation of the Land by the State Government of Johor (“SGOJ”) and the granting of a 99-year lease interest to KMSB (“Privatisation”). The SGOJ subsequently approved the Privatisation, subject to, amongst others, the payment of RM13.5 million as development returns (“Development Returns”) to the authority. On 8 May 2018, BWF entered into a supplemental agreement with KMSB for the inclusion of the payment of the Development Returns by BWF and extension of the completion date of the SPA to 9 April 2019. On 3 April 2019, BWF has entered into a supplemental agreement with KMSB to further extend the completion date of the SPA to 9 April 2021. Upon completion of the SPA, BWF will hold a 99-year leasehold land instead of lease interest over the Land.

## PROPERTY INVESTMENT AND DEVELOPMENT

### Berjaya Times Square, Kuala Lumpur

Berjaya Times Square Sdn Bhd (“BTSSB”) is the principal subsidiary of BAssets. It is the major owner and manages the Berjaya Times Square (“BTS”) mall in Kuala Lumpur. BTS Mall is acknowledged as Malaysia’s largest inner-city shopping cum leisure Mall with a gross built-up area of 7.5 million square feet on a 10-acre piece of land. An international landmark that is very popular amongst tourists as well as middle income and mass market locals, BTS Mall comprises a 12-level shopping mall, two 46-storey towers of service suites and hotel, 2 levels of hotel floors, 3 levels of office floors, 5 levels of basement and 10 floors of annexed car parks.

Entering its sixteenth year of operations, BTS Mall has an occupancy rate of 85% as at 30 June 2019.

## CHAIRMAN'S STATEMENT

Averaging 2.0 million visitors a month, the 12-level stratified shopping complex which measures approximately 3.5 million square feet houses:

- More than 1,000 units of strategically selected retail shops and food and beverage outlets;
- Berjaya Times Square Theme Park which is Malaysia's largest indoor theme park with 12 major rides, 6 VR games, and other exciting digitally animated attractions;
- The 9-screen Golden Screen Cinemas (GSC);
- Ampang Superbowl - one of the largest bowling centres in the country with 48 lanes;
- Central Park, the shopping district at 3rd Floor Central consisting of 40 lifestyle boutiques and notable lifestyle brands in a landscaped area measuring 5,000 square feet;
- Tiny Taipei, the shopping district at 3rd Floor East measuring 6,459 square feet. It is home to 43 small lots that host a variety of fashion, knick-knacks and novelties; and 7 kiosks serving street food and snacks.

BTS Mall is the Guinness World Records™ holder for the World's Largest Capsule Vending Machine, and in 2015, won recognition by the Malaysia Book of Records™ for "Most Number of Pledges Collected in a Christmas Season Charity Campaign". Since its inception, BTS Mall has garnered over 13 Malaysia Book of Records™ and 1 Guinness World Records™. In addition, BTS Mall has been voted Malaysia's Best Mall 2018 by Global Brands Awards in 2019.



*The new Taiwan-based Tiger Sugar offers refreshing brown sugar bubble tea.*



*Rollney offers delectable chimney cakes, a Hungarian delicacy.*

During the financial year under review, BTS had new additions to its array of food and beverage options. Shoppers can now delight themselves in a wider assortment of choices such as bubble tea from The Alley and Tiger Sugar, delectable chimney cakes from Rollney, juicy chicken from Nando's, traditional Hong Kong fare from Kim Gary, and local favourites from Hometown Hainan Coffee. For an even wider selection of Asian and international cuisine, shoppers can head to Taste of Asia food court at the Lower Ground Floor.

With the latest addition of My Best Box, an event space and interactive variety game show hub which spreads out over 12,000 square feet with more than 40 games, BTS further strengthened its position as the mall to visit in the Bukit Bintang area.



*The Alley is a bubble tea store located on the Ground Floor at Berjaya Time Square.*

## CHAIRMAN'S STATEMENT



*Berjaya Waterfront Hotel at Johor Bahru.*

### **Berjaya Waterfront, Johor Bahru**

In Johor Bahru, Berjaya Waterfront ("BWaterfront") is located strategically within the government-sanctioned Iskandar Malaysia economic zone. Its principal activity comprises a complex, hotel, car park, and ferry terminal operations.

Berjaya Waterfront Complex has a 4-storey shopping centre podium with basement, annexed with a 6-level car park catering to an assortment of retail, entertainment, dining and recreation options.

The new Mini Futsal Court at Sports World Level 3 was officially opened in August 2018, bringing excitement to sports enthusiasts.

Berjaya Waterfront Ferry Terminal is one of the busiest international entry points for travellers from Indonesia for leisure or business. The ferry services take only 90-120 minutes to Harbour Bay and Batam Centre at Batam Island, and 150-180 minutes to Bintan Island at an affordable ticket fare. The ferries are spacious, fully air-conditioned, and meet international safety requirements.

The Berjaya Waterfront Hotel is located within a 5-minute drive from the main Causeway to Singapore. With an inventory of 400 rooms and suites, food and beverage outlets, and function rooms, the hotel provides convenient access to Iskandar Malaysia, the southern development corridor famed for its tourist attractions, namely, Legoland Malaysia and Johor Premium Outlets.

### **Menara MSC Cyberport, Johor Bahru**

Located in Johor Bahru, Menara MSC Cyberport is the first MSC Malaysia Cybercentre in Southern Malaysia with an ISO 9001:2000 certification. There are 76 units of office properties amounting to approximately 286,107 square feet within the building, which is located at Jalan Bukit Meldrum in Tanjung Puteri, in the heart of Johor Bahru city centre. Furthermore, it is also located next to the Causeway connecting Malaysia to Singapore and just opposite the Customs, Immigration & Quarantine (CIQ) complex. The current occupancy rate is at 46%.

## **GAMING**

### **Natural Avenue Sdn Bhd**

NASB, the exclusive agent for Sarawak Turf Club's Special Sweep Number Forecast Lotteries has been in operation for the past 24 years, since 1995. The principal activities of NASB are the operation, promotion and management of the 1+3D Big/Small and 3D Big games in Sarawak with three normal draws a week. NASB currently has 3 regional offices and 73 sales outlets.



*Special Cash Sweep lottery draw in progress.*

## CHAIRMAN'S STATEMENT



*A Greyhound Café located at Mid Valley Megamall.*

### FOOD & BEVERAGE

Berjaya Assets Food (BAF) Sdn Bhd (“BAF”) obtained a licence agreement with Greyhound Café Co Ltd for exclusive rights to establish and operate cafes under the trademark ‘Greyhound Café’ in Malaysia. Greyhound Café features a modern and trendy ambience with a menu of Thai food with a creative twist. Greyhound Café currently has two outlets in Klang Valley, located at ANSA Kuala Lumpur and Mid Valley Megamall.

### FUTURE PROSPECTS

The Malaysian economy registered a growth of 4.9% in the second quarter of 2019, a faster growth compared to the first quarter of 2019 at 4.5%.

Given the prevailing economic conditions and financial outlook, the Directors expect the property investment and hotel related businesses operated by BTSSB and BWaterfront to maintain their occupancy rate and market share respectively going forward. The Directors envisage that the operating performance of the Group for the financial year ending 30 June 2020 will be satisfactory.

### APPRECIATION

On behalf of the Board, I would like to express our gratitude to the management team, employees, and agents for their hard work and commitment throughout the year. The Board would also like to extend its appreciation to our business associates, financiers, shareholders, retailers and regulatory authorities for their continuous support and co-operation.

Last but not least, I would like to thank my fellow colleagues on the Board for their valuable contributions to the Group. With all the support we have, the Group will be able to achieve greater accomplishments in the financial year 2020.

**YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail**

Chairman

7 October 2019

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

Berjaya Assets Berhad (“BAssets”) and its subsidiary companies operate in three major operating business segments, i.e. property investment and development, gaming, and food and beverage.

## PERFORMANCE REVIEW BY BUSINESS SEGMENTS

### PROPERTY INVESTMENT AND DEVELOPMENT

#### Revenue

For the financial year ended 30 June 2019, Berjaya Times Square Sdn Bhd (“BTSSB”) group’s revenue declined by 1.6% to RM173.5 million compared to RM176.4 million in the previous financial year. The decline was mainly due to a challenging business environment caused by a sluggish market economy and intense competition among shopping malls and hoteliers.

Berjaya Times Square Mall (“BTS Mall”) reported a decrease of 3.5% in rental revenue for the financial year under review mainly due to the transition period during tenant swap whereby no rental was generated during the period. In addition, BTS Mall also received lesser monthly gross sales turnover from its tenants as the tenants’ businesses were hit by cautious and selective consumer spending and intense competition from other new shopping malls.

BTS Car Park Sdn Bhd reported a decrease of 4.3% in revenue for the financial year under review which was mainly due to car park collections were affected by the continuing impact of the bearish consumer sentiment, coupled with stiff competition among shopping malls and other adjacent car park operators. In addition, e-hailing services such as Grab Car and MyCar have influenced consumers’ travelling behavior and reduced parking demand.

Meanwhile, Berjaya Times Square Theme Park reported an increase of 5.7% in ticket revenue for the financial year under review attributed to a price hike with effect from 1 December 2018.

Berjaya Waterfront shopping complex recorded an increase of 2.8% in complex revenue for the financial year under review. The complex’s occupancy rate increased from 38% to 47% since the previous financial year. Meanwhile, its car park division reported a 16% growth in revenue attributed to tighter internal control via the installation of auto pay machines, cashless payments via Touch N Go cards and an increase in parking rates. Its jetty division reported a consistent revenue for the financial years 2018 and 2019, while Berjaya Waterfront’s hotel division experienced a 6.2% decline in revenue as a result of a marginal drop in average room rates due to the presence of a number of new hotels in Johor Bahru and lesser function events were secured during the financial year under review.

## Profit Before Tax

BTSSB Group reported a profit before tax of RM13.9 million for the financial year under review compared to a loss before tax of RM1.6 million in the previous financial year. A major contributing factor for the increase was mainly attributed to the decrease in administrative and operating expenses by RM21.2 million in the current financial year. BTSSB Group also recorded a lower finance cost of RM1.6 million as loan principal amount is gradually reduced compared to the previous financial year, coupled with lower provision for diminution in quoted investments due to changes in accounting standard. BTSSB Group did not record any disposal of investment properties and reported a lower finance income in the financial year under review which partly mitigated the effects of the improved profit contribution.

## Prospects

BTS Mall and Berjaya Waterfront will continue to intensify their efforts to entice potential tenants to increase overall occupancy rate despite operating under a challenging economic environment and intense competition from other shopping malls. The management remains optimistic on the prospects of BTS Mall due to its strategic location in the Golden Triangle of Kuala Lumpur, where the mall is easily accessed via major highways such as SMART and SPE (Setiawangsa-Pantai Expressway). It is expected that the population from the surrounding areas will bring a favourable impact towards the demand for retail shop units.

Berjaya Times Square Theme Park completed its second phase of its Asset Enhancement Initiative programme. Visitors will enjoy the excitement brought by the fun-filled interactive VR game machines and enhanced children’s playground. The addition of these new assets will entice more visitors to the largest indoor theme park in Malaysia and hence, produce a better turnover volume in the next financial year.

In Johor Bahru, Berjaya Waterfront’s hotel division started its room and banquet infrastructure refurbishment programme in order to keep pace with offerings from other hoteliers. The hotel management team is focused on its sales and marketing initiatives to strengthen demand from various markets, such as Indo-China, Thailand and Indonesia, while sustaining key local markets. The hotel will secure more corporate and association events, government functions, wedding and social events to grow its banqueting business segment.

## MANAGEMENT DISCUSSION AND ANALYSIS

### GAMING

#### Revenue

For the financial year ended 30 June 2019, Natural Avenue Sdn Bhd (“NASB”) recorded a decrease in revenue of 4.1% to RM108.9 million compared to RM113.5 million in the previous financial year mainly due to fewer Special Draws.

#### Profit Before Tax

NASB recorded a decrease in profit before tax to RM4.8 million compared to RM7.6 million in the previous financial year mainly due to lower lottery sales and higher prize payout during the financial year under review.

#### Profit After Tax

Profit after tax decreased by 36.8% to RM3.6 million compared to RM5.7 million in the previous financial year.

#### Prospects

NASB is facing a challenging landscape due to reductions in the number of Special Draws, competitions by legal rival NFOs, illegal online betting and other alternative interactive gaming. NASB will continue to collaborate closely with the relevant authorities in their efforts to curb illegal gaming.

NASB will work with its agents to improve sales outlets' performance and customer service, evaluating new strategic locations for possible outlet relocation and continuous marketing and promotional activities to improve sales.

### FOOD & BEVERAGE

#### Revenue

For the financial year ended 30 June 2019, Berjaya Assets Food (BAF) Sdn Bhd (“BAF”) recorded a decrease in revenue of 33% to RM5.5 million compared to previous year's revenue of RM8.1 million. The food and beverage industry was hit by cautious and selective spending by consumers and intense market competition, coupled with competition brought in by online food delivery. The average spend per customer remains consistent at RM48 amid stiff competition in the food and beverage business.

#### Loss Before Tax

For the financial year under review, BAF incurred a loss before tax of RM1.0 million compared to RM0.4 million in the previous financial year mainly due to lower sales and higher inter-company interest expenses.

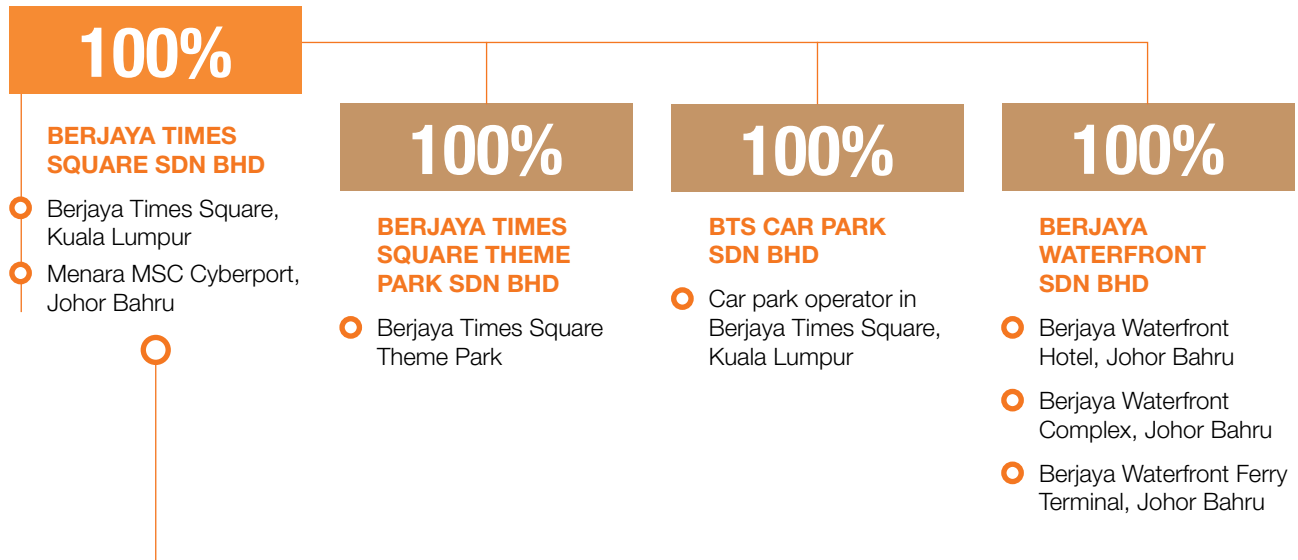
#### Prospects

Currently, BAF is using social media tools to promote its menu offerings, trendy ambience and also to create brand awareness, positioning and loyalty within the food and beverage industry. The key strategy to ensure customer satisfaction is to present assured food and beverage quality, impressive services and value-for-money pricing.

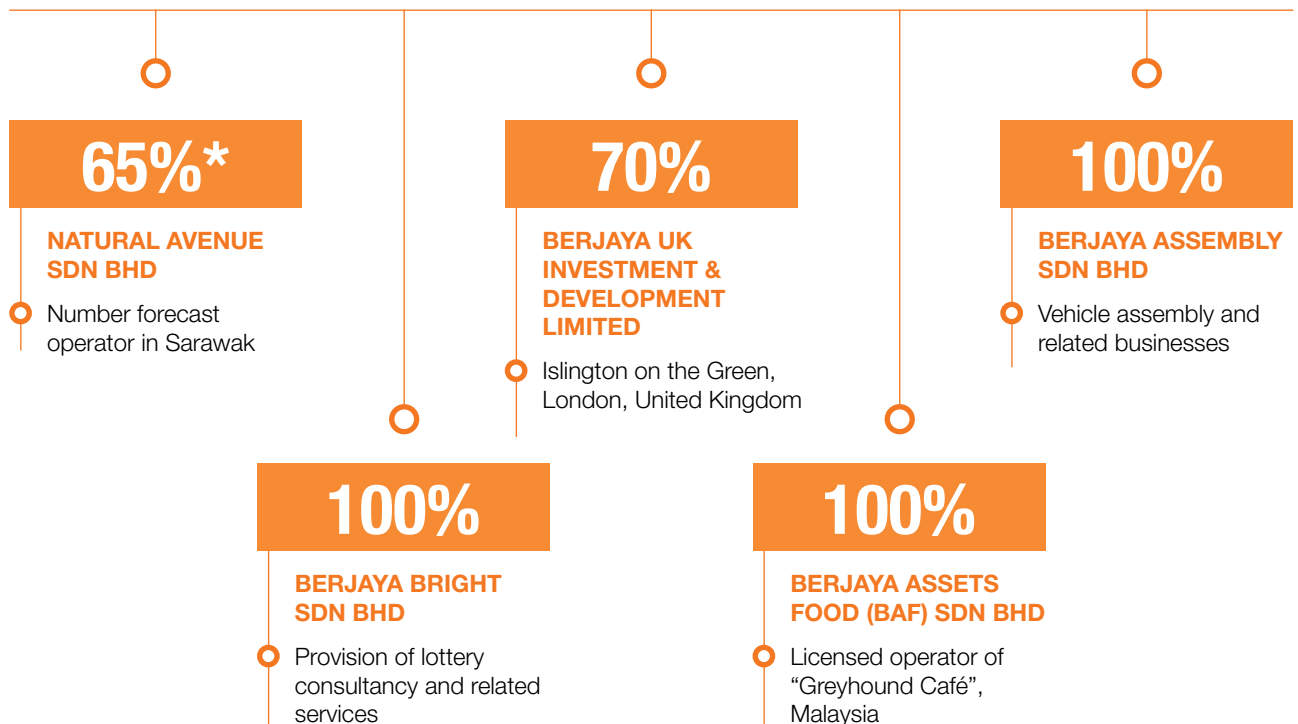
BAF is working closely with its team to improve advertising and promotion strategies, create new menus, as well as introduce customer engagement and loyalty programmes to enhance BAF's value proposition and to create sustainable growth. The company is fully committed to customer satisfaction, and food and beverage quality are the main contributing factors to the success of BAF. BAF will continue to enhance these aspects of its business in order to remain competitive in the market.

# CORPORATE STRUCTURE

of main operating companies as at 7 October 2019



**BERJAYA**  
BERJAYA ASSETS BERHAD  
(Company No. 3907-W)



\* Combined Interest



# GROUP FINANCIAL HIGHLIGHTS

Description	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Revenue	<b>330,734</b>	312,690	356,358	387,092	411,945
(Loss)/Profit Before Tax	<b>(14,098)</b>	(12,560)	7,891	(27,599)	108,107
(Loss)/Profit For The Year	<b>(82,358)</b>	(29,568)	(12,217)	(46,734)	83,977
(Loss)/Profit Attributable To Owners Of The Parent	<b>(81,363)</b>	(32,961)	(11,437)	(54,122)	72,711
Share Capital	<b>1,538,120</b>	1,538,120	1,447,277	1,113,042	1,113,042
Share Premium	<b>–</b>	–	–	258,985	258,985
Reserves	<b>645,488</b>	749,626	795,378	818,837	741,495
Equity Funds	<b>2,183,608</b>	2,287,746	2,242,655	2,190,864	2,113,522
Non-controlling Interests	<b>9,516</b>	9,654	8,672	9,175	416,711
<b>Total Equity</b>	<b>2,193,124</b>	<b>2,297,400</b>	<b>2,251,327</b>	<b>2,200,039</b>	<b>2,530,233</b>
Deferred Tax Liabilities	<b>173,926</b>	117,365	111,126	92,733	85,579
Long Term Liabilities	<b>820,406</b>	872,206	920,713	867,918	551,213
Current Liabilities	<b>326,560</b>	308,514	236,085	298,719	374,041
<b>Total Liabilities</b>	<b>1,320,892</b>	<b>1,298,085</b>	<b>1,267,924</b>	<b>1,259,370</b>	<b>1,010,833</b>
<b>Total Equity And Liabilities</b>	<b>3,514,016</b>	<b>3,595,485</b>	<b>3,519,251</b>	<b>3,459,409</b>	<b>3,541,066</b>
Property, Plant and Equipment	<b>279,710</b>	291,776	303,657	286,150	292,401
Investment Properties	<b>2,499,865</b>	2,501,039	2,508,166	2,465,298	2,475,216
Other Non-Current Assets	<b>352,051</b>	378,825	322,180	299,814	298,160
Intangible Assets	<b>16,058</b>	36,024	57,811	96,640	156,002
Total Non-Current Assets	<b>3,147,684</b>	3,207,664	3,191,814	3,147,902	3,221,779
Current Assets	<b>366,332</b>	387,821	327,437	311,507	319,287
<b>Total Assets</b>	<b>3,514,016</b>	<b>3,595,485</b>	<b>3,519,251</b>	<b>3,459,409</b>	<b>3,541,066</b>
Net Assets Per Share (RM)#	<b>0.86</b>	0.89	0.94	0.99	0.95
(Loss)/Earnings Per Share (Sen)#	<b>(3.18)</b>	(1.31)	(0.51)	(2.43)	3.27
Gross Dividend Rate (Sen)#	<b>–</b>	–	–	–	0.50

#### Notes:

Where additional shares are issued, the (loss)/earnings per share is calculated on a weighted average number of shares in issue.

Effective from financial year 2017, the share capital is inclusive of share premium amounting to RM258,985,000 pursuant to the enactment of Companies Act 2016.

# The comparative figures have been adjusted for the effect of subdivision of shares.

# SUSTAINABILITY STATEMENT

## 1. REPORTING PROFILE AND SCOPE

Berjaya Assets Berhad's ("BAssets" or "the Group") third sustainability statement is prepared in accordance with Bursa Malaysia Securities Berhad's ("Bursa Securities") Sustainability Reporting Guide. Information available in this section focuses on the operations and management of economic, environmental and social sustainability of BAssets for the financial year ended 30 June 2019.

Due to the diverse nature of the Group, the scope of the statement covers material issues arising from its principal business activities in Malaysia, operating under the following subsidiaries - Berjaya Times Square Sdn Bhd ("BTSSB"), Berjaya Times Square Theme Park Sdn Bhd ("BTSTP"), BTS Car Park Sdn Bhd ("BTSCP"), Berjaya Waterfront Sdn Bhd ("BWSB"), Natural Avenue Sdn Bhd ("NASB") and Berjaya Assets Food (BAF) Sdn Bhd ("BAF").

BAssets recognises the challenges within its current environment as well as its commitment to the Group's various stakeholders and will continuously evolve and develop a sustainable business that has a positive impact on the community, economy, and environment. This statement outlines the various practices that have been ingrained into the Group's processes with the aim of bringing more value to its business, society, and stakeholders.

The information and data disclosed in this statement were derived from internal reporting processes, systems and records. The structure and contents of this statement is guided by Bursa Malaysia's Sustainability Reporting Guide and Toolkits.

## 2. APPROACH TO SUSTAINABILITY

BAssets, with sustainability at the core of its business operations, will continue to drive the Group's long-term business growth strategy, build a strong workplace culture, and establish mutually beneficial relationships with its stakeholders.

BAssets strives to conduct its business operations guided by a long-term sustainability strategy comprising 3 main aspects:-

- **Economic Sustainability**

The creation of long-term value for shareholders and added value for all the Group's stakeholders.

- **Environmental Sustainability**

Striving towards reducing the Group's environmental footprint by improving on efficiency of resources and supporting conservation efforts.

- **Social Sustainability**

Dealing with customers and public according to good market practices and regulatory requirements, conducive workplace practices and community engagement through a variety of initiatives involving the Group's monetary and non-monetary resources.

## 3. STAKEHOLDER ENGAGEMENT

BAssets, as an effective and sustainable business entity, believes that it is highly essential to maintain a good degree of communication and understanding with all its internal and external stakeholders. Hence, the Group recognises the need to conduct a continuous dialogue or discourse and information-sharing with the relevant stakeholders.

The Group has established a series of engagement initiatives with various stakeholders through its respective operating divisions. The input and perspectives gathered from all the relevant stakeholders specialised in their respective fields have been beneficial for long-term collaboration with the stakeholders, and also the development of the Group's business strategy and operations in respect of the trends, impacts, risks, and also opportunities which the Group has to take into account. The Group remains flexible while being open to varied viewpoints in responding to the recommendations.

## SUSTAINABILITY STATEMENT

## STAKEHOLDER ENGAGEMENT

**Government and Regulators**

Meetings with the regulators on policy matters, issues and concerns arising from the changing operating environment as well as matters that concern the customers and the general public.

**Customers**

A customer survey is conducted once every 3 years to keep updated on customers' needs and expectations for the Group's products and services. Regular outlet visits are a way to keep tabs on customer behaviour as well.

**Employees**

Open communication through Berjaya Intranet on events, activities and staff promotions.

**Suppliers**

Regular review of major suppliers to provide service delivery feedback and areas of improvement for the mutual benefit of both parties.

**Communities and non-governmental organisations**

Various community programmes driven through consultation and collaboration with non-governmental organisations ("NGOs") and charitable organisations.

**Media**

Regular engagement and updates with the mainstream media on developments within the Group and the industry in general. Media releases relating to key business development as well as corporate social responsibility activities are made available to the media whenever necessary.

**Investors and Stock Analysts**

Communication via announcements to Bursa Securities, Annual Report, General Meetings, the Group's website as well as conducting briefings and updates for analysts, fund managers and potential investors as and when required.

## SUSTAINABILITY STATEMENT

### COMMITMENTS TO STAKEHOLDERS

BAssets' commitment to its stakeholders are outlined below:-

STAKEHOLDERS	COMMITMENTS
Government and Regulators	<ul style="list-style-type: none"> <li>Operating the entire business operation with systems and procedures which are in line with regulatory requirements that ensure safety, accountability, integrity and efficiency.</li> <li>Providing necessary information and working hand in hand with the authorities to counter the proliferation of illegal and unregulated gambling operations.</li> <li>Echoing the Government's call for the private sector to play an active role in community development.</li> </ul>
Employees and Agents	<ul style="list-style-type: none"> <li>Evaluating the training and development needs of every level of employees in order to provide continuous training and up-skilling for better performance of duties and career advancement.</li> <li>Providing a conducive and facilitative working environment.</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Ensuring customer confidence with the delivery of reliable and transparent communications through online and offline channels.</li> <li>Providing prompt and efficient assistance to customers.</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Developing a structured procurement system that ensures fair play to all suppliers.</li> <li>Suppliers are regularly reviewed to ensure value creation.</li> </ul>
Investors and Stock Analysts	<ul style="list-style-type: none"> <li>Working to generate shareholder returns on a sustainable basis.</li> <li>Reporting financial results on a quarterly and annual basis, and major transactions and proposals undertaken by the Group when investor interest is at stake.</li> </ul>
Communities and NGOs	<ul style="list-style-type: none"> <li>Nurturing a collaborative relationship with various NGOs and charitable organisations to develop various community programmes.</li> </ul>

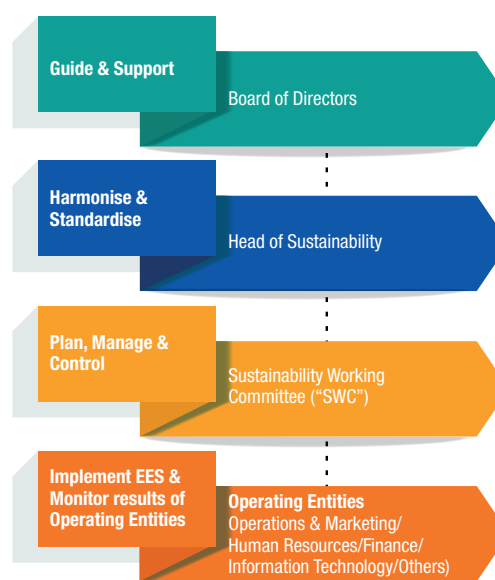
### 4. GOVERNANCE

BAssets has in place a corporate governance structure and processes which are detailed in the Statement on Corporate Governance and Statement on Risk Management and Internal Control sections of this Annual Report.

In line with the Group's belief that corporate governance and creation of value for stakeholders are mutually dependent as both are critical components for business continuity and sustainability, a Sustainability Working Committee ("SWC") was formed in February 2018. The SWC oversees the overall planning and implementation of sustainability practices and policy in a continuous and systematic manner.

All operating divisions have been charged with the fiduciary duty to take into consideration sustainability in their business strategy planning, operations and processes. While doing that, the Group strives to develop systems to monitor the implementation of its internal control measures and sustainability measures as well as the completeness and reliability of information to the financial, operational, safety, health and environmental management aspects of the Group. The Board and the management are committed to continually refining and improving these processes over time. The financial figures in this statement on sustainability have been externally verified.

### SUSTAINABILITY GOVERNANCE STRUCTURE



Note: EES denotes Economic, Environmental and Social.

For more detailed information on the Group's Corporate Governance Overview Statement and Statement on Risk Management and Internal Control, please refer to pages 23 to 40 of the BAssets Annual Report 2019.

## SUSTAINABILITY STATEMENT

### 5. ECONOMIC SUSTAINABILITY

#### i. Financial Performance

BAssets is committed to strengthening its financial position and enhancing its competitiveness through the adoption of good and ethical business practices, corporate governance, as well as effective capital management.

#### ii. Economic Impact and Creating Value

Part of BAssets' pivotal growth strategy is to add value to Kuala Lumpur as the heart of shopping and tourist attractions. BTS Mall is situated strategically in what is popularly referred to as the Golden Triangle. Thus, it provides a one stop centre for tourist and locals alike with a vibrant tenant mix, offering a range of retail, food and beverage and entertainment outlets which include both international and home-grown brands. By supporting local retailers, it provides not only a platform for them to market their goods and services, but also an access to an international crowd. This allows local brands to grow their brand value in Malaysia and beyond. For example, the mall hosts a wide selection of food and beverage brands such as The Alley, Starbucks Reserve, Burger King, 4 Fingers, JCO, KFC, Nando's, Kim Gary, Dragon-I, Tiger Sugar, and Rollney, to name a few recognizable international brands, and a mix of local brands such as Hometown Hainan Coffee, Jardin Coffee, TeaLive and Nyonya Colors.

BAssets understands that its retailers need to continue to evolve and adapt in response to rapidly changing consumer and retail environments by ensuring they are well-supported. In order to do so, BTSSB and BWSB encourage and support their retailers in creating marketing strategies online and offline to bolster the sales of their business. BTSSB have also taken steps to enrich the shopping experience of its customers by creating uniquely themed districts such as Central Park and Tiny Taipei which have a synergistic effect for the retailers by generating footfalls.

Inspired by various variety shows such as Running Man and WipeOut, BTSSB also offers a totally new exciting entertainment platform named My Best Box to bring exclusive celebrity experiences to its visitors. This entertainment outlet and indoor theme park spreads out over 12,000 square feet with more than 40 games. It provides a variety of entertainment options such as VS Hall, The Dry Pool, Party Room, Crazy Karts, Kiddy Zone, Rage Room and The Box as an event space.

BAssets continues to promote local economic growth by providing ample employment opportunities to Malaysians. The Group embraces the diversity of its workforce who possess varied skill sets and expertise for the many job functions within its different businesses.

BAssets also seeks local suppliers for its procurement requirements to generate direct local economic value. The Group also works closely with them to ensure that products and services provided meet the businesses' requirements.



*My Best Box is an event space and interactive variety show game hub.*



*The BWSB marketing team who participated in the "Program Gotong-Royong" organised by Johor Bahru City Council.*

## SUSTAINABILITY STATEMENT

### 6. ENVIRONMENTAL SUSTAINABILITY

BAssets endeavours to incorporate ways to reduce the negative impact on the environment through the efficient use of resources and minimising wastage in the course of conducting its businesses.

#### i. Waste Management

BAssets adopts the 3R practices of Reduce, Reuse and Recycle as part of its environmental conservation initiatives whereby waste is segregated based on its individual categories and whatever materials which can be reused and recycled will be converted into items of various functions. For example, festive and seasonal decorations in its malls and hotel are recycled and reused as much as possible. Bins to segregate recyclable materials from general waste have also been placed within the premises of the malls to create awareness and encourage shoppers to recycle. BTSSB has consulted with tenants in developing shop fit-outs that create engaging customer experience by incorporating environment friendly elements such as energy saving light bulbs and recyclable materials.

In upholding its environmental consciousness, BAssets also endeavours as much as possible to engage suppliers who adopt environmentally and socially responsible practices. BAssets collaborates with various stakeholders on campaigns to raise awareness on the importance of recycling and responsible waste management. For instance, in November 2018, BWSB's marketing team participated in the "Program Gotong-Royong" organised by Johor Bahru City Council member, Mr. Boon Sin Wei, and Lions Club of Tanjung Puteri Johor Bahru to clean up Stulang Laut Beach.

#### ii. Energy Conservation

Energy is one of the largest cost components for a commercial property. As such, the subsidiaries under BAssets regularly monitor their electricity consumption and any unusual deviations are investigated and immediately addressed. Efforts to reduce energy consumption include daily monitoring of air conditioning usage and adjusting the settings to ensure optimal efficiency. Light-emitting diode ("LED") lighting and energy efficient equipment are used where possible.

With the replacement of new LED lighting completed during the financial year under review, Berjaya Times Square Car Park managed to save 69.44% of their yearly electricity consumption. Moving forward, BTSSB will embark on energy saving initiatives for the mall's air-conditioning system.

### 7. SOCIAL SUSTAINABILITY

BAssets recognises the importance of social sustainability by implementing various practices concerning product and service compliance, responsible marketing and communications practices, information security and privacy, employees' health, safety and security, and community support, among others.

#### i. Marketing and Communication Practices

The Group ensures that all products and services offered to its tenants and customers are in compliance with all regulatory guidelines and takes responsibility to ensure that all information disseminated through its promotional materials and marketing channels are conveyed in a clear and concise manner.

All the subsidiaries under the Group regularly review and update their marketing materials and websites to ensure that the services and product offerings are accurately presented to prevent any misinformation or misrepresentation of information.

#### ii. Information Security and Privacy

BAssets acknowledges the importance of respecting and protecting the privacy of its customers and takes stringent measures to safeguard customers' confidential information at all times.

In compliance with the Personal Data Protection Act 2010, a privacy policy has been published on the respective operating companies' websites which states clearly the use of customers' personal information. Methods and purposes of personal information collected are clearly explained in the privacy policy.

## SUSTAINABILITY STATEMENT

### iii. Information Technology

BAssets recognises the importance of digital transformation which is essential for businesses looking to grow and to stay ahead of the competition in today's market as customers have higher expectations and demand a more seamless digital experience than ever before. With the mindset of continuous improvement and innovation, BAssets seeks to capitalise on all the benefits of a digital transformation.

Moving forward, BAssets will digitalise its existing manual system platform to streamline work processes and improve workflow in order to minimize staff workload, reduce paperwork and complete jobs in a timely and efficient manner.

### iv. Health, Safety and Security

BAssets recognises the importance of health, safety and security of its employees, tenants and customers within their respective premises. Various standard operating procedures and health and safety policies are put in place in the daily operations of each of the subsidiary companies and are strictly adhered to by all employees.

BAssets complies with the regulations and policies set out by the Department of Occupational Safety and Health ("DOSH"), Fire and Rescue Department Malaysia ("FRDM") and Royal Malaysia Police ("RMP") for all its business premises. Hygiene and pest control inspections are also carried out to ensure that good hygiene standards are maintained at all times.

BTSTP conducts periodic checks for all the rides at the theme park and ensures that all of their maintenance employees are qualified to conduct maintenance work to ensure the safety of its patrons. In addition to that, both TUV Nord and TUV SUD are engaged periodically to provide complete inspections to all theme park rides on a yearly basis to ensure safety. TUV is an independent inspection body from Germany and their services are well recognised around the world.

BWSB ensures that at all times their mall provides a safe and healthy environment, and their employees adhere to health and safety policies in accordance with the relevant legislations and regulations.

BAssets' food and beverage segment, BAF, regularly conduct food handling trainings to enhance employees' awareness and competency of food processing to minimise food related risks. Its franchisor also conducts quarterly store inspections to ensure standards set are complied with.

### v. Human Capital

Recognising the importance of human capital, BAssets seeks to attract, retain, and develop talents to support its continuous growth. The Group does this by hiring employees who fit well into the company to cultivate a positive work culture which leads to higher productivity. All employment policies, practices, and procedures strictly abide by the Employment Act and other legal statutory provisions of the country. Employees are provided with adequate and comprehensive medical and dental coverage, as well as Group Hospitalisation, Surgical, and Personal Accident Insurance.

In addition, employees receive training and participate in development programmes to help them hone their skills and fulfil their personal development goals. The Group encourages employees to maintain a healthy work life balance with weekly sports activities, monthly birthday celebrations, and company annual dinners to promote employee bonding.

BAssets does not practice any form of discrimination, and ensures that equal opportunities are given to everyone based on their merits and talents.

BAssets also leverages on digital platforms to engage with talents via LinkedIn and Facebook to build up its talent pipeline. The connection becomes more interactive via digital platforms as it eliminates geographical challenges.

## SUSTAINABILITY STATEMENT



BTSSB's "An Auspicious Spring" CSR campaign with 30 children from Bodhi Homecare.

### vi. Corporate Social Responsibility

BAssets recognises the importance of being a responsible corporate citizen. In giving back to the communities in which it operates, the Group actively collaborates with reputable and community-changing organisation to help the less fortunate, as well as promote environmental conservation and local arts and culture heritage.

BTSSB hosted "An Auspicious Spring" CSR programme with Bodhi Homecare Centre in January 2019 where household appliances, goodie bags, and gifts were given to underprivileged children. BTSTP gave out complimentary tickets to underprivileged children in collaboration with Berjaya Cares Foundation, Make-A-Wish Foundation, and The Rotary Club of Bukit Kiara. BWSB's hotel organised a buka puasa gathering and donated to several orphanages during Ramadhan, and is providing internships for culinary and tourism students in support of the local community.

NASB continues to support annual events such as the Kuching South City Council's Kuching Festival CASH Martial Arts Display, Padawan Municipal Council's Raft Safari & Borneo Highland Padawan Nature Challenge, Miri Division Rugby Union's CASH SWEEP Baram Trophy cum Tan Sri Dato' Peter Chin Fah Kui Challenge Trophy, Sarawak Inter-Cultural Mooncake Festival, and the Sarawak Society for the Prevention of Cruelty to Animals. In addition

to that, NASB has been supporting the STEC Kidney Foundation since 1997 with an annual financial assistance of RM300,000 for patients suffering from renal diseases.

### 8. LOOKING AHEAD

BAssets is committed to strengthening its sustainability practices within its businesses by developing a robust framework with the aim of creating more economic value for its stakeholders. The Group will continue to uphold its commitment towards corporate responsibility to make an impact within communities it engages with, and will strive to implement further sustainable measures, improving its policies and systems to ensure the success of the Group.



Presentation of NASB's annual contribution to STEC Kidney Foundation



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Berjaya Assets Berhad (“the Company”) recognises the importance of corporate governance towards promoting business prosperity and corporate accountability to protect and enhance shareholders’ value as well as the interest of the Company.

The Board is also committed in ensuring that the Company and its subsidiaries (collectively “the Group”) carries out its business operations within the required standards of corporate governance as set out in the Malaysian Code on Corporate Governance (“MCCG”).

The Board is pleased to provide an overview of the corporate governance (“CG”) practices, which made reference to the three key CG principles as set out in the MCCG throughout the financial year ended 30 June 2019 (“FYE 2019”) unless otherwise stated, which are as follows:-

- (a) Principle A: Board Leadership and Effectiveness
- (b) Principle B: Effective Audit and Risk Management; and
- (c) Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This CG Overview Statement, approved by the Board, shall be read together with the CG Report 2019 (“CG Report”) of the Company which is available on the website of Bursa Malaysia Securities Berhad (“Bursa Securities”) at [www.bursamalaysia.com](http://www.bursamalaysia.com).

The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG and any departures thereof during the FYE 2019. The Board is satisfied that the Company has substantially complied with the MCCG throughout the FYE 2019 save for the exceptions which are fully described in the CG Report.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Board Responsibilities

The Board is responsible for the performance and affairs of the Group and to provide leadership as well as guidance for setting strategic direction for the Group. The role and responsibilities of the Board in discharging its fiduciary and leadership function has been formalised in the Board Charter.

The Chairman is responsible for the leadership of the Board and ensures Board effectiveness and standards of conduct and to facilitate constructive deliberation on matters in hand. The Chairman also has authority over the agenda for each Board meeting to ensure that all Directors are provided with relevant information on a timely basis. The general agenda may include minutes of previous meetings of the Board and Board Committees, quarterly financial results of the Group, issues requiring the Board’s deliberation and approval, reports or briefings on operational and financial issues of major subsidiaries and other ad-hoc reporting.

The Board delegates the authority and responsibilities for managing the everyday affairs of the Group to the Executive Directors and through them and subject to their oversight, to other senior management. The Executive Directors lead the senior management team in making and implementing the day-to-day decisions on the business operations and management, managing resources and risks in pursuing the corporate objectives of the Group.

The Non-Executive Directors are not involved in the day-to-day management of the Group but contribute their own particular expertise and experience in the development of the Group’s overall business strategy. Their participation as members of the various Board Committees also contributed towards the enhancement of the corporate governance and controls of the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Board Committee

The Board has established the following Board Committees which consists of a majority of Independent Non-Executive Directors to support the Board in discharging its oversight function and to ensure that there are appropriate checks and balances in place:-

- i. Audit and Risk Management Committee
- ii. Nomination Committee
- iii. Remuneration Committee
- iv. Sustainability Committee

These Committees play a significant part in reviewing matters within each Committee's terms of reference ("TOR") and facilitating the Board's discharge of its duties and responsibilities. Each of these Committees has specific TOR, scope and specific authorities to review matters and report to the Board with their recommendations. The Board may also form such other committees from time to time as dictated by business imperatives and/or to promote operational efficiency. Notwithstanding the above, the ultimate responsibility for decision making still lies with the Board.

### Company Secretary

The Board is supported by the Company Secretaries, who are members of the professional body namely, The Malaysian Institute of Chartered Secretaries and Administrators and they are also qualified under the Companies Act 2016. The Company Secretaries play an important role in facilitating the overall compliance with the Companies Act 2016, Main Market Listing Requirements of Bursa Securities and other relevant laws and regulations. The Company Secretaries also assist the Board and Board Committees to function effectively and in accordance with their TOR and best practices and ensuring adherence to the existing Board policies and procedures. The roles and responsibilities of the Company Secretaries have been formalised in the Board Charter which provides reference for Company Secretaries in the discharge of their roles and responsibilities.

The Company Secretaries have also been continuously attending the necessary training programmes, conferences, seminars and/or forum so as to keep themselves abreast with the current regulatory changes in laws and regulatory requirements that are relevant to their profession and enabling them to provide the necessary advisory role to the Board.

### Board Meeting and Meeting Materials

In order to discharge their responsibilities effectively, the Board meets regularly on a quarterly basis. Other than quarterly Board meetings, additional Board meetings may be convened as and when necessary to consider urgent proposals or matters that require the Board's expeditious review or consideration. The Board members will deliberate and in the process, assess the viability of the business and corporate proposals and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board approvals sought are supported with all the relevant information and explanations required for an informed decision to be made.

In the intervals between Board meetings, any matters requiring urgent Board decisions or approvals will be sought via circular resolutions of the Directors and these are supported with all the relevant information and explanations required for an informed decision to be made. These circular resolutions will then be tabled at the next Board meeting for notation.

Prior to the Board and Committee Meetings, the Directors will be provided with the relevant agenda and Board papers five (5) business days' notice or such shorter period as agreed by the Board to enable them to have an overview of matters to be discussed or reviewed at the meetings and to seek further clarifications, if any. The Board papers provide, among others, the minutes of preceding meetings of the Board and Committees, summary of dealings in shares by the directors or affected persons and directors' circular resolutions, reports on the Group's financial statements, operations, any relevant corporate developments and proposals.

In addition, there is also a schedule of matters reserved for Board's deliberations and decision, including among others, to review, evaluate, adopt and approve the policies and strategic plans for the Company and the Group. This is to ensure that the strategic plan of the Company and the Group supports long term value creation including strategies on economic, environmental and social considerations underpinning sustainability, as well as to review, evaluate and approve any material acquisitions and disposals of undertakings and assets in the Group and approval of any new major ventures.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Access to information and advice

The Directors shall have unrestricted access to the advice and services of the Company Secretaries and Senior Management staff in the Group to assist them in carrying out their duties. They may also obtain independent professional advice at the Company's expense in furtherance of their duties whenever the need arises.

### Board Charter, Ethical Standards through Code of Ethics, Code of Conduct and Whistleblowing Policy and Procedures

The Board has the following in place:-

(a) Board Charter

The Board has formally adopted a Board Charter which sets out the roles, duties and responsibilities as well as the composition and processes to enable all Board members, acting on behalf of the Company, to be aware of their duties and responsibilities at all times. The Board will review the Board Charter periodically to ensure that it remains consistent with the Board's roles and objectives as well as the prevailing legislation and practices. The Board Charter is available on the Company's website at [www.berjaya.com](http://www.berjaya.com).

(b) Code of Ethics for Director

The Board has also adopted a Code of Ethics ("Code") for Directors which is incorporated in the Board Charter. The Code was formulated to enhance the standard of corporate governance and to promote ethical conduct of the Directors.

(c) Code of Conduct and Business Ethics

The Company has established and adopted a Code of Conduct which applies to all employees of the Group and its subsidiaries as well as the Directors of the Company. The aim of the Code of Conduct is to provide guidelines on the expected behaviour and conduct of all employees and also to serve as a tool to guide the employees' actions when dealing with both internal and external parties and compliance with all applicable laws, rules and regulations in all its business activities.

All employees and Directors of the Company and its subsidiaries are required to declare that they have received, read and understood the provisions of the Code of Conduct and agreed to comply with its terms throughout their employment or tenure with the Group.

The Board will periodically review the Code of Conduct. The Code of Conduct is available on the Company's website at [www.berjaya.com](http://www.berjaya.com).

(d) Whistleblowing Policy and Procedures

The Company acknowledges the importance of lawful and ethical behaviours in all its business activities and is committed to adhere to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs in its workplace.

The Company has adopted a Whistleblowing Policy with the aim to provide an avenue for any individual, whether employee or otherwise, to raise genuine concerns related to any suspected acts of wrongdoings within the Group without fear of reprisal. The Policy, amongst others, sets out the reporting procedures and information about protections accorded to the whistleblower who reports such allegations.

The Whistleblowing Policy also provides contact details of the Senior Independent Director and the Chairman, to whom the whistleblowing report can be addressed.

The Policy is published on the Company's website at [www.berjaya.com](http://www.berjaya.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Sustainability Strategies

The Board views the commitment to promote sustainability strategies in the environment, social and governance aspects as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

The Group strives to achieve a sustainable long term balance between meeting its business goals, preserving the environment to sustain the ecosystem and improving the welfare of its employees and the communities in which it operates. The Group's efforts in this regard have been set out in the Sustainability Statement in this Annual Report.

### Board Composition

The Board currently has eight (8) members comprising three (3) Executive Directors, two (2) Non-Independent Non-Executive Directors (including the Chairman) and three (3) Independent Non-Executive Directors. The profiles of the Directors are set out on pages 2 to 6 of the Annual Report.

The present composition of the Board is in compliance with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities which requires at least one third (1/3) of its members to be Independent Directors. However, the Company is not in compliance with Practice 4.1 of the MCCG as the Board does not have a composition which comprises of 50% Independent Directors.

The presence of the Independent Directors, though not forming half (50%) of the Board members, is sufficient to provide the necessary checks and balances on the decision making process of the Board. The significant contributions of the Independent Directors in the decision making process is evidenced in their participation as members of the various committees of the Board. They are able to carry on their duties and responsibilities and to provide an unfettered and unbiased independent judgement.

### Boardroom Diversity

The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity.

The Board also recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.

The Board is of the view that whilst promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. Thus, the Company does not set any specific target for boardroom diversity but will take the necessary measures towards promoting a corporate culture that embraces gender diversity in the Boardroom.

Furthermore, the Company takes diversity not only in the Boardroom but also in the workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company.

The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.

Currently, the Board has three (3) female Directors namely, YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail, Ms Chryseis Tan Sheik Ling and Ms Koh Huey Min and they represent 37.5% of the total Board members.

The Board Diversity Policy of the Company is available on the Company's website at [www.berjaya.com](http://www.berjaya.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Time Commitment**

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the FYE 2019, the Board met five (5) times and the attendances of the Directors at the Board Meetings were as follows:-

<b>Directors</b>	<b>Attendance</b>
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	5/5
Datuk Wira Lye Ek Seang	5/5
Chryseis Tan Sheik Ling	5/5
Koh Huey Min	5/5
Chan Kien Sing	5/5
Datuk Robert Yong Kuen Loke#	5/5
Heng Kiah Choong#	5/5
Dato' Mohd Salleh Bin Ahmad#	4/5

**Notes:**

# Denotes Independent Non-Executive Directors.

All the Directors of the Company do not hold more than five (5) directorships in listed issuers as required under Paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities. They are required to notify the Chairman of the Board before accepting any new directorships outside the Group and indicating the time that will be spent on the new directorship. Similarly, the Chairman of the Board shall also do likewise before taking up any additional appointment of directorships.

**Directors' Training**

All the Directors of the Company have completed the Mandatory Accreditation Programme as required by Bursa Securities.

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge and to enable them to discharge their duties effectively. As such, the Directors will continuously attend the necessary training programmes, conferences, seminars and/or forums so as to keep abreast with the current developments in the various industries as well as the current changes in laws and regulatory requirements.

During the financial year, the training programmes, seminars and conferences attended by the Directors were as follows:-

<b>Director</b>	<b>Seminars / Conferences / Forum</b>
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	- Advocacy Programme on Corporate Governance Assessment using the Revised ASEAN Corporate Governance Scorecard Methodology (Malaysian PLCs)
Datuk Wira Lye Ek Seang	- Anti-Corruption Summit 2018 – “Good Governance and Integrity for Sustainable Business Growth” - Breakfast Talk Series #3: Sustainability & Business - CG Watch: How Does Malaysia Rank? - Demystifying the Diversity Conundrum: The Road to Business Excellence

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Seminars / Conferences / Forum
Chryseis Tan Sheik Ling	- Common Offences & Pitfalls to Avoid Under the Companies Act 2016
Koh Huey Min	- Transitional Issues from GST to SST – Your Questions on SST Answered - Anti-Corruption Summit 2018 – “Good Governance and Integrity for Sustainable Business Growth” - Breakfast Talk Series #3: Sustainability & Business - ESG Seminar for FTSE4Good Bursa Malaysia Index - CG Watch: How Does Malaysia Rank?
Chan Kien Sing	- MIA International Accountants Conference 2018 - Anti-Corruption Summit 2018 – “Good Governance and Integrity for Sustainable Business Growth” - Audit Committee Institute Breakfast Roundtable 2019
Datuk Robert Yong Kuen Loke	- Bursa Malaysia: Minister’s Dialogue with Corporate Sustainability Managers - BDO Tax Budget Seminar 2018 – Keeping Ahead of Tax Reforms
Heng Kiah Choong	- Independent Directors Programme: The Essence of Independence - Audit Committee Institute Breakfast Roundtable 2019
Dato’ Mohd Salleh Bin Ahmad	- Independent Directors Programme: The Essence of Independence

The Board will, on a continuous basis, evaluate and determine the training needs of its members to assist them in the discharge of their duties as Directors.

### Appointment to the Board

The Company has a Nomination Committee which comprises exclusively of Independent Non-Executive Directors. The members are as follows:-

1. Datuk Robert Yong Kuen Loke - Chairman / Independent Non-Executive Director
2. Heng Kiah Choong - Independent Non-Executive Director
3. Dato’ Mohd Salleh Bin Ahmad - Independent Non-Executive Director

The composition, authority as well as the duties and responsibilities of the Nomination Committee are set out under its TOR, which is available on the Company’s website at [www.berjaya.com](http://www.berjaya.com).

The Board delegates to the Nomination Committee the responsibility of recommending the appointment of any new Director. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and also appointments are made on merits.

The process for the appointment of a new Director is summarised in the sequence as follows:-

1. The candidate is identified upon the recommendation by the existing Directors, Senior Management staff, major shareholders and/or other independent source such as external consultants;
2. In evaluating the suitability of candidates to the Board, the Nomination Committee considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate’s independence;
3. Recommendation to be made by Nomination Committee to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and
4. Decision to be made by the Board on the proposed new appointment, including appointment to the various Board committees.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Annual Assessment

The Nomination Committee is responsible to carry out the necessary evaluation of the effectiveness of each Director, the Board and the Board Committees on an annual basis. During the financial year, the Committee had carried out an annual evaluation assessment as an effort to monitor the level of effectiveness of the Board, the Board Committees as well as the Board members. The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The criteria for the evaluation are guided by the Corporate Governance Guide issued by Bursa Securities. The evaluation process also involved a peer and self-review assessment, where each Director will assess their own performance and that of their fellow Directors. The outcome of the assessments and comments by all the Directors were summarised and discussed at the Nomination Committee meeting which were then reported to the Board at the Board Meeting held thereafter. All assessments and evaluations carried out by the Nomination Committee in the discharge of its duties are properly documented.

Based on the assessment conducted for the FYE 2019, the Nomination Committee and the Board indicated their satisfaction with the level of performance and effectiveness of the Board, the Board Committees and the Board members.

During the FYE 2019, the Nomination Committee also carried out the following activities:-

- reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;
- reviewed and assessed the performance of each individual Director, independence of the Independent Directors, effectiveness of the Board and Board Committees;
- reviewed the performance of the Audit and Risk Management Committee and assessed the financial literacy of its members;
- recommended to the Board, the Directors who are retiring and being eligible, for re-election;
- recommended the retention of Independent Directors who had served on the Board for more than twelve years;
- reviewed the proposed amendments to the Board Diversity Policy; and
- reviewed the proposed amendments to the Terms of Reference of Nomination Committee.

### Re-election of Directors

The Nomination Committee also conducted an assessment of the Directors who are subject to retirement at the forthcoming annual general meeting ("AGM") in accordance with the provisions of the Articles of Association of the Company and the relevant provisions of the Companies Act 2016.

The Company's Articles of Association provides that at least one-third (1/3) of the Directors are subject to retirement by rotation at each AGM and that all Directors shall retire once in every three years, and are eligible to offer themselves for re-election. The Articles of Association also provides that a Director who is appointed during the year shall be subject to re-election at the next AGM to be held following his/her appointment.

The Nomination Committee is also responsible for recommending to the Board those Directors who are eligible to stand for re-election.

At the forthcoming Fifty-Ninth AGM, the Directors who will retire by rotation and eligible for re-election pursuant to Article 102 of the Company's Articles of Association are Datuk Wira Lye Ek Seang, Ms Koh Huey Min and Dato' Mohd Salleh Bin Ahmad.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in its decision making process. The presence of the Independent Non-Executive Directors is essential in providing unbiased and impartial opinion, advice and judgment to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account.

The Board, through the Nomination Committee assesses the independence of the Independent Directors namely, Datuk Robert Yong Kuen Loke, Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad, based on the criteria set out in the Main Market Listing Requirements on an annual basis. Based on the assessment conducted in year 2019, the Board is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interests of the Company.

The Independent Directors of the Company have fulfilled the criteria of "independence" as prescribed under Chapter 1 of the Main Market Listing Requirements of Bursa Securities. The Company has also fulfilled the requirement to have at least one-third of its Board members to be Independent Non-Executive Directors.

### Tenure of Independent Directors

The MCCG recommends that the tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the Directors' redesignation as a Non-Independent Director. The MCCG also sets out a recommendation that the Board must justify and seek shareholders' approval in the event it retains an independent Director who has served in that capacity for more than nine years. If the Board continues to retain the Independent Director after the twelfth years, the Board should seek shareholders' approval through a two-tier voting process.

The Board is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years. The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his/her responsibilities in the best interest of the Company should be the predominant factors to determine the ability of a Director to serve effectively as an Independent Director.

The Board is also confident that the Independent Directors themselves, after having provided all the relevant confirmations on their independence, will be able to determine if they can continue to bring independent and objective judgement on Board deliberations and decision making.

As at the date of this statement, Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad have served the Board for more than twelve years. The Company had obtained shareholders' approvals at the last AGM held on 29 November 2018 to retain Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad as Independent Non-Executive Directors of the Company notwithstanding that they had been on the Board of the Company for a cumulative term of more than twelve years.

Datuk Robert Yong Kuen Loke was appointed as a Non-Independent Non-Executive Director of the Company on 9 April 2001. He was subsequently re-designated as an Independent Non-Executive Director of the Company on 1 December 2009 and has therefore served the Company as an Independent Director for a cumulative term of more than nine years.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Nomination Committee and the Board have upon their annual assessments conducted for the year 2019, concluded that Datuk Robert Yong Kuen Loke, Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad had remained independent and recommended that the approval of the shareholders be sought at the Company's forthcoming AGM to retain Datuk Robert Yong Kuen Loke, Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad as Independent Non-Executive Directors of the Company based on the following justifications:-

(a) Datuk Robert Yong Kuen Loke:-

- (i) he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board.
- (ii) he has been with the Company for more than nine years and is familiar with the Company's business operations.
- (iii) he remains objective and independent in expressing his views and participating in deliberations and decision making process of the Board and Board Committees. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.
- (iv) he has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interests of the Company and the shareholders.

(b) Mr Heng Kiah Choong:-

- (i) he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board.
- (ii) he has been with the Company for more than twelve years and is familiar with the Company's business operations.
- (iii) he remains objective and independent in expressing his views and participating in deliberations and decision making process of the Board and Board Committees. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.
- (iv) he has exercised his due care during his tenure as an Independent Non-Executive Director and as Chairman of the Audit and Risk Management Committee of the Company and carried out his professional duties in the interests of the Company and the shareholders.

(c) Dato' Mohd Salleh Bin Ahmad:-

- (i) he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board.
- (ii) he has been with the Company for more than twelve years and is familiar with the Company's business operations.
- (iii) he remains objective and independent in expressing his view and participating in deliberations and decision making process of the Board and Board Committees. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.
- (iv) he has exercised his due care during his tenure as an Independent Non-Executive Director and carried out his professional duties in the interests of the Company and the shareholders.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board take cognizance of the recommendation of the MCCG which states that if the Board continues to retain an Independent Director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

However, the Company will seek approval of shareholders through a single tier voting process for the ordinary resolutions to retain Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad who have served for more than twelve years. This is in line with the general rule on voting as provided in the Companies Act 2016 which states that every shareholder has one vote for every share he holds and resolutions are to be passed by a simple majority for ordinary resolutions and 75% of votes for special resolutions through a single tier voting process.

### Remuneration Policies and Procedures

The Company has a Remuneration Committee which comprises exclusively of Independent Directors. The members are as follows:-

1. Heng Kiah Choong - Chairman / Independent Non-Executive Director
2. Dato' Mohd Salleh Bin Ahmad - Member / Independent Non-Executive Director
3. Datuk Robert Yong Kuen Loke - Member / Independent Non-Executive Director

The composition, authority as well as the duties and responsibilities of the Remuneration Committee are set out in its TOR which is available on the Company's website at [www.berjaya.com](http://www.berjaya.com).

The Board has adopted a Remuneration Policy to support the Directors and Key Senior Management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, motivate, retain and reward Directors and Key Senior Management who will manage and drive the Company's success.

The Board has delegated to the Remuneration Committee to implement its Remuneration Policy. The Remuneration Policy is subject to regular review by the Remuneration Committee and will be amended as appropriate to align with the current market practices and requirement of the MCCG and any other new requirements. The Remuneration Policy is also available on the Company's website at [www.berjaya.com](http://www.berjaya.com).

The primary function of the Remuneration Committee is to set up the policy framework and to recommend to the Board on remuneration packages and other terms of employment of the Executive Directors. The remuneration of Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively.

The remuneration of Key Senior Management is determined at a level which enables the Company to attract, develop and retain high performing and talented individual with the relevant experience, level of expertise and level of responsibilities. Both the remuneration of Executive Directors and Key Senior Management are structured so as to link rewards to the achievement of individual and corporate performance.

The Remuneration Committee is also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommend the same to the Board for their consideration with the Directors concerned abstaining from deliberations and voting on decisions in respect of his/her individual remuneration package. The recommended level of remuneration shall reflect the experience and the level of responsibilities undertaken by each Non-Executive Director. The Board will then recommend the yearly Directors' fees and other benefits payable to Non-Executive Directors to the shareholders for approval at the AGM in accordance with Section 230(1) of the Companies Act 2016.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Details of the Directors' remuneration paid or payable to all Directors (both by the Company and the Group) and categorised into appropriate components for the FYE 2019 were as follows:-

**(a) Individual Directors on a named basis****Company**

	< ----- RM ----- >					
	Fees	Salaries	Bonus	Benefits in-kind	Other Emoluments	Total
<b>Executive</b>						
Datuk Wira Lye Ek Seang	-	90,000	-	-	12,023	102,023
Chryseis Tan Sheik Ling	-	-	-	-	-	-
Koh Huey Min	-	-	-	-	-	-
<b>Non-Executive</b>						
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	-	-	-	17,962	443,017	460,979
Chan Kien Sing	30,000	-	-	-	9,900	39,900
Datuk Robert Yong Kuen Loke	30,000	-	-	-	10,100	40,100
Heng Kiah Choong	30,000	-	-	-	11,100	41,100
Dato' Mohd Salleh Bin Ahmad	30,000	-	-	-	9,000	39,000
	120,000	90,000	-	17,962	495,140	723,102

**Group**

	< ----- RM ----- >					
	Fees	Salaries	Bonus	Benefits in-kind	Other Emoluments	Total
<b>Executive</b>						
Datuk Wira Lye Ek Seang	-	300,000	-	7,200	38,447	345,647
Chryseis Tan Sheik Ling	60,000	420,000	35,000	-	55,523	570,523
Koh Huey Min	-	642,000	106,000	24,392	90,683	863,075
<b>Non-Executive</b>						
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	-	-	40,000	17,963	986,340	1,044,303
Chan Kien Sing	40,000	-	-	-	9,900	49,900
Datuk Robert Yong Kuen Loke	30,000	-	-	-	10,100	40,100
Heng Kiah Choong	30,000	-	-	-	11,100	41,100
Dato' Mohd Salleh Bin Ahmad	30,000	-	-	-	9,000	39,000
	190,000	1,362,000	181,000	49,555	1,211,093	2,993,648

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### (b) The Remuneration of top three (3) Key Senior Management in bands of RM50,000 on an aggregate basis

The number of top three (3) Key Senior Management and their total remuneration from the Group categorised into the various bands are as follows:-

	<b>Number of Key Senior Management</b>
RM200,001 – RM250,000	1
RM500,001 – RM550,000	1
RM1,700,001 – RM1,750,000	1
	<b>3</b>

Although the MCCG has stipulated that the Company should disclose the detailed remuneration of the top five (5) Key Senior Management on a named basis, the Board has opined that it is not in the best interest of the Company to make such disclosures on the remuneration of the Key Senior Management due to the sensitivity of their remuneration package, privacy and issue of staff poaching.

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Audit and Risk Management Committee

The Audit and Risk Management Committee (“ARMC”) is established by the Board and comprises four (4) members, all of whom are Non-Executive Directors with a majority of them being Independent Directors. The members are as follows:-

1. Heng Kiah Choong - Chairman / Independent Non-Executive Director
2. Dato’ Mohd Salleh Bin Ahmad - Member / Independent Non-Executive Director
3. Chan Kien Sing - Member / Non-Independent Non-Executive Director
4. Datuk Robert Yong Kuen Loke - Member / Independent Non-Executive Director

The Chairman of the ARMC is appointed by the Board and is not the Chairman of the Board. The composition, authority as well as the duties and responsibilities of the ARMC are set out under its TOR approved by the Board and is available at the Company’s website at [www.berjaya.com](http://www.berjaya.com).

The members of the ARMC possess a mix of skills, knowledge and experience to enable them to discharge their duties and responsibilities pursuant to the TOR of the ARMC. In addition, the members of the ARMC are literate in financials and are able to understand, analyse and challenge matters under the purview of the ARMC including the financial reporting process.

The ARMC provides an independent channel of communication for the external and internal auditors. The Board ensures that an objective and professional relationship is maintained with the external auditors through the ARMC which keeps under review the nature, scope and results of the external audit, its cost effectiveness and the independence and objectivity of the auditors. It also reviews the scope and extent of the activity of the internal audit function.

One of the key responsibilities of the ARMC is to review the financial statements and quarterly results of the Group and to ensure that such quarterly results and financial statements comply with the applicable financial reporting standards. The quarterly financial results and audited financial statements were reviewed by the ARMC and approved by the Board before they were released to Bursa Securities. The ARMC would meet with the External Auditors to review the scope and adequacy of the audit process, the annual financial statements and their audit findings. Furthermore, the ARMC is updated regularly by the External Auditors on the changes in financial reporting standards which are applicable to the Group.

The performance of the ARMC is reviewed annually by the Nomination Committee. The evaluation covered aspects such as the members’ financial literacy levels, its quality and composition, skills and competencies and the conduct and administration of the ARMC meetings.

Based on the evaluation, the Nomination Committee concluded that the ARMC has been effective in its performance and has carried out its duties in accordance with its TOR during FYE 2019.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Assessment of External Auditors**

The Board maintains a transparent and professional relationship with the External Auditors through the ARMC. Under the existing practice, the ARMC invites the External Auditors to attend its meetings at least twice a year to discuss their audit plan and their audit findings on the Company's yearly financial statements. In addition, the ARMC will also have private meeting with the External Auditors without the presence of the Executive Directors and Senior Management to enable exchange of views on issues requiring attention.

The Board has delegated to the ARMC to perform an annual assessment of the quality of audit which encompassed the performance and calibre of the External Auditors and their independence, objectivity and professionalism. The ARMC has put in place an External Auditors Policy which outlines the policies and procedures for the ARMC to review, assess and monitor the performance, suitability, objectivity and independence of the External Auditors. The assessment process involves identifying the areas of assessment, setting the minimum standards and devising tools to obtain the relevant data. The areas of assessment include among others, the External Auditors' calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees. Assessment questionnaires were used as a tool to obtain input from the Company's personnel who had constant contact with the external audit team throughout the year.

To support the ARMC's assessment of their independence, the External Auditors have provided a declaration in their annual audit plan presented to the ARMC confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements.

The ARMC also ensures that the External Auditors are independent of the activities they audit and will review the contracts for provision of non-audit services by the External Auditors. The recurring non-audit services were in respect of tax compliance and the annual review of the Statement on Risk Management and Internal Control. The non-recurring non-audit services were acting as reporting accountants for any corporate exercises.

During the financial year, the amount of statutory audit fees and non-audit fees paid/payable to the External Auditors by the Company and the Group respectively for the FYE 2019 were as follows:-

	Company		Group	
	FYE2019 RM	FYE2018 RM	FYE2019 RM	FYE2018 RM
Statutory audit fees paid/payable to:-				
- Deloitte Malaysia	63,000	60,000	318,950	320,000
- Affiliates of Deloitte Malaysia	-	-	-	-
<b>Total (a)</b>	<b>63,000</b>	<b>60,000</b>	<b>318,950</b>	<b>320,000</b>
Non-audit fees paid/payable to:-				
- Deloitte Malaysia	10,000	35,000	45,000	80,000
- Affiliates of Deloitte Malaysia	-	-	-	-
<b>Total (b)</b>	<b>10,000</b>	<b>35,000</b>	<b>45,000</b>	<b>80,000</b>
<b>% of non-audit fees (b/a)</b>	<b>15.87%</b>	<b>58.33%</b>	<b>14.11%</b>	<b>25.00%</b>

In considering the nature and scope of non-audit fees, the ARMC was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

Upon completion of the assessment, the ARMC will make recommendation for re-appointment of the External Auditors to the Board. The proposed appointment will be subject to shareholders' approval at the AGM.

The details on the activities and functions of the ARMC are set out in the ARMC Report on pages 41 to 45 of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Risk Management and Internal Control Framework

The Board of Directors acknowledges that risk management and internal controls is an integral part of the overall management process. It is an ongoing process to identify, evaluate, monitor and manage and mitigate the risks that may affect the achievement of its business and corporate objectives.

The ARMC is entrusted to provide advice and assistance to the Board in fulfilling its statutory and fiduciary responsibilities relating to the Company's internal and external audit functions, risk management and matters that may significantly impact the financial conditions or affairs of the business.

The details of the risk management and system of internal control of the Company are set out in the Statement on Risk Management and Internal Controls in this Annual Report.

### Internal Audit Function

The Board acknowledges its overall responsibility for the Group's system of internal control and its effectiveness as well as reviewing its adequacy and integrity to safeguard shareholders' investments and the Group's assets.

The internal audit function of the Group was outsourced to the internal auditors of Berjaya Land Berhad, an affiliated company, to assist the ARMC in discharging its duties and responsibilities. The Internal Auditors reports directly to the ARMC and carries out their internal audit based on the plan approved by the ARMC. The Internal Auditors assist the Board in providing independent assessment on the adequacy and effectiveness of the governance, risk management and internal control processes for the purposes of safeguarding the Group's assets and the shareholders' investments.

The internal auditors' are responsible for preparing and tabling the internal audit reports on a quarterly basis to the ARMC and to highlight areas for improvements for each of the operating units within the Group. The Internal Auditors will follow up closely on the areas highlighted to determine the extent of the implementation of their recommendation and to ensure that they are satisfactory resolved by the Management.

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### Communication with Stakeholders

The Company recognises the importance of being transparent and accountable to its shareholders and has used various channels of communications to enable the Board and Management to continuously communicate, disclose and disseminate comprehensive and timely information to investors, shareholders, financial community and the public generally.

The various channels of communications are through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, general meetings of shareholders and through the Company's website at [www.berjaya.com](http://www.berjaya.com) where shareholders can access corporate information, annual reports, press releases, financial information and Company's announcements.

### Conduct at General Meetings

The Company provides a platform for dialogue and interaction with all shareholders through its general meetings. The Chairman of the meeting provided sufficient time for the shareholders to ask questions for each agenda in the notice of the general meetings. At each AGM, the Board presents the progress and performance of the Group's businesses and encourages shareholders to participate through a question and answer session. The Directors (including all members of the Board Committees), Senior Management and External Auditors of the Company are in attendance to respond to shareholders' queries during the general meetings.

In respect of the Company's 58th AGM held on 29 November 2018, the Notice of the AGM was despatched to the shareholders on 30 October 2018. The notice for the 59th AGM in 2019 scheduled to be held on 4 December 2019 will be sent out on 18 October 2019. The Notice period for both the AGMs is more than 28 days. The long notice period provides shareholders with ample time to review the annual report, to consider the resolutions that will be discussed at the AGM for informed decision making and to make the necessary arrangements to attend and participate personally at the AGM or through a proxy or a corporate representative. Each item of special business included in the Notice of AGM is accompanied by an explanatory statement for the proposed resolution to facilitate a better understanding and evaluation of issues involved.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### **Poll voting**

At the Company's AGM held on 29 November 2018, all the resolutions passed by the shareholders were conducted by poll pursuant to Paragraph 8.29(1) of the Main Market Listing Requirements of Bursa Securities. The shareholders were briefed on the voting procedures by the Share Registrar prior to the commencement of the voting process. The poll vote count was conducted by the Share Registrar and the results of the poll were then verified by the Scrutineers, Messrs LT Lim & Associates. An announcement of the poll results showing the number of votes cast for and against each resolution was announced to Bursa Securities on the same day for the benefit of all shareholders. The minutes of the AGM was also made available on the Company's website after it has been confirmed and signed by the Chairman of the AGM.

Going forward, the Company may consider adopting the electronic voting to enhance the vote counting process.

This CG Overview Statement was approved by the Board of Directors of the Company on 30 September 2019.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“the Board”) of Berjaya Assets Berhad (“BAssets” or “the Group”) is committed to maintaining a sound system of risk management and internal controls to provide for a platform for Group’s business objectives to be achieved. The Board sets out below the nature and scope of the risk management and internal controls of the Group.

## RESPONSIBILITY

The Board of Directors of Berjaya Assets Berhad (“the Board”) recognizes that it is responsible for the Group’s system of internal control and for reviewing its adequacy and integrity. The Board’s responsibility in relation to the system of internal control extends to all the subsidiaries of the Group. In view of the limitations that are inherent in any system of internal control, the Group’s internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives. As such, the system can only provide reasonable assurance against material misstatement or loss.

The Board’s primary objective and direction in managing the Group’s principal business risks are to enhance the Group’s ability to achieve its business objectives. The Board recognizes that effective risk management framework is an integral part of good business management. It is an ongoing process to identify, evaluate, monitor, manage and mitigate the risks that may affect the Group’s ability to achieve its business objectives and strategies. In order to measure the achievement of the business objectives, the Board monitors the Group’s performance and its profitability at its Board meetings.

The Group had in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period. The Board regularly reviews and discusses these processes.

The Board has obtained assurance from the Executive Directors who are primarily responsible for the management of the financial affairs of the Company that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects.

## MANAGEMENT STYLE

The management of the Group as a whole is assigned to the Executive Directors who will lead the management teams. The Executive Directors and their respective management teams of the Group’s individual operating units are accountable for the conduct and performance of their businesses within the agreed business strategy.

The Executive Directors and the management team, holds regular meetings and review financial and operations reports, in order to monitor the performance and profitability of the Group’s businesses. The Group also prides itself in the “open-door” and “close-to-operations” policy practised by the Executive Directors and the management. These provide the platform for timely identification of the Group’s risks and systems to manage risks.

The Board does not regularly review the internal control system of its joint ventures, as the Board does not have any direct control over their operations. The Group has appointed representatives to the respective board of these joint ventures which hold regular meetings to oversee and manage their operations. These representatives provide the Board with information for timely decision making on the continuity of the Board’s investments based on the performance of the joint ventures.

## INTERNAL CONTROL PROCESS

The key aspects of the internal control process are as follows:

- The operating units identify the areas of control relevant to their business, design the internal control procedures and document the procedures in manuals.
- The internal auditors of the Group establish the annual audit plan and table the plan to the Audit and Risk Management Committee (“ARMC”) for approval.
- The internal auditors perform the audit and present their audit reports to the ARMC, highlighting any shortcomings by the business units in implementing the controls and the remedial procedures implemented by the business units.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### ASSURANCE MECHANISM

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. The Board has assigned the ARMC with the duty of reviewing and monitoring the effectiveness of the Group's internal control. The ARMC receives assurance reports from both the internal and external auditors.

The Internal Audit function furnishes the ARMC with reports from visits conducted at various operating units. These independent and objective reports on the state of internal controls of the operating units within the Group assist the ARMC in monitoring and assessing the effectiveness of the internal control system. Observations from internal audits are presented to the ARMC together with management's responses and proposed action plans for its review. The action plans are then followed up during subsequent internal audits with implementation status reported to the ARMC. The internal audit function is outsourced to the Group Internal Audit Division of an affiliated company, Berjaya Land Berhad which reports directly to the ARMC.

The Board also reviews the minutes of meetings of the ARMC. The Report of the Audit and Risk Management Committee is set on pages 41 to 45 of the Annual Report.

### KEY ELEMENTS OF INTERNAL CONTROL

Some of the identified key features of the Group's system of internal control include:

- Clearly defined delegation of responsibilities to committees of the Board and to management of Head Office and business units, including authorisation level for all aspects of the business which are set out in an authority matrix;
- Regular and comprehensive information provided to management for monitoring performance, covering financial performance and key business indicators;
- Regular visits to business units by senior management;
- Independent assurance on the system of internal control from regular internal audit visits; and
- Physical security and systems access controls.

### WHISTLEBLOWING POLICY

The Group has in place a whistleblowing policy, designed to enable all its employees (including Directors) with the appropriate mechanisms to confidentially provide information in an independent and unbiased manner, on any genuine concerns, without fear of recrimination so as to enable prompt corrective action to be taken where appropriate.

### RISK MANAGEMENT

An ARMC has been established by the Company to further enhance the Group's system of internal control and be in line with the Malaysian Code on Corporate Governance. The management teams of business units maintain risk register which outlines the risk policies including the procedures of risk identification, risk tolerance and the evaluation and managing process.

The members of the ARMC during the financial year ended 30 June 2019 are Mr Heng Kiah Choong (Chairman), Dato' Mohd Salleh Bin Ahmad, Mr Chan Kien Sing and Datuk Robert Yong Kuen Loke.

The ARMC terms of reference include, inter alia:

- To ensure that the strategic context of risk management strategy is complete
- To determine the overall risk management processes
- To ensure that the short and long term risk management strategy, framework and methodology are implemented and consistently applied by all business units
- To ensure that risk management processes are integrated into all core business processes
- To establish risk reporting mechanism
- To establish business benefits
- To ensure alignment and coordination of assurance activity across the organisation

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The key aspects of the risk management process are as follows:

- The business units are required to identify the risks relevant to their businesses.
- The risks are then assessed based on the probability of their occurrence and are evaluated as Low, Medium or High risks levels. The level of residual risk is determined after evaluating the effectiveness of controls and mitigating measures.
- The business units develop control procedures or action plans to either prevent the occurrence or reduce the impact upon its occurrence.
- The business units are required to update their risk profiles and review their processes in monitoring the risks periodically.
- On a quarterly basis, the business units are required to prepare a report summarising the significant risks and status of action plan. Selected reports will be submitted to the ARMC for review and deliberation.

### REVIEW BY EXTERNAL AUDITORS

The external auditors have performed limited assurance procedures on the Statement on Risk Management and Internal Control ("SRMIC") pursuant to the scope set out in Audit and Assurance Practice Guidance ("AAPG") 3 (previously the Recommended Practice Guide 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the SRMIC included in the Annual Report issued by the Malaysian Institute of Accountants), for the year ended 30 June 2019, and reported to the Board that nothing has come to their attention that causes them to believe the SRMIC intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the SRMIC: Guidelines for Directors of Listed Issuers, nor is the SRMIC factually inaccurate. AAPG 3 does not require the auditors to consider whether the Directors' SRMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditors was made solely to the Board in connection with their compliance with the Listing Requirements of Bursa Malaysia and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board in respect of any aspect of this report.

### CONCLUSION

The Board remains committed towards operating a sound system of internal control and therefore recognises that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board, in striving for continuous improvement will put in place appropriate action plans, when necessary, to further enhance the Group's system of internal control.

The system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Berjaya Assets Berhad (“the Company”) is pleased to present the report of the Audit and Risk Management Committee (“ARMC”) for the financial year ended 30 June 2019.

## MEMBERS AND MEETING ATTENDANCES

The members of the ARMC are as follows:-

### Heng Kiah Choong

*Chairman / Independent Non-Executive Director*

### Dato’ Mohd Salleh Bin Ahmad

*Independent Non-Executive Director*

### Datuk Robert Yong Kuen Loke

*Independent Non-Executive Director*

### Chan Kien Sing

*Non-Independent Non-Executive Director*

The ARMC held five (5) meetings during the financial year ended 30 June 2019. The details of attendance of the members are as follows:-

Name	Attendance
Heng Kiah Choong	5/5
Dato’ Mohd Salleh Bin Ahmad	5/5
Datuk Robert Yong Kuen Loke	5/5
Chan Kien Sing	5/5

The ARMC meetings were convened with proper notices and agenda and these were distributed to all members of the ARMC with sufficient notification. The minutes of each of the ARMC meetings were recorded and tabled for confirmation at the next ARMC meeting and tabled at the Board Meeting for the Directors’ review and notation.

The Executive Directors of the Company, the General Manager of Group Internal Audit, the Senior General Manager of Group Accounts and Budgets of Berjaya Land Berhad and the General Manager of Natural Avenue Sdn Bhd were also invited to attend the ARMC meetings. The external auditors were also invited to attend three (3) of these meetings.

## SUMMARY OF ACTIVITIES AND WORK OF THE ARMC

During the financial year, the ARMC had discharged its duties and responsibilities by carrying out the following work and activities:-

### Financial Reporting

- reviewed the quarterly financial statements including the draft announcements pertaining thereto and made recommendations to the Board for approval of the same as follows:-

Date of Meetings	Review of Quarterly Financial Statements
30 August 2018	Fourth quarter results as well as the unaudited results of the Group for the financial year ended 30 June 2018
29 November 2018	First quarter results for the financial year ended 30 June 2019
27 February 2019	Second quarter results for the financial year ended 30 June 2019
27 May 2019	Third quarter results for the financial year ended 30 June 2019

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The above review is to ensure that the Company's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the Malaysian Financial Reporting Standards 134 - Interim Financial Reporting Standards in Malaysia and International Accounting Standards 34 - Interim Financial Reporting as well as the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

- b. reviewed the audited financial statements of the Company and the Group for the financial year ended 30 June 2018 together with the Management and the External Auditors at its meeting held on 8 October 2018 to ensure that it presented a true and fair view of the Company's financial position and performance for the year and is in compliance with all disclosure and regulatory requirements before recommending the audited financial statements to the Board for approval.

### External Audit

- a. discussed and considered the significant accounting and auditing issues arising from the interim audit as well as the final audit with the External Auditors including the following key audit matters raised in the external auditors' report for the financial year ended 30 June 2018:-
  1. Valuation of Investment Properties;
  2. Impairment of Goodwill; and
  3. Additional Assessment raised by the Inland Revenue Board of Malaysia.

The ARMC also had a private discussion with the External Auditors on 8 October 2018 without the presence of Management during the review of the audited financial statements for the year ended 30 June 2018 to discuss any problems/issues arising from the audit review.

- b. evaluated the performance of the External Auditors for the financial year ended 30 June 2018 covering areas such as calibre, quality processes, audit team, audit scope, audit communications, audit governance and independence as well as the audit fees of the External Auditors. The ARMC, having been satisfied with the independence, suitability and performance of Messrs Deloitte PLT ("Deloitte PLT"), had recommended to the Board for approval of the re-appointment of Deloitte PLT as External Auditors for the ensuing financial year ending 30 June 2019 at its meeting held on 8 October 2018.
- c. reviewed with the External Auditors at the meeting held on 27 May 2019, their audit plan in respect of the financial year ending 30 June 2019, outlining the auditors' responsibilities, materiality, scoping of components, significant risks and areas of audit focus, internal control plan, involvement of internal auditors and internal specialists, involvement of audit data analytics, timing of audit and technical updates.

### Internal Audit

- a. reviewed nine (9) Internal Audit Reports on various non-listed operating subsidiaries of the Group that are involved in the different activities such as:-
  - i. Operation of Sarawak Turf & Equestrian Club's Special Cash Sweep Number Forecast Lotteries;
  - ii. Operation of complex and car park;
  - iii. Management of ferry terminal;
  - iv. Vehicle assembly and manufacturing and sale of engines and transmissions;
  - v. Operation of food and beverage business;
  - vi. Investment holding, property investment and property development; and
  - vii. Management and operation of theme park.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The ARMC reviewed the Internal Audit reports which covered the following areas:-

- i. finance, credit control and cash handling matters;
- ii. billing and collection;
- iii. sales, marketing and promotions;
- iv. maintenance and engineering;
- v. security and safety;
- vi. purchasing and inventory management;
- vii. human resource;
- viii. information technology;
- ix. housekeeping, fit out and renovation;
- x. major operating expenses and capital expenditures; and
- xi. production and quality control.

The ARMC also reviewed the audit findings and recommendations to improve any weaknesses or non-compliance and the respective Management's responses thereto. The Internal Auditors monitored the implementation of Management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

- b. reviewed and approved the Internal Audit Plan for financial year ending 30 June 2019 to ensure there is adequate scope and comprehensive coverage over the activities of the non-listed operating subsidiaries of the Company and the Group and that all the risk areas are audited annually.

### Recurrent Related Party Transactions

- a. reviewed the Circular to Shareholders in connection with the recurrent related party transactions ("RRPT") that arose within the Group to ensure that the transactions are fair and reasonable to, and are not to the detriment of, the minority shareholders.

The framework set up for identifying and monitoring the RRPT includes inter-alia, the following:-

- i. The transaction prices are based on prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms;
- ii. The related parties and interested Directors will be notified of the method and/or procedures of the RRPT of the Group;
- iii. Records of RRPT will be retained and compiled by accountant for submission to the auditors and the ARMC for review;
- iv. The ARMC is to provide a statement that it has reviewed the terms of the RRPT to ensure that such transactions are undertaken based on terms not more favourable to the related party than those generally available to the public, are not detrimental to the minority shareholders and are in the best interest of the Group;
- v. Directors who have any interest in any RRPT shall abstain from Board deliberations and voting and will ensure that they and any person connected with them will also abstain from voting on the resolution at the Extraordinary General Meeting or Annual General Meeting to be convened for the purpose; and
- vi. Disclosures will be made in the annual report on the breakdown of the aggregate value of the RRPT during the financial year, amongst others, based on the following information:-
  - (a) the type of the RRPT made; and
  - (b) the names of the Related Parties involved in each type of the RRPT made and their relationships with the Group.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

### Related Party Transactions

- a. reviewed transactions with related parties and/or interested persons to ensure that such transactions are undertaken on an arm's length basis, on normal commercial terms consistent with the Company's business practices and policies, not prejudicial to the interests of the Company and its minority shareholders and on terms which are generally no more favourable to the related parties and/or interested persons (pursuant to Chapter 10 of the Main Market Listing Requirements of Bursa Securities).

During the financial year ended 30 June 2019, the ARMC had reviewed among others, the following related party transactions, prior to their recommendation to the Board for approval and to make the relevant announcement thereof:-

- i. proposed acquisitions by the Company and/or its subsidiary companies of up to 15.0 million ordinary shares in Berjaya Food Berhad in the open market and/or via direct business transactions over a period of 12 months based on the then prevailing market prices;
- ii. proposed acquisitions by the Company and/or its subsidiary companies of up to 20.0 million ordinary shares in 7-Eleven Malaysia Holdings Berhad in the open market and/or via direct business transactions over a period of 6 months based on the then prevailing market prices;
- iii. proposed disposal by the Company's subsidiary company of 10.0 million ordinary shares in 7-Eleven Malaysia Holdings Berhad via a direct business transaction for a total cash consideration of RM15.0 million;
- iv. proposed subscription by the Company's subsidiary company of additional 2.6 million ordinary shares in Jubli Mentari Sdn Bhd, a subsidiary of the Company for a total cash consideration of RM5.2 million;
- v. proposed disposal by the Company's subsidiary company of up to 18.3 million ordinary shares in 7-Eleven Malaysia Holdings Berhad via a direct business transaction over a period of 6 months for a total cash consideration of up to RM27.45 million; and
- vi. proposed acquisitions by the Company and/or its subsidiary companies of up to an additional 100.0 million ordinary shares in Berjaya Corporation Berhad in the open market and/or via direct business transactions over a period of 12 months based on the then prevailing market prices.

### Risk Management Activities

- a. Reviewed the risk management activities of the Company's subsidiaries namely, Berjaya Times Square Sdn Bhd group of companies and Natural Avenue Sdn Bhd.
- b. Reviewed the summary of the risk register covering areas such as the likelihood of occurrence of the identified risks, the impact of the risks, risk score, risk treatment, risk owner and control effectiveness to ensure that the management of the relevant risks is appropriately placed within the Group.

### Other Activities

- a. Reviewed and recommended to the Board for approval, the ARMC Report, Corporate Governance Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control for inclusion in the 2018 Annual Report.

In order to discharge the above duties and responsibilities of ARMC effectively, the ARMC had undertaken continuous professional development by attended various seminars, training programs and conferences during the financial year. They were also briefed by the External Auditors of the latest accounting and auditing standards applicable to the Group and topics on changes in regulatory environment. The list of training attended is disclosed in the Corporate Governance Overview Statement as set out in this Annual Report.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

### SUMMARY OF THE WORKS OF THE INTERNAL AUDIT FUNCTION

The Company does not have its own in-house Internal Audit function. The internal audit function was outsourced to the internal auditors of its affiliated company, Berjaya Land Berhad, to assist the ARMC in discharging its duties and responsibilities. Their role is to provide the ARMC with independent and objective reports on the state of internal controls of the operating units within the Group and the extent of compliance by such units with the Group's established policies and procedures.

The Internal Audit's activities are guided by Internal Audit Charter and the Internal Audit Division adopts a risk-based approach focusing on high risk areas. All high risk activities in each auditable area are audited annually.

The activities undertaken by the Internal Audit Division during the financial year ended 30 June 2019 included the following:-

1. Tabled Internal Audit Plan for the ARMC's review and endorsement.
2. Reviewed the existing systems, controls and governance processes of various operating units within the Group.
3. Conducted audit reviews and evaluated risk exposures relating to the Group's governance process and system of internal controls on reliability and integrity of financial and operational information, safeguarding of assets, efficiency of operations, compliance with established policies and procedures and statutory requirements.
4. Provided recommendations to assist the various operating units and the Group in accomplishing its internal control requirements by suggesting improvements to the control processes.
5. Issued internal audit reports incorporating audit recommendations and management's responses in relation to audit findings on weaknesses in the systems and controls to the ARMC and the respective operations management.
6. Presented internal audit reports to the ARMC for review.
7. Followed up review to ensure that the agreed internal audit recommendations are effectively implemented.

For the financial year under review, the Internal Audit Division conducted audit assignments on various operating units in the Group involved in lifestyle restaurants, property investment and management, hotel, car park, theme park, ferry terminal and vehicle assembly operations.

The cost incurred for the Internal Audit function in respect of the financial year ended 30 June 2019 was approximately RM432,900.

### TERMS OF REFERENCE OF THE ARMC

The terms of reference of the ARMC can be viewed on the Company's website at [www.berjaya.com](http://www.berjaya.com).

## STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company at the end of each financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable;
- ensured that applicable accounting standards have been complied with; and
- applied the going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records, which disclose with reasonable accuracy on the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

The Directors are responsible for taking reasonable steps to safeguard the assets of the Company and to prevent and detect other irregularities.





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# DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies consist of:

- (i) number forecast lotteries in Sarawak;
- (ii) general trading and commission agent;
- (iii) provision of lottery consultancy and related services;
- (iv) property investment and development;
- (v) investment holding;
- (vi) operation of a hotel;
- (vii) management of ferry terminal;
- (viii) operation of theme park;
- (ix) operation of food and beverage business; and
- (x) vehicle assembly and the manufacturing and sale of engines and transmissions.

The information on the name, place of incorporation, principal activities and percentage of issued capital held by the holding company in each subsidiary and associate are as disclosed in Note 50 to the financial statements.

## RESULTS

The results of the Group and of the Company for the financial year are as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Loss for the year	<u>(82,358)</u>	<u>(66,664)</u>
Attributable to:		
Owners of the Parent	(81,363)	(66,664)
Non-controlling interests	<u>(995)</u>	<u>-</u>
	<u>(82,358)</u>	<u>(66,664)</u>

In the opinion of the Directors, the results of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Notes 32 and 35 to the financial statements respectively.

## DIRECTORS' REPORT

### RESERVES AND PROVISIONS

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

### DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend any dividend payment in respect of the current financial year.

### ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

### SHARE OPTIONS AND WARRANTS

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

As of 30 June 2019, there were no unissued shares of the Company under options and there was a total of 1,279,135,359 Warrants 2018/2023 outstanding. None of the Warrants 2018/2023 were exercised during the financial year.

The main features of the Warrants 2018/2023 are disclosed in Note 19 to the financial statements.

### DIRECTORS

The names of the Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail  
Datuk Wira Lye Ek Seang  
Chryseis Tan Sheik Ling  
Koh Huey Min  
Chan Kien Sing  
Datuk Robert Yong Kuen Loke  
Heng Kiah Choong  
Dato' Mohd Salleh Bin Ahmad

The names of the Directors of subsidiary companies are set out in the respective subsidiary companies' statutory accounts and the said information is deemed incorporated herein by such reference and made part of hereof.

## DIRECTORS' REPORT

### DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 34 to the financial statements or the fixed salary of a full-time employee of the Company), by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 43 to the financial statements.

### INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a Directors' and Officers' Liability Insurance for the purposes of Section 289(5) of the Companies Act 2016, throughout the year, which provides appropriate insurance cover for the Directors and Officers of the Company. The amount of insurance premium paid during the financial year amounted to RM50,350.

### DIRECTORS' INTERESTS IN SHARES

According to the register of Directors' shareholdings, the Directors in office at the end of the financial year had interest in shares and warrants of the Company and of its related corporations during the financial year were as follows:-

#### The Company

	<u>Number of Ordinary Shares</u>			
	<u>As of</u> <u>1.7.2018</u>	<u>Bought</u>	<u>Sold</u>	<u>As of</u> <u>30.6.2019</u>
<b>Berjaya Assets Berhad</b>				
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	200,000	-	-	200,000
	<u>Number of Warrants 2018/2023</u>			
	<u>As of</u> <u>1.7.2018</u>	<u>Bought</u>	<u>Sold</u>	<u>As of</u> <u>30.6.2019</u>
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	100,000	-	-	100,000

**DIRECTORS' REPORT****DIRECTORS' INTERESTS IN SHARES (CONTD.)****Subsidiary Company**

<b>Jauhari Maksima Sdn Bhd</b>	<u>Number of Ordinary Shares</u>			<u>As of</u> <u>30.6.2019</u>
	<u>As of</u> <u>1.7.2018</u>	<u>Bought</u>	<u>Sold</u>	
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	380,000	-	-	380,000

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares and warrants of the Company or its related corporations during the financial year.

**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

Significant events during the financial year are disclosed in Note 49 to the financial statements.

**OTHER STATUTORY INFORMATION**

- (a) Before the statements of financial position, statements of profit or loss and statements of other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

## DIRECTORS' REPORT

### OTHER STATUTORY INFORMATION (CONTD.)

- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

**DIRECTORS' REPORT****AUDITORS**

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

The amount payable as remuneration of the auditors for the financial year ended 30 June 2019 is as disclosed in Note 37 to the financial statements.

**INDEMNIFICATION OF AUDITORS**

There was no indemnity given to or insurance effected for the auditors of the Company.

Signed on behalf of the Board in accordance with a resolution of the Directors,

CHRYSEIS TAN SHEIK LING  
7 October 2019

HENG KIAH CHOONG

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, CHRYSEIS TAN SHEIK LING and HENG KIAH CHOONG, being two of the Directors of BERJAYA ASSETS BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2019 and of their financial performance and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 7 October 2019.

CHRYSEIS TAN SHEIK LING

HENG KIAH CHOONG

## STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, KOH HUEY MIN, being the Director primarily responsible for the financial management of BERJAYA ASSETS BERHAD, do solemnly and sincerely declare that the accompanying financial statements are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed KOH HUEY MIN  
at Kuala Lumpur in the Federal Territory  
on 7 October 2019.

KOH HUEY MIN  
MIA No.: 7379

Before me,

YM TENGKU FARIDDUDIN BIN TENGKU SULAIMAN (W533)  
Commissioner for Oaths  
Kuala Lumpur



# STATEMENTS OF FINANCIAL POSITION

AS OF 30 JUNE 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	5	279,710	291,776	72	67
Investment properties	6	2,499,865	2,501,039	-	-
Inventories -					
land held for property development	7	74,693	75,479	-	-
Prepaid lease payments	8	4,475	4,883	-	-
Subsidiary companies	9	-	-	1,340,444	1,282,447
Associated companies	10	3,077	227	-	-
Joint ventures	11	14,055	13,716	-	-
Other investments	12	240,651	270,453	394	471
Deferred tax assets	13	13,063	14,067	-	-
Intangible assets	14	16,058	36,024	-	-
Receivables	15	2,037	-	75,960	195,164
		<u>3,147,684</u>	<u>3,207,664</u>	<u>1,416,870</u>	<u>1,478,149</u>
<b>CURRENT ASSETS</b>					
Inventories - others	16	196,611	196,323	-	-
Receivables	15	75,499	65,979	120,398	146,045
Tax recoverable		4	151	-	-
Cash and bank balances	17	94,218	99,250	11,346	7,250
Non-current assets					
classified as held for sale	18	-	26,118	-	-
		<u>366,332</u>	<u>387,821</u>	<u>131,744</u>	<u>153,295</u>
<b>TOTAL ASSETS</b>		<u><u>3,514,016</u></u>	<u><u>3,595,485</u></u>	<u><u>1,548,614</u></u>	<u><u>1,631,444</u></u>

## STATEMENTS OF FINANCIAL POSITION

### AS OF 30 JUNE 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>EQUITY</b>					
Share capital	19	1,538,120	1,538,120	1,538,120	1,538,120
Available-for-sale ("AFS") reserve	20	-	6,641	-	88
Fair value through other comprehensive income ("FVTOCI") reserve	21	(124,538)	-	(43)	-
Foreign currency translation reserve	22	6,537	6,585	-	-
Retained earnings/ (Accumulated losses)	23	763,489	736,400	(117,358)	(50,748)
Equity funds		2,183,608	2,287,746	1,420,719	1,487,460
Non-controlling interests		9,516	9,654	-	-
Total equity		2,193,124	2,297,400	1,420,719	1,487,460
<b>NON-CURRENT LIABILITIES</b>					
Bank borrowings	24	485,445	534,210	28,346	34,924
Senior medium term notes	25	158,172	157,808	-	-
Hire purchase liabilities	26	969	1,019	27	12
Long term liabilities	27	175,820	179,169	-	-
Deferred tax liabilities	13	173,926	117,365	9	16
		994,332	989,571	28,382	34,952
<b>CURRENT LIABILITIES</b>					
Payables	28	157,225	138,568	94,353	108,611
Bank borrowings	24	165,411	165,706	4,592	-
Senior medium term notes	25	-	-	-	-
Hire purchase liabilities	26	837	638	11	24
Provisions	29	129	147	-	-
Tax payable		2,958	3,455	557	397
		326,560	308,514	99,513	109,032
Total liabilities		1,320,892	1,298,085	127,895	143,984
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,514,016</b>	<b>3,595,485</b>	<b>1,548,614</b>	<b>1,631,444</b>

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	30	330,734	312,690	1,227	27,068
Cost of sales	31	(136,181)	(115,563)	-	-
Gross profit		194,553	197,127	1,227	27,068
Fair value changes					
on investment properties	6	504	15,697	-	-
Other income	32	18,018	29,267	13,140	8,950
Distribution and marketing expenses		(5,094)	(5,798)	-	-
Administrative expenses		(131,319)	(164,579)	(2,459)	(2,990)
Other expenses	35	(22,545)	(57,497)	(69,661)	(117,980)
		54,117	14,217	(57,753)	(84,952)
Finance costs	36	(71,482)	(70,439)	(6,425)	(7,181)
Share of results of associated companies		2,880	(826)	-	-
Share of results of joint ventures		387	44,488	-	-
Loss before tax	37	(14,098)	(12,560)	(64,178)	(92,133)
Income tax expense	38	(68,260)	(17,008)	(2,486)	(2,019)
Loss for the year		(82,358)	(29,568)	(66,664)	(94,152)
Attributable to:					
Owners of the Parent		(81,363)	(32,961)	(66,664)	(94,152)
Non-controlling interests		(995)	3,393	-	-
		(82,358)	(29,568)	(66,664)	(94,152)
Loss per share attributable to owners of the Parent (sen)					
Basic	39	(3.18)	(1.31)		
Dividend per share (sen)					
Final dividend				-	-

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss for the year	(82,358)	(29,568)	(66,664)	(94,152)
Other comprehensive income:				
<u>Items that may be subsequently reclassified to profit or loss</u>				
- Loss on changes in fair value of quoted investment classified as available-for-sale ("AFS")	-	(9,308)	-	(69)
Currency translation difference	(166)	(4,004)	-	-
	(166)	(13,312)	-	(69)
<u>Item that will not be subsequently reclassified to profit or loss</u>				
- Changes in fair values of investment at fair value through other comprehensive income ("FVTOCI"):				
- Quoted investment	(18,681)	-	(77)	-
- Unquoted investment	(4,046)	-	-	-
	(22,727)	-	(77)	-
Total comprehensive income for the year	(105,251)	(42,880)	(66,741)	(94,221)
Attributable to:				
Owners of the Parent	(104,138)	(45,752)	(66,741)	(94,221)
Non-controlling interests	(1,113)	2,872	-	-
	(105,251)	(42,880)	(66,741)	(94,221)

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Attributable to the owners of the Parent		Distributable		Foreign Currency		Non-controlling Interests		Total Equity RM'000
	Share Capital RM'000	AFS Reserve RM'000	FVTOCI Reserve RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Equity Funds RM'000	Non-controlling Interests RM'000		
<b>As of 1 July 2018 (as previously reported)</b>	1,538,120	6,641	-	6,585	736,400	2,287,746	9,654	2,297,400	
Effect of adoption of MFRS 9 (Note 2.1 (a))	-	(6,641)	(108,816)	-	115,457	-	-	-	
<b>As of 1 July 2018 (as restated)</b>	1,538,120	-	(108,816)	6,585	851,857	2,287,746	9,654	2,297,400	
Transfer to reserves upon disposal (Note 21)	-	-	7,005	-	(7,005)	-	-	-	
Total comprehensive income	-	-	(22,727)	(48)	(81,363)	(104,138)	(1,113)	(105,251)	
Transactions with owners:									
Non-controlling interests arising from additional subscription of shares in a subsidiary company	-	-	-	-	-	-	2,725	2,725	
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,750)	(1,750)	
<b>As of 30 June 2019</b>	1,538,120	-	(124,538)	6,537	763,489	2,183,608	9,516	2,193,124	
<b>As of 1 July 2017</b>	1,447,277	15,949	-	10,068	769,361	2,242,655	8,672	2,251,327	
Total comprehensive income	-	(9,308)	-	(3,483)	(32,961)	(45,752)	2,872	(42,880)	
Transactions with owners:									
Issuance of ordinary shares pursuant to exercise of Warrants 2008/2018 (Note 19)	90,843	-	-	-	-	90,843	-	90,843	
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,890)	(1,890)	
<b>As of 30 June 2018</b>	1,538,120	6,641	-	6,585	736,400	2,287,746	9,654	2,297,400	

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	<-----Non-distributable----->				
	Share Capital RM'000	AFS Reserve RM'000	FVTOCI Reserve RM'000	Retained Earnings/ (Accumulated Losses) RM'000	Total RM'000
<b>As of 1 July 2018 (as previously reported)</b>	1,538,120	88	-	(50,748)	1,487,460
Effect of adoption of MFRS 9 (Note 2.1 (a))	-	(88)	34	54	-
<b>As of 1 July 2018 (as restated)</b>	1,538,120	-	34	(50,694)	1,487,460
Total comprehensive income	-	-	(77)	(66,664)	(66,741)
<b>As of 30 June 2019</b>	<u>1,538,120</u>	<u>-</u>	<u>(43)</u>	<u>(117,358)</u>	<u>1,420,719</u>
<b>As of 1 July 2017</b>	1,447,277	157	-	43,404	1,490,838
Total comprehensive income	-	(69)	-	(94,152)	(94,221)
Transactions with owners:					
Issuance of ordinary shares pursuant to exercise of Warrants 2008/2018 (Note 19)	90,843	-	-	-	90,843
<b>As of 30 June 2018</b>	<u>1,538,120</u>	<u>88</u>	<u>-</u>	<u>(50,748)</u>	<u>1,487,460</u>

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 RM'000	2018 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers		312,421	341,174
Payments to suppliers, prize winners and other operating expenses		(207,158)	(272,819)
Payments for pool betting duties, gaming tax, royalties and other government contributions		(21,666)	(22,838)
Tax refund		911	490
Payment of taxes		(9,976)	(11,308)
Other receipts/(payments)		165	(3,058)
Net cash generated from operating activities		<u>74,697</u>	<u>31,641</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		779	269
Acquisition of property, plant and equipment	(a)	(3,162)	(2,996)
Acquisition of properties	(b)	(1,670)	(1,642)
Sale of other investments		58,241	28,237
Proceeds from disposal of investment properties		-	13,970
Sales of non current assets		26,118	-
Redemption of redeemable preference shares in a joint venture		-	13,104
Acquisition of equity interest in a subsidiary company	(c)	(5,858)	-
Acquisition of investment in associates		-	(1,053)
Acquisition of other investments		(50,188)	(150,233)
Interest received		3,627	3,640
Dividends received		3,189	32,400
Other payments		(5,083)	(23,154)
Net cash generated from/(used in) investing activities		<u>25,993</u>	<u>(87,458)</u>

## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 RM'000	2018 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuance of shares to non-controlling interests		1,750	-
Proceeds from issuance of shares		-	90,843
Issuance of senior medium term notes		-	160,000
Drawdown of borrowings and loans		157,293	81,543
Repayment of borrowings and loans		(212,262)	(53,292)
Repayment of senior bonds		-	(160,000)
Dividend paid to non-controlling interests of a subsidiary company		(1,750)	(1,890)
Interest paid		(56,414)	(54,118)
Payment of hire purchase liabilities		(783)	(670)
Withdrawals from/(Placements with) banks as security pledged for borrowings		3,050	(8,712)
Net cash (used in)/generated from financing activities		(109,116)	53,704
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		(8,426)	(2,113)
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>		(51)	34
<b>OPENING CASH AND CASH EQUIVALENTS</b>		39,529	41,608
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	(d)	31,052	39,529
 (a) The additions to property, plant and equipment consist of the following:			
Payment by cash		3,162	2,996
Financed by hire purchase		932	616
Over-accrual of costs in prior years		-	(358)
Total (Note 5)		4,094	3,254
 (b) The additions to properties consist of the following:			
Payment by cash		1,670	1,642
Other payables and accrued expenses		-	1,863
Total (Notes 6 and 7)		1,670	3,505

(c) The analysis of the effects of the acquisition of equity interest in a subsidiary company in the current financial year is disclosed in Note 9.



## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
(d) The closing cash and cash equivalents consist of:		
Deposits with licensed banks (Note 17)	59,190	66,186
Cash on hand and at banks (Note 17)	35,028	33,064
	94,218	99,250
Less:		
Bank overdraft (Note 24)	(9,900)	(3,405)
Cash and cash equivalents restricted in usage	(53,266)	(56,316)
	31,052	39,529

(e) Reconciliation of liabilities arising from financing activities:

	<b>Senior medium term notes RM'000</b>	<b>Bank borrowings (excluding bank overdraft) RM'000</b>	<b>Hire purchase liabilities RM'000</b>	<b>Total RM'000</b>
<b>Group</b>				
As of 1 July 2018	157,808	696,511	1,657	855,976
Drawdown of borrowings	-	157,293	-	157,293
Additional hire purchase liabilities	-	-	932	932
Exchange differences	-	(1,295)	-	(1,295)
Charge out of deferred transaction costs	364	709	-	1,073
Repayment of borrowings	-	(212,262)	(783)	(213,045)
As of 30 June 2019	158,172	640,956	1,806	800,934

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

(e) Reconciliation of liabilities arising from financing activities: (contd.)

	Senior medium term notes RM'000	Bank borrowings (excluding bank overdraft) RM'000	Hire purchase liabilities RM'000	Total RM'000
<b>Group</b>				
As of 1 July 2017	159,425	673,554	1,711	834,690
Drawdown of borrowings	-	81,543	-	81,543
Redemption of senior bonds	(160,000)	-	-	(160,000)
Issuance of senior medium term notes	160,000	-	-	160,000
Additional hire purchase liabilities	-	-	616	616
Exchange differences	-	(8,176)	-	(8,176)
Unamortised transaction costs	(1,646)	(70)	-	(1,716)
Charge out of deferred transaction costs	29	2,952	-	2,981
Repayment of borrowings	-	(53,292)	(670)	(53,962)
As of 30 June 2018	<u>157,808</u>	<u>696,511</u>	<u>1,657</u>	<u>855,976</u>

The accompanying notes form an integral part of the financial statements.

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 RM'000	2018 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Payments for operating expenses		(801)	(3,587)
Payment of taxes		(2,333)	(1,552)
Net cash used in operating activities		(3,134)	(5,139)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	(a)	(15)	(18)
Acquisition of equity interests in subsidiary companies		(108,000)	(2)
Interest received		12,865	8,803
Inter-company receipts/(payments)		108,312	(151,525)
Dividends received		2,502	26,343
Net cash generated from/(used in) investing activities		15,664	(116,399)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of shares		-	90,843
Drawdown of borrowings and loans		-	34,979
Repayment of borrowings and loans		(2,000)	-
Interest paid		(6,409)	(7,166)
Payment of hire purchase liabilities		(25)	(22)
Net cash (used in)/generated from financing activities		(8,434)	118,634
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		4,096	(2,904)
<b>OPENING CASH AND CASH EQUIVALENTS</b>		7,250	10,154
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	(b)	11,346	7,250

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 30 JUNE 2019

	2019 RM'000	2018 RM'000
(a) The additions to property, plant and equipment consist of the following:		
Payment by cash	15	18
Financed by hire purchase	27	-
	<u>42</u>	<u>18</u>
(b) The closing cash and cash equivalents consist of:		
Deposits with licensed banks (Note 17)	10,975	6,792
Cash on hand and at banks (Note 17)	371	458
	<u>11,346</u>	<u>7,250</u>

(c) Reconciliation of liabilities arising from financing activities:

	Bank borrowings RM'000	Hire purchase liabilities RM'000	Total RM'000
As of 1 July 2018	34,924	36	34,960
Drawdown of borrowings	-	27	27
Charge out of deferred transaction costs	14	-	14
Repayment of borrowings	(2,000)	(25)	(2,025)
As of 30 June 2019	<u>32,938</u>	<u>38</u>	<u>32,976</u>
As of 1 July 2017	-	58	58
Drawdown of borrowings	34,979	-	34,979
Unamortised transaction costs	(70)	-	(70)
Charge out of deferred transaction costs	15	-	15
Repayment of borrowings	-	(22)	(22)
As of 30 June 2018	<u>34,924</u>	<u>36</u>	<u>34,960</u>

The accompanying notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

## 1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies consist of:

- (i) number forecast lotteries in Sarawak;
- (ii) general trading and commission agent;
- (iii) provision of lottery consultancy and related services;
- (iv) property investment and development;
- (v) investment holding;
- (vi) operation of a hotel;
- (vii) management of ferry terminal;
- (viii) operation of theme park;
- (ix) operation of food and beverage business; and
- (x) vehicle assembly and the manufacturing and sale of engines and transmissions.

The registered office of the Company is located at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur.

The principal place of business of the Company is located at Level 12, Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur.

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency. All information presented in RM has been rounded to the nearest thousand (RM'000) unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution of the Directors on 7 October 2019.

## 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTD.)

#### 2.1 Adoption of New and Amendments to Malaysian Financial Reporting Standards

In the current financial year, the Group and the Company adopted all the new and amendments to MFRSs and IC Interpretations issued by Malaysian Accounting Standards Board that are relevant to its operations and effective for annual financial periods beginning on or after 1 July 2018.

Amendments to MFRS 2: Classification of Measurement of Share-based Payment Transactions  
MFRS 9: Financial Instruments  
MFRS 15: Revenue from Contracts with Customers (and the related Clarifications)  
Amendments to MFRS 140: Transfer of Investment Property  
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration  
Annual Improvements to MFRSs 2014-2016 Cycle

Adoption of the new MFRSs, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretations did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company except as discussed below:

##### (a) MFRS 9: Financial Instruments

MFRS 9 replaces MFRS139: Financial Instruments: Recognition and Measurement which introduces new requirements for classification and measurement; impairment; and hedge accounting. Retrospective approach application is required, but comparative information is not compulsory.

As permitted by the transitional provision of MFRS 9, the Group and the Company elected not to restate comparative information for prior periods with respect to classification and measurement and impairment requirements. The comparative information continues to be reported under MFRS 139.

The Group and the Company have assessed the impact of MFRS 9 to the Group's financial statements as follows:

##### (i) Classification and measurement

All the quoted and unquoted equity investments previously classified as available-for-sale ("AFS") are now classified and measured as financial fair value through other comprehensive income ("FVTOCI"). The Group and the Company elected to classify irrevocably its quoted and unquoted equity investments under this category as they intends to hold these investments for the foreseeable future. The Group and the Company have applied this change and certain comparatives have been restated.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTD.)

#### 2.1 Adoption of New and Amendments to Malaysian Financial Reporting Standards (contd.)

##### (a) MFRS 9: Financial Instruments (contd.)

The Group and the Company have assessed the impact of MFRS 9 to the Group's financial statements as follows:

##### (i) Classification and measurement (contd.)

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group and the Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

The new accounting policies of the Group and of the Company arising from the adoption of this Standard is disclosed in Note 3.2(12).

##### (ii) Impairment

Under MFRS 9, the Group and the Company are required to record expected credit loss on its trade and other receivables, either on a 12-month or lifetime basis. The Group and the Company apply simplified approach permitted by MFRS 9 and record expected lifetime loss on its trade receivables. This impairment requirement does not have a significant impact on its carrying amount of the trade and other receivables.

The new accounting policies of the Group and of the Company arising from the adoption of this Standard is disclosed in Note 3.2(13).

The financial impact from the initial adoption of MFRS 9 as at 1 July 2018 are as follows:

	Note	As previously reported RM'000	Effects of adoption of MFRS 9 RM'000	As restated RM'000
<b>Group</b>				
<b>Statements of Financial Position</b>				
AFS reserve	20	6,641	(6,641)	-
FVTOCI reserve	21	-	(108,816)	(108,816)
Retained earnings	23	736,400	115,457	851,857

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTD.)

#### 2.1 Adoption of New and Amendments to Malaysian Financial Reporting Standards (contd.)

##### (a) MFRS 9: Financial Instruments (contd.)

The financial impact from the initial adoption of MFRS 9 as at 1 July 2018 are as follows:  
(contd.)

	Note	As previously reported RM'000	Effects of adoption of MFRS 9 RM'000	As restated RM'000
<b>Company</b>				
<b>Statements of Financial Position</b>				
AFS reserve	20	88	(88)	-
FVTOCI reserve	21	-	34	34
Accumulated losses	23	(50,748)	54	(50,694)

None of the other reclassification of financial assets have had any impact on the Group's financial position, profit or loss, other comprehensive income or total comprehensive income during the year and in previous year.

##### (b) MFRS 15: Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 111: Construction Contracts, MFRS 118: Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosure.

The Group adopted MFRS 15 using the modified approach and applied all the practical expedients available for modified approach upon transitioning to MFRS 15. The adoption of MFRS 15 has no material impact on the Group's financial position or performance.

The new accounting policies of the Group and of the Company arising from the adoption of this Standard is disclosed in Note 3.2(25).



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTD.)

#### 2.2 MFRSs, Amendments to MFRSs and IC Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new MFRSs, Amendments to MFRSs and IC Interpretations which were issued but not yet effective and not early adopted by the Group and the Company are as listed below:

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

Amendments to MFRS 9: Financial Instruments - Prepayment Features with  
Negative Compensation

MFRS 16: Leases

Amendments to MFRS 119: Employee Benefits - Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-Term Interest in Associates and Joint Ventures

IC Interpretation 23: Uncertainty over Income Tax Treatments

Annual Improvements to MFRSs 2015–2017 Cycle

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

Amendments to References to the Conceptual Framework in MFRSs

Amendments to MFRS 101 and MFRS 108: Definition of Material

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

MFRS 17: Insurance Contracts

Effective date yet to be determined:

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

Unless otherwise described below, the abovementioned MFRSs, Amendments to MFRSs and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these MFRSs will have no material impact on the financial statements of the Group and of the Company in the period of initial application except for the changes in presentation and disclosures of financial information.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTD.)

#### 2.2 MFRSs, Amendments to MFRSs and IC Interpretations issued but not yet effective (contd.)

##### (a) MFRS 16: Leases

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

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

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

Under MFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, MFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under MFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under MFRS 117).

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

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTD.)

#### 2.2 MFRSs, Amendments to MFRSs and IC Interpretations issued but not yet effective (contd.)

##### (a) MFRS 16: Leases (contd.)

The Group plans to adopt the new standard on the required effective date using the modified retrospective approach. On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises, land and equipment on the statements of financial position by recognising them as "rights-of-use" assets and the corresponding liability in respect of these leases.

As of 30 June 2019, the Group has non-cancellable operating lease commitments of RM28,631,000. The Directors of the Group have assessed the potential impact of MFRS 16 to the financial statements of the Group, which approximates as follows:

	<b>Group RM'000</b>
Increase in right-of-use assets	16,714
Increase in lease liabilities	<u>16,714</u>

##### (b) IC Interpretation 23: Uncertainty over Income Tax Treatments

IC Interpretation 23 provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

IC Interpretation 23 will be applied retrospectively.

As disclosed in Note 41, the Group has 2 on-going litigations relating to disputed additional assessments of income taxes raised by the Inland Revenue Board. The Group has assessed and concluded that pending the final outcome of the litigations, the adoption of IC Interpretation 23 will not have a material impact on the financial statements of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 inputs are unobservable inputs for the asset or liability.

#### 3.2 Summary of Significant Accounting Policies

##### (1) Subsidiary Companies and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies, which are prepared up to the end of the same financial year.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (1) Subsidiary Companies and Basis of Consolidation (contd.)

Subsidiary companies are those investees controlled by the Group. The Group controls an investee if and only if the Group has all the following:

- (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) exposure, or rights, to variable returns from its investment with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

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

- (i) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) potential voting rights held by the Group, other vote holders or other parties;
- (iii) rights arising from other contractual arrangements; and
- (iv) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, consolidation of a subsidiary company begins when the Group obtains control over the subsidiary company and ceases when the Group loses control of the subsidiary company.

The cost of acquisition of a subsidiary company depends on whether it is a business combination, in accordance with the specifications in MFRS 3, or not. If it is not a business combination, the cost of acquisition consists of the consideration transferred ("CT").

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (1) Subsidiary Companies and Basis of Consolidation (contd.)

The CT is the sum of fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree on the date of acquisition and any contingent consideration. For an acquisition that is not a business combination, the acquisition-related costs can be capitalised as part of the cost of acquisition. If it is a business combination, the cost of acquisition (or specifically, the cost of business combination) consists of CT, and the amount of any non-controlling interests in the acquiree, the fair value of the Group's previously held equity interest in the acquiree and any contingent consideration. For an acquisition that is a business combination, the acquisition-related costs are recognised in the statements of profit or loss as incurred.

If the business combination is achieved in stages, any previously held equity interests in the acquiree are re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in the statements of profit or loss.

Any excess of the cost of business combination, as the case may be, over the net amount of the fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. For business combinations, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

Any excess in the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed over the cost of business combination is recognised immediately in the statements of profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (1) Subsidiary Companies and Basis of Consolidation (contd.)

The contingent consideration to be transferred by the acquirer will be recognised at fair value at the date of acquisition. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the date of acquisition) about the facts and circumstances that existed at the date of acquisition. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with MFRS 9 or MFRS 137 as appropriate with the corresponding gain or loss being recognised in the statements of profit or loss.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiary companies are adjusted for the material effects of dissimilar accounting policies. Intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation, except for unrealised losses which are not eliminated when there are indications of impairment.

Profit or loss and each component of other comprehensive income are attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the equity in subsidiary companies not attributable, direct or indirectly, to the Group which consist of the amount of those non-controlling interests at the date of original combination, and the non-controlling interests' share of changes in the equity since the date of the combination.

Non-controlling interests are presented separately in the consolidated statements of financial position within equity, separately from the equity of the owners of the parent.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (1) Subsidiary Companies and Basis of Consolidation (contd.)

Equity instruments and equity components of hybrid financial instruments issued by subsidiary companies but held by the Group will be eliminated on consolidation. Any difference between the cost of investment and the value of the equity instruments or the equity components of hybrid financial instruments will be recognised immediately in equity upon elimination.

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

When the Group loses control of a subsidiary company, a gain or loss calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interest;

is recognised in the statements of profit or loss. The subsidiary company's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to the statement of profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary company at the date control is lost is regarded as the cost on initial recognition of the investment.

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



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (2) Associated Companies and Joint Ventures

Associated companies are entities in which the Group has significant influence. Significant influence is the power through board representations to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting based on the latest audited and supplemented by management financial statements of the associated companies and the joint ventures made up to the Group's financial year-end. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognise impairment loss on its investments in its associated companies and joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investments in the associated companies and joint ventures are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amounts of the associated company and joint venture and their carrying values, then recognises the loss in the statements of profit or loss.

On acquisition of an investment in associated company or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets acquired and liabilities assumed of the investee is recognised as goodwill and included in the carrying amount of the investment and is not amortised.

Any excess of the Group's share of net fair value of the associated company's or the joint venture's identifiable assets acquired and liabilities assumed over the cost of investment is included as income in the determination of the Group's share of associated company's or joint venture's profit or loss in the period in which the investment is acquired.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (2) Associated Companies and Joint Ventures (contd.)

Under the equity method, the investment in an associated company or a joint venture is recognised at cost on initial recognition, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associated company or the joint venture after the date of acquisition, less impairment losses. The Group's share of comprehensive income of associated companies or joint ventures acquired or disposed of during the financial year, is included in the consolidated statement of profit or loss from the date that significant influence effectively commences or until the date that significant influence effectively ceases, as appropriate.

Unrealised gains and losses on transactions between the Group and the associated companies or the joint ventures are eliminated to the extent of the Group's interest in the associated companies or the joint ventures.

When the Group's share of losses equals or exceeds its interest in an equity accounted associated company or joint venture, including any long term interest, that, in substance, form part of the Group's net investment in the associated company or the joint venture, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has legal and constructive obligations or has made payment on behalf of the associated company or the joint venture.

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

##### (3) Affiliated Companies

The Group treats companies substantially owned directly or indirectly by a major shareholder of the Company, Tan Sri Dato' Seri Vincent Tan Chee Yioun and persons connected with him as affiliated companies.

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (4) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group or the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statements of profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Capital work-in-progress are not depreciated as these assets are not available for use.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Freehold building	2%
Long term leasehold land and buildings	Over remaining economic useful life of the lease
Short term leasehold land and buildings	Up to 50 years
Plant, machinery and equipment	10% - 20%
Computer equipment	10% - 20%
Renovation	10% - 33%
Furniture, fittings and office equipment	5% - 50%
First aid and theme park equipment	10% - 20%
Motor vehicles	14% - 20%
Others *	10% - 20%

\* Others comprise mainly ponies, draw equipment and telecommunications equipment.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (4) Property, Plant and Equipment and Depreciation (contd.)

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 losses on the derecognition of the asset are included in the statements of profit or loss in the year in which they arise.

##### (5) Investment Properties

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

Gains or losses arising from changes in the fair values of investment properties are recognised in the statements of profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statements of profit or loss in the year in which they arise.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in other comprehensive income. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the statements of profit or loss. Upon disposal of the investment property, any surplus previously recorded in other comprehensive income is transferred to retained earnings.

When an item of property inventory or property development is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly to the statements of profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (6) Prepaid Lease Payments

Leasehold land, when an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Leasehold land is amortised in equal instalments over the remaining lease period of 13 years.

##### (7) Intangible Assets

###### (i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

###### (ii) Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset are reviewed yearly at each reporting date.

Other intangible assets consist of the rights acquired to receive Special Cash Sweep Lottery royalty revenue and franchise fees paid by the Group. The estimated useful lives are as follows:

Rights	28 years
Franchise fees	5 years

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (8) Inventories

###### Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at lower of cost and net realisable value.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and applicable variable expenses. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Land held for property development is classified as current assets in the statement of financial position when the development activities with a view of sale have commenced and where the development activities can be completed within the Group's normal operating cycle.

###### Others

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, construction and appropriate development overheads.

Inventories also include ticket inventories, gaming equipment, finished goods, souvenirs and stores and consumables, which are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis.

The cost of work-in-progress is calculated using the weighted average method. In the case of work-in-progress and finished goods of vehicle assembly, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost comprises the invoiced value of the goods purchased plus cost incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (9) Asset Classified as Held for Sale

Asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal groups) 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 asset classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are included in the statements of profit or loss.

##### (10) Fair Value Measurement

The Group measures financial instruments and certain non financial assets at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) in the principal market for the asset or liability, or
- (ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (10) Fair Value Measurement (contd.)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole as described in Note 45.

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

##### (11) Impairment of Non-financial Assets

The carrying amounts of the Group's non-financial assets, other than investment properties, property development costs, inventories, deferred tax assets and non-current assets (or disposal group) held for sale are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when there are indications of impairment.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (11) Impairment of Non-financial Assets (contd.)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the statements of profit or loss in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the statements of profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

##### (12) Financial Assets

###### Initial recognition and measurement - accounting policies applied from 1 July 2018

Financial assets are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

With the exception of trade receivables that do not contain a significant financing component, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statements of profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (12) Financial Assets (contd.)

###### **Initial recognition and measurement - accounting policies applied from 1 July 2018 (contd.)**

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

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

###### **Classification and subsequent measurement - accounting policies applied from 1 July 2018**

Classification of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

The classification of financial assets is as follows:

(i) Amortised cost

Financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, the amortised cost of a financial asset is the amount at initial recognition minus principal repayments plus cumulative amortisation using the effective interest method and reduced by any impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statements of profit or loss. Any gain or loss on derecognition is recognised in the statements of profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (12) Financial Assets (contd.)

##### **Classification and subsequent measurement - accounting policies applied from 1 July 2018 (contd.)**

The classification of financial assets is as follows: (contd.)

(ii) Fair value through other comprehensive income

##### Debt instruments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statements of profit or loss. Fair value changes are recognised in other comprehensive income. On derecognition, fair value changes accumulated in other comprehensive income are reclassified to the statements of profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

##### Equity instruments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve. Dividends are recognised as income in the statements of profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to the statements of profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (12) Financial Assets (contd.)

##### **Classification and subsequent measurement - accounting policies applied from 1 July 2018 (contd.)**

The classification of financial assets is as follows: (contd.)

##### (iii) Fair value through profit or loss

All financial assets not classified as amortised cost or fair value through other comprehensive income as described above are classified as fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be classified as amortised cost or as fair value through other comprehensive income as fair value through profit or loss, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets classified as fair value through profit or loss are subsequently measured at their fair values. Net gains or losses, including any interest or dividend income, are recognised in the statements of profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

##### **Derecognition - accounting policies applied from 1 July 2018**

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

- (i) The rights to receive cash flows from the asset have expired; or
- (ii) The Group or the Company has transferred its rights to receive the cash flows from the assets and has transferred substantially all risks and rewards; or
- (iii) The Group or the Company has assumed an obligation to pay the cash flows in full from the assets without material delay to a third party under a 'pass-through' arrangement; or
- (iv) The Group or the Company has transferred its rights to receive the cash flows from the assets, has not transferred substantially all risk and rewards but has not retained control of the assets.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (12) Financial Assets (contd.)

###### **Initial recognition and measurement - accounting policies applied up to 30 June 2018**

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

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

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

###### **Classification and subsequent measurement - accounting policies applied up to 30 June 2018**

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

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

Financial assets designated as financial assets at fair value through profit or loss are a group of financial assets which consist of certain quoted securities that is managed and its performance is evaluated at a fair value basis, in accordance with a documented risk management or investment strategy, and information about these group of financial assets is provided internally on that basis to the Group's and the Company's key management personnel.

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

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (12) Financial Assets (contd.)

##### **Classification and subsequent measurement - accounting policies applied up to 30 June 2018 (contd.)**

##### (i) Financial assets at fair value through profit or loss (contd.)

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

##### (ii) Loans and receivables

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

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

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

##### (iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at the amortised cost using the effective interest method. Gains and losses are recognised in the statement of profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (12) Financial Assets (contd.)

##### **Classification and subsequent measurement - accounting policies applied up to 30 June 2018 (contd.)**

##### (iv) Available-for-sale financial assets

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

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the statements of profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in the statements of profit or loss.

Dividends from an available-for-sale equity instrument are recognised in the statements of profit or loss when the Group and the Company's right to receive payment is established.

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

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

##### **Derecognition - accounting policies applied up to 30 June 2018**

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss previously recognised in other comprehensive income will be recognised in the statements of profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (13) Impairment of Financial Assets

###### Accounting policies applied from 1 July 2018

The Group and the Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables.

ECLs are the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are part of the contractual terms.

ECLs are recognised in two stages. For credit exposures where there have 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 where there have been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply the simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have performed its assessment based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment.

The Group and the Company recognise impairment loss in the statements of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in the statements of profit or loss and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (13) Impairment of Financial Assets (contd.)

###### Accounting policies applied up to 30 June 2018

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

- (i) Trade and other receivables and other financial assets carried at amortised cost

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (13) Impairment of Financial Assets (contd.)

###### Accounting policies applied up to 30 June 2018 (contd.)

###### (ii) Available-for-sale financial assets

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

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

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

##### (14) Statements of Cash Flows

Cash comprises cash in hand, at bank and demand deposits. Cash equivalents, are short term, highly liquid investments that are readily convertible to known amounts subject to insignificant risk of changes in value, against which the bank overdrafts, if any, are deducted.

The Group and the Company adopt the direct method in the preparation of the statements of cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (15) Financial Liabilities

###### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

The Group and the Company initially measure a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

###### Classification and subsequent measurement

The Group and the Company classify their financial liabilities in the following measurement categories:

(i) Amortised cost

Financial liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments (including all fees and points paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability (where appropriate).

(ii) Fair value through profit or loss

The fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated as fair value through profit or loss to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The changes in fair value of these financial liabilities are recognised in the statements of profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (15) Financial Liabilities (contd.)

###### Derecognition

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

##### (16) Offsetting of Financial Instruments

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

##### (17) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value. The fair value of a financial guarantee contract is the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee. The present value is calculated using a risk free rate of interest.

At the end of each subsequent reporting period, financial guarantees are measured at the higher of:

- the amount of the loss allowance determined in accordance with ECL; and
- the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15, where appropriate.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (18) Provisions

Provisions are recognised when the Group or the Company 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 each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to settle the obligation.

##### (i) Provision for On-line Repairs

A provision for on-line repairs is recognised when motor vehicles are being held on behalf of franchise holders prior to delivery. It is in respect of damages and defects identified during the course of assembly of motor vehicles. It is based on historical repairs data and a weighting of all possible outcomes against the associated probabilities.

##### (ii) Provision for Additional Employees Provident Fund ("EPF") Entitlement

A provision for additional EPF entitlement is recognised by a subsidiary company upon the employment of a staff. It is based on 4% of gross salary of employees with less than 5 years of employment service. The provision is payable when an employee with at least five years of employment service resigns or retires. The provision is reversed if an employee resigns before his 5 years of employment service.

##### (iii) Provision for Sludge Disposal

A provision for sludge disposal is recognised for the remaining sludge held as at the financial year end in the Group's factory. It is based on historical charges on disposal of sludge.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (19) Leases

###### (i) As Lessee

Finance leases, which transfer to the Group and the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statements of profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

###### (ii) As Lessor

Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.2(25)(iii).

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (20) Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### (i) Current Tax

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

Current taxes are recognised in the statements of profit or loss except to the extent that the taxes relates to items recognised outside the statements of profit or loss which is recognised either in other comprehensive income or directly in equity.

##### (ii) Deferred Tax

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

Deferred tax liabilities are recognised for all 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 subsidiary companies, associated companies and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (20) Taxes (contd.)

##### (ii) Deferred Tax (contd.)

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 future 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 subsidiary companies, associated companies and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

##### (iii) Gaming and Sales Tax

Revenues are recognised net of the amount of gaming and sales tax while expenses and assets are recognised net of sales tax except where the sales tax incurred in 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.

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

The net amount of gaming and sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (20) Taxes (contd.)

- (iv) Goods and Services Tax ("GST"), Sales and Service Tax ("SST") and Value Added Tax ("VAT")

Where the GST, SST or VAT incurred in a purchase of assets or services is not recoverable from the respective taxation authorities, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

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

##### (21) Foreign Currencies

- (i) Functional and Presentation Currency

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

- (ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of initial transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the statements of profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the statements of profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (21) Foreign Currencies (contd.)

##### (ii) Foreign Currency Transactions (contd.)

Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations are recognised in the statements of profit or loss of the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

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

##### (iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statements of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each statements of profit or loss and statements other comprehensive income are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions; and
- All the resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity under foreign currency translation reserve.

The principal closing rates used in translation are as follows:

Foreign currency	Currency code	2019 RM	2018 RM
1 Great Britain Pound	GBP	5.249	5.296
1 Singapore Dollar	SGD	3.060	2.959
1 United States Dollar	USD	4.142	4.039

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (22) Borrowing Costs

Borrowing costs consist of interest and transaction costs that the Group and the Company incurred in connection with the borrowing of funds.

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.

Transaction costs that are directly attributable to the issue of financial liabilities measured at amortised cost are amortised over the tenures of the respective financial liabilities at effective interest rates.

All other borrowing costs are recognised in the statements of profit or loss in the period in which they are incurred.

##### (23) Share Capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved and declared for payment.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

##### (24) Contingencies

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

Contingent liabilities and assets are not recognised in the statements of financial position of the Group except for contingent liabilities assumed in a business combination of which the fair value can be reliably measured.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (25) Revenue Recognition

MFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group and the Company recognise revenue from contracts with customers based on the five-step model as set out below:

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer goods or services to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group or the Company expect(s) to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group or the Company need(s) to allocate the transaction price to each performance obligation in accordance to the amount of consideration for satisfying each performance obligation.
- (v) Recognise revenue when the Group or the Company satisfy(s) a performance obligation or as the Group or the Company is satisfying a performance obligation.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (25) Revenue Recognition (contd.)

Revenue is recognised at the point in time at which the performance obligation is satisfied. However, the Group shall recognise revenue over time if the Group's or the Company's performance:

- (i) Does not create an asset with an alternative use to the Group or the Company or the Group or the Company has an enforceable right to payment for performance completed to-date; or
- (ii) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provides benefits that the customer simultaneously receives and consumes as the Group or the Company performs.

The description of revenue streams by segment are as follows:

(i) Gaming activities

Revenue from gaming activities is recognised based on ticket sales, net of gaming tax, GST and SST, where applicable, relating to draw days within the financial year.

(ii) Gaming equipment sale

Revenue from the sale of gaming equipment, is recognised net of discounts and GST upon delivery of products and customer acceptance.

(iii) Hotel operation income

Revenue from hotel operations is recognised upon rendering of services and when it is probable that the economic benefits associated with the transaction will flow to the Group.

(iv) Sale of goods or properties

Revenue is recognised when the Group sells the goods or properties to customers and control of the goods or properties has transferred. Revenue is recognised net of GST, SST and discount, where applicable.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (25) Revenue Recognition (contd.)

The description of revenue streams by segment are as follows: (contd.)

(v) Theme park tickets, car park tickets and ferry tickets

Revenue from sale of theme park tickets, car park tickets and ferry tickets is recognised when the obligation to render services are discharged, net of GST and SST where applicable.

(vi) Sales of food and beverage

Revenue from sale of food and beverage is recognised when food and beverage is served, net of service charges, GST, SST and discounts, where applicable.

(vii) Assembly charges

Revenue is recognised when control of vehicles has transferred, being when the vehicles are delivered to the customers. Delivery occurs when the vehicles have been accepted by the customers upon completion of the assembly service.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (25) Revenue Recognition (contd.)

The revenue recognition policy of the other classes of revenue which are not within the scope of MFRS 15 are set out below:

(i) Dividend income

Dividend income is recognised when the right to receive dividend is established.

(ii) Interest income

Interest income from short term deposits and advances is recognised on an accrual basis, unless recoverability is in doubt.

(iii) Lease income

Lease income under the purview of MFRS 117 Leases, including those earned from leasing of investment properties, are recognised over the term of the respective leases on a straight-line basis.

(iv) Other income

Other than the above, all other income is recognised on accrual basis.

When either party to a contract has performed, the Group and the Company shall present the contract in the statements of financial position as a contract asset or a contract liability.

A contract asset is presented when the Group or the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due.

A contract liability is presented when a customer pays consideration or the Group and the Company recognises a receivable (i.e. has a right to an amount of consideration that is unconditional) before the Group or the Company transfers goods or services to the customer.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (26) Employee Benefits

###### (i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

###### (ii) Defined Contribution Plans

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

##### (27) Segment Information

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the chief operating decision maker of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

The Group adopts business segment analysis as its primary reporting format and geographical segment analysis as its secondary reporting format. The geographical segment information is prepared based on location of assets.

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Revenue and expenses do not include items arising on investing or financing activities.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2 Summary of Significant Accounting Policies (contd.)

##### (27) Segment Information (contd.)

Segment assets include all operating assets used by a segment and do not include items arising on investing or financing activities.

Segment liabilities comprise operating liabilities and do not include liabilities arising on investing or financing activities such as bank borrowings.

##### (28) Current and Non-current Classification

The Group and the Company present assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimation judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 4.1 Critical Judgements Made in Applying Accounting Policies

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

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

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgements have been made by the Group that the portion held for administrative purposes is insignificant.

##### (2) Leases - as lessor

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

##### (3) Impairment of financial assets

The Group and the Company follow the guidance of MFRS 9 in determining when a financial asset is considered impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost; and the financial health of and the near-term business outlook of the issuer of the instrument, including factors such as industry performance, changes in technology and operational and financing cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTD.)

#### 4.1 Critical Judgements Made in Applying Accounting Policies (contd.)

##### (4) Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured at fair value, the Group has reviewed its investment property portfolios and concluded that its investment property portfolios are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the deferred tax on investment properties, the Group determined that the presumption that the carrying amounts of the investment properties measured at fair value are recovered through sale is not rebutted. As a result, the Group has measured deferred tax on changes in fair values of investment properties at real property gains tax rates as the gains from disposal of investment properties of the Group are subject to these tax rates.

##### (5) Additional assessments raised by the Inland Revenue Board of Malaysia ("IRB")

On 1 September 2016, IRB issued Notices of Additional Assessments ("Forms JA") to Berjaya Times Square Sdn Bhd ("BTSSB"), a wholly-owned subsidiary company of the Group, to assess the gains from the disposal of investment properties for the Years of Assessment (YAs) 2011 to 2014 under Section 4(a) of the Income Tax Act 1967 instead of Real Property Gains Tax Act 1976. The IRB has regarded the disposal of the investment properties to be in the ordinary course of business of BTSSB as a property developer. The amount of additional taxes assessed amounted to RM156.48 million, inclusive of tax penalties amounted to RM48.56 million.

The total additional taxes amounting to RM156.48 million were accrued for as provision for taxes in dispute in the first financial quarter ended 30 September 2016 as the IRB did not accede to the application for deferment of payment of the additional taxes from BTSSB. The IRB has further imposed late payment penalty of RM24.25 million due to non-payment of the additional taxes and subsequently commenced civil proceedings against BTSSB for the disputed tax liabilities totalling RM180.73 million.

On 3 April 2017, the High Court judge granted an order for stay of proceedings in favour of BTSSB until the full and final determination of BTSSB's tax appeal case by the Special Commissioners of Income Tax ("SCIT"). Consequently, upon being granted the stay of proceedings, the management has decided to reverse the provisions made previously and the taxes in dispute with further tax penalties amounted to RM180.73 million (inclusive of further tax penalties amounted to RM72.81 million) is now disclosed as contingent liabilities.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTD.)

#### 4.1 Critical Judgements Made in Applying Accounting Policies (contd.)

##### (5) Additional assessments raised by the Inland Revenue Board of Malaysia ("IRB") (contd.)

Other than the RM180.73 million tax in dispute, the IRB had on 11 January 2019, issued notices of additional tax assessment with additional taxes totalling RM69.6 million BTSSB for YA 2015 and YA 2016.

Consequently, BTSSB made an application for judicial review at the KL High Court to apply for leave and stay order against the aforesaid additional tax assessment. On 9 April 2019, the presiding KL High Court judge dismissed BTSSB's application for leave for judicial review with costs. BTSSB informed the KL High Court that it wished to appeal to the Court of Appeal ("COA"). An interim stay was subsequently granted by the KL High Court pending BTSSB's appeal to the COA.

At a hearing held on 10 May 2019, the COA unanimously granted an interim stay order pending the disposal of BTSSB's appeal against the dismissal of leave by the KL High Court. Subsequently, the COA fixed the hearing of the appeal on 18 February 2020. Upon the interim stay granted by the COA, this additional RM69.6 million tax in dispute is also disclosed as contingent liabilities.

At the date of issue of these financial statements, the litigations are still on-going. The details of the litigations are disclosed in Note 41.

##### (6) Sale and buyback agreements

In 2016, BTSSB entered into Sale and Purchase Agreements ("SPAs") with an independent third party, Datuk Bandar Kuala Lumpur ("DBKL") to dispose of two parcels of commercial premise ("Properties") with carrying amount of RM82,650,000 for a total cash consideration of RM150.0 million. In the same year, BTSSB entered into Guaranteed Rental Return Agreements with DBKL to lease back the Properties for a period of 10 years ("Tenure") and buyback the Properties after the Tenure ("Transaction").

The Group has assessed that the Transaction is in the nature of a financing arrangement and merely a means by which DBKL provides finance to BTSSB, with the Properties as security and has accounted this Transaction in accordance with the requirements of MFRS 9.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTD.)

#### 4.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at end of each 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:

##### (1) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use ("VIU") of the cash-generating unit ("CGU") to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

During the financial year, the Group recognised an impairment loss in respect of goodwill allocated to the Group's CGU identified to the gaming and related activities business segment as the carrying value of the CGU was assessed to be in excess of its VIU. The gaming and related activities business segment was affected by the rampant illegal gaming activities.

Details of goodwill are disclosed in Note 14.

##### (2) Impairment of investments in subsidiary companies, associated companies and joint ventures

The Group and the Company conduct an annual impairment review of their investments in subsidiary companies, associated companies and joint ventures. The Group and the Company carried out the impairment test based on the assessment of the fair value less costs to sell of the investees' assets or CGUs or based on the estimation of the VIUs of the CGUs of the investees. Estimating the VIUs requires the Group and the Company to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. An impairment loss will be recognised if the carrying values of these CGUs are assessed to be in excess of their VIUs.

The annual impairment review resulted in the Group and the Company recognising an impairment loss in respect of its investment in subsidiary companies. Details of the impairment loss recognised are disclosed in Notes 9 and 35.

No impairment losses have been recognised in respect of the investments in associated companies and joint ventures.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTD.)

#### 4.2 Key Sources of Estimation Uncertainty (contd.)

##### (2) Impairment of investments in subsidiary companies, associated companies and joint ventures (contd.)

The carrying amounts of investments in associated companies and joint ventures of the Group are disclosed in Notes 10 and 11 respectively whilst the carrying amounts of investments in subsidiary companies of the Company are disclosed in Note 9.

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

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 50 years based on past experience with similar assets or/and common life expectancies of the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets resulting in revision of future depreciation.

##### (4) Provision for expected credit loss of financial assets at amortised cost

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

Where there is a significant increase in credit risk, the Group determines the lifetime expected credit loss ("ECL") by considering the loss given default and the probability of default assigned to each debtor. Loss allowances are then provided or the amount is written off in full when there is no indication of recovery. This is determined when the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off.

The information about the ECLs on the Group's trade and other receivables is disclosed in Note 15.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTD.)

#### 4.2 Key Sources of Estimation Uncertainty (contd.)

##### (5) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 38.

##### (6) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of deferred tax assets are disclosed in Note 13.

##### (7) Fair values of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in the statements of profit or loss. The Group engaged independent professional valuers to determine fair value at the reporting date by reference to open market value using the Investment, Discounted Cash Flow, Comparison and Cost Methods.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 5 PROPERTY, PLANT AND EQUIPMENT

#### Group

As of 30 June 2019	Net carrying amount as of 1.7.2018	Additions	Transfer to investment properties	Disposal/Write off	Depreciation	Net carrying amount as of 30.6.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold building	140,542	-	-	-	(1,937)	138,605
Long term leasehold land and buildings	99,977	-	-	-	(3,438)	96,539
Short term leasehold land and buildings	32,069	-	-	-	(4,537)	27,532
Plant, machinery and equipment	3,858	-	-	-	(829)	3,029
Computer equipment	2,788	148	-	-	(1,397)	1,539
Renovation	3,590	431	-	-	(1,428)	2,593
Furniture, fittings and office equipment	6,124	622	-	(1)	(1,111)	5,634
First aid and theme park equipment	514	2,191	-	-	(291)	2,414
Motor vehicles	1,357	702	-	(67)	(570)	1,422
Capital work-in-progress	820	-	(508)	-	-	312
Others	137	-	-	(2)	(44)	91
	<b>291,776</b>	<b>4,094</b>	<b>(508)</b>	<b>(70)</b>	<b>(15,582)</b>	<b>279,710</b>



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 5 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	Net carrying amount as of		Additions	Transfer	Disposal/ Write off	Depreciation	Net carrying amount as of
	1.7.2017	30.6.2018					
As of 30 June 2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold building	146,818	-	-	-	-	(6,276)	140,542
Long term leasehold land and buildings	103,414	-	-	-	-	(3,437)	99,977
Short term leasehold land and buildings	32,552	-	-	-	-	(483)	32,069
Plant, machinery and equipment	4,706	3	-	-	-	(851)	3,858
Computer equipment	3,989	176	-	-	(1)	(1,376)	2,788
Renovation	3,415	1,493	-	-	-	(1,318)	3,590
Furniture, fittings and office equipment	6,270	1,005	-	-	(9)	(1,142)	6,124
First aid and theme park equipment	517	61	-	-	-	(64)	514
Motor vehicles	1,344	145	-	-	(13)	(119)	1,357
Capital work-in-progress	452	368	-	-	-	-	820
Others	180	3	-	-	-	(46)	137
	<u>303,657</u>	<u>3,254</u>	<u>3,254</u>	<u>-</u>	<u>(23)</u>	<u>(15,112)</u>	<u>291,776</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 5 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

#### Group

	Cost RM'000	Accumulated depreciation RM'000	Net carrying amount RM'000
<b>As of 30 June 2019</b>			
Freehold building	195,485	56,880	138,605
Long term leasehold land and buildings	118,310	21,771	96,539
Short term leasehold land and buildings	57,321	29,789	27,532
Plant, machinery and equipment	72,221	69,192	3,029
Computer equipment	16,490	14,951	1,539
Renovation	15,198	12,605	2,593
Furniture, fittings and office equipment	16,018	10,384	5,634
First aid and theme park equipment	41,343	38,929	2,414
Cinema fixtures, fittings and equipment	500	500	-
Motor vehicles	4,817	3,395	1,422
Capital work-in-progress	312	-	312
Others	906	815	91
	<u>538,921</u>	<u>259,211</u>	<u>279,710</u>

#### As of 30 June 2018

Freehold building	195,485	54,943	140,542
Long term leasehold land and buildings	118,310	18,333	99,977
Short term leasehold land and buildings	57,321	25,252	32,069
Plant, machinery and equipment	72,221	68,363	3,858
Computer equipment	16,359	13,571	2,788
Renovation	14,982	11,392	3,590
Furniture, fittings and office equipment	15,398	9,274	6,124
First aid and theme park equipment	39,157	38,643	514
Cinema fixtures, fittings and equipment	500	500	-
Motor vehicles	4,564	3,207	1,357
Capital work-in-progress	820	-	820
Others	908	771	137
	<u>536,025</u>	<u>244,249</u>	<u>291,776</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 5 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (a) The net carrying amount of property, plant and equipment held under hire purchase arrangements of the Group are as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Computer equipment	42	65
Renovation	390	648
Motor vehicles	309	400
Furniture, fittings and office equipment	829	948
First aid and theme park equipment	861	-
	2,431	2,061

- (b) The net carrying amounts of property, plant and equipment pledged to financial institutions for credit facilities granted to the Group, as referred to in Note 24 are as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Freehold building	4,260	4,370
Computer equipment	92	115
Renovation	120	14
Furniture, fittings and office equipment	597	677
Motor vehicles	997	775
	6,066	5,951

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 5 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (c) Included in the cost of property, plant and equipment of the Group are fully depreciated assets which are still in use:

	Group	
	2019 RM'000	2018 RM'000
At cost:		
Plant, machinery and equipment	331	33,381
Furniture, fittings and office equipment	5,978	5,789
Computer equipment	3,948	3,704
Renovation	8,519	8,346
First aid and theme park equipment	38,398	38,435
Motor vehicles	1,877	2,206
Cinema fixtures, fittings and equipment	500	500
Others	454	449
	60,005	92,810

#### Company

	Net carrying amount as of 1.7.2017/ 1.7.2018 RM'000	Additions RM'000	Depreciation RM'000	Net carrying amount as of 30.6.2018/ 30.6.2019 RM'000
<b>As of 30 June 2019</b>				
Computer equipment	21	5	(7)	19
Motor vehicles	43	37	(29)	51
Handphone	3	-	(1)	2
	67	42	(37)	72
<b>As of 30 June 2018</b>				
Computer equipment	12	14	(5)	21
Motor vehicles	71	-	(28)	43
Handphone	-	4	(1)	3
	83	18	(34)	67

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 5 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Cost RM'000	Accumulated depreciation RM'000	Net carrying amount RM'000
<b>Company (contd.)</b>			
<b>As of 30 June 2019</b>			
Computer equipment	93	74	19
Motor vehicles	179	128	51
Handphone	4	2	2
	276	204	72
<b>As of 30 June 2018</b>			
Computer equipment	87	66	21
Motor vehicles	142	99	43
Handphone	4	1	3
	233	166	67

- (a) The net carrying amount of property, plant and equipment held under hire purchase arrangement of the Company are as follows:

	<b>Company</b>	
	<b>2019 RM'000</b>	<b>2018 RM'000</b>
Motor vehicles	51	43

- (b) Included in the cost of property, plant and equipment of the Company are fully depreciated assets which are still in use:

	<b>Company</b>	
	<b>2019 RM'000</b>	<b>2018 RM'000</b>
At cost:		
Motor vehicles	54	54
Computer equipment	3	-
	57	54

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 6 INVESTMENT PROPERTIES

	Group	
	2019 RM'000	2018 RM'000
At fair value:		
As of 1 July 2018/2017	2,501,039	2,508,166
Fair value changes	504	15,697
Transfer from property, plant and equipment	508	-
Additions during the year	592	119
Disposals during the year	-	(9,178)
Exchange differences	(2,778)	(13,765)
As of 30 June 2019/2018	2,499,865	2,501,039

In 2016, BTSSB has entered into Sale and Purchase Agreements ("SPAs") with an independent third party, Datuk Bandar Kuala Lumpur ("DBKL") to dispose of two parcels of commercial premise ("Properties") with carrying amount of RM82,650,000 for a total cash consideration of RM150.0 million. The said transaction is regarded as a financing arrangement as disclosed in Note 27(a)(ii).

Investment properties amounting to RM2,159,944,000 (2018: RM2,161,633,000) have been pledged to financial institutions for credit facilities as referred to in Notes 24 and 25.

Included in the investment properties are RM475,757,000 (2018: RM477,446,000) representing investment properties held under lease terms.

The fair values of the Group's investment properties at 30 June 2019 have been arrived at on the basis of a valuation carried out by independent valuers which have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined primarily based on Investment, Discounted Cash Flow, Comparison and Cost Methods. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Fair value hierarchy disclosures for investment properties have been provided in Note 45.

### 7 INVENTORIES - LAND HELD FOR DEVELOPMENT

	Group	
	2019 RM'000	2018 RM'000
As of 1 July 2018/2017		
Freehold land cost	75,479	99,197
Additions during the year: Development cost	1,078	3,386
Reclassified to receivables (Note 15)	(1,864)	-
Land transferred to non-current asset held for sale:		
Freehold land	-	(27,104)
As of 30 June 2019/2018	74,693	75,479

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 8 PREPAID LEASE PAYMENTS

	Group	
	2019 RM'000	2018 RM'000
<b>Cost</b>		
As of 1 July 2018/2017		
and as of 30 June 2019/2018	8,510	8,510
<b>Accumulated amortisation</b>		
As of 1 July 2018/2017	3,627	3,219
Amortisation (Note 37)	408	408
As of 30 June 2019/2018	4,035	3,627
<b>Net carrying amount</b>		
As of 30 June 2019/2018	4,475	4,883

The leasehold land of the Group has an unexpired lease period of less than 50 years.

### 9 SUBSIDIARY COMPANIES

	Company	
	2019 RM'000	2018 RM'000
Unquoted shares, at cost	1,626,439	1,518,439
Less: Accumulated impairment (Note 35)	(285,995)	(235,992)
	1,340,444	1,282,447

The Group's equity interest in the subsidiary companies, details of their respective principal activities and countries of incorporation are shown in Note 50.

As of 30 June 2019, the Company conducted an impairment review of the investments in certain subsidiary companies, principally based on the assumptions and calculations detailed in Note 14 and the Company's share of net assets in these subsidiary companies, which represents the Directors' estimation of fair value less costs to sell of these subsidiary companies.

The review gave rise to recognition of an impairment loss of investment in subsidiary companies of RM50,003,000 (2018: RM96,980,000) as disclosed in Note 35.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 9 SUBSIDIARY COMPANIES (CONTD.)

(a) **The changes to the composition of the Group for the financial year ended 30 June 2019 are as follows:**

- (i) The subscription of additional 750,000 new ordinary shares representing 30% equity interest in Jubli Mentari Sdn Bhd ("JMSB") for RM750,000 in January 2019 by Berjaya Assets Alliance Sdn Bhd ("BAASB") a wholly owned subsidiary of the Group. Subsequently, BAASB subscribed for additional 2.6 million new ordinary shares in JMSB for a total cash subscription price of RM5.2 million. Consequently, the Group's equity interest in JMSB increased from 30% to 65% making JMSB a subsidiary of the Group.

On 2 August 2019, JMSB issued 2.5 million new ordinary shares. BAASB only subscribed 1.0 million new ordinary shares in JMSB for a total cash subscription price of RM2.0 million. Consequently, the Group's equity interest in JMSB was diluted from 65% to 56.9%.

The cost of acquisition comprised the following:

<b>2019</b>	<b>RM'000</b>
<b>Group</b>	
Purchase consideration satisfied by cash	5,980
Fair value gain on re-measurement of the associated company prior to reclassification to investment in a subsidiary company	780
	<u>6,760</u>

The acquired subsidiary company contributed the following result to the Group:

<b>2019</b>	<b>RM'000</b>
<b>Group</b>	
Revenue	-
Loss for the year	<u>(4)</u>



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 9 SUBSIDIARY COMPANIES (CONTD.)

- (a) The changes to the composition of the Group for the financial year ended 30 June 2019 are as follows: (contd.)

The fair values of the assets and liabilities of the acquisitions as the date of acquisition were as follows:

<b>2019</b> <b>Group</b>	<b>RM'000</b>
Non-current assets	-
Current assets	7,840
	7,840
Non-current liabilities	-
Current liabilities	55
	55
Net assets acquired	7,785
Less: Non-controlling interests	(2,725)
Group's share of net assets	5,060
Goodwill on consolidation	1,700
Total cost of acquisition	6,760

The net cash flows on acquisition was as follows:

<b>2019</b> <b>Group</b>	<b>RM'000</b>
Purchase consideration satisfied by cash	5,980
Less: Amount paid for as an associated company in prior year	(30)
Cash and cash equivalents of a subsidiary company acquired	(92)
Net cash outflow on acquisition of subsidiary company at the date of acquisition	5,858

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2019

#### 9 SUBSIDIARY COMPANIES (CONTD.)

##### (b) Subsidiary companies with material non-controlling interests

Set out below are the non-controlling interests of the subsidiary companies which the Group regards as material to the Group. The equity interests held by non-controlling interests are as follows:

	Equity interest held by non-controlling interests	
	2019 %	2018 %
Berjaya UK Investment and Development Ltd ("BIDL")	30	30
Natural Avenue Sdn Bhd ("NASB")	35	35

	Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
BIDL	(379)	3,050	10,003	10,475
NASB	1,249	1,985	4,093	4,594
Individually immaterial subsidiary companies with non-controlling interest	(1,865)	(1,642)	(4,580)	(5,415)
	<u>(995)</u>	<u>3,393</u>	<u>9,516</u>	<u>9,654</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 9 SUBSIDIARY COMPANIES (CONTD.)

#### (b) Subsidiary companies with material non-controlling interests (contd.)

Summarised financial information of the subsidiary companies which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

#### Group

	BIDL RM'000	NASB RM'000	Total RM'000
<b>As of 30 June 2019</b>			
Non-current assets	252,525	6,050	258,575
Current assets	12,046	13,749	25,795
Non-current liabilities	(136,848)	(393)	(137,241)
Current liabilities	(94,381)	(7,713)	(102,094)
Net assets	<u>33,342</u>	<u>11,693</u>	<u>45,035</u>
Equity attributable to:			
- owners of the parent	33,342	11,693	45,035
- non-controlling interests	-	-	-
Total equity	<u>33,342</u>	<u>11,693</u>	<u>45,035</u>
<b>As of 30 June 2018</b>			
Non-current assets	254,206	7,302	261,508
Current assets	12,552	13,804	26,356
Non-current liabilities	(110,927)	(631)	(111,558)
Current liabilities	(120,916)	(7,350)	(128,266)
Net assets	<u>34,915</u>	<u>13,125</u>	<u>48,040</u>
Equity attributable to:			
- owners of the parent	34,915	13,125	48,040
- non-controlling interests	-	-	-
Total equity	<u>34,915</u>	<u>13,125</u>	<u>48,040</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 9 SUBSIDIARY COMPANIES (CONTD.)

#### (b) Subsidiary companies with material non-controlling interests (contd.)

##### Group

	BIDL RM'000	NASB RM'000	Total RM'000
<b>Year ended 30 June 2019</b>			
Revenue	11,370	108,859	120,229
(Loss)/Profit for the year	(1,285)	3,568	2,283
Other comprehensive income	21	-	21
Total comprehensive income	(1,264)	3,568	2,304
(Loss)/Profit for the year attributable to:			
- owners of the parent	(1,285)	3,568	2,283
- non-controlling interests	-	-	-
	(1,285)	3,568	2,283
Total comprehensive income attributable to:			
- owners of the parent	(1,264)	3,568	2,304
- non-controlling interests	-	-	-
	(1,264)	3,568	2,304
Net cash generated from/(used in):			
- operating activities	4,125	4,081	8,206
- investing activities	(603)	344	(259)
- financing activities	(4,594)	(5,000)	(9,594)
Net change in cash and cash equivalents	(1,072)	(575)	(1,647)
Dividends paid to non-controlling interests	-	(1,750)	(1,750)

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 9 SUBSIDIARY COMPANIES (CONTD.)

#### (b) Subsidiary companies with material non-controlling interests (contd.)

##### Group

	BIDL RM'000	NASB RM'000	Total RM'000
<b>Year ended 30 June 2018</b>			
Revenue	10,861	113,542	124,403
Profit for the year	10,166	5,670	15,836
Other comprehensive income	(349)	-	(349)
Total comprehensive income	9,817	5,670	15,487
Profit for the year attributable to:			
- owners of the parent	10,166	5,670	15,836
- non-controlling interests	-	-	-
	10,166	5,670	15,836
Total comprehensive income attributable to:			
- owners of the parent	9,817	5,670	15,487
- non-controlling interests	-	-	-
	9,817	5,670	15,487
Net cash generated from/(used in):			
- operating activities	8,311	6,537	14,848
- investing activities	(395)	186	(209)
- financing activities	(3,564)	(5,400)	(8,964)
Net change in cash and cash equivalents	4,352	1,323	5,675
Dividends paid to non-controlling interests	-	(1,890)	(1,890)

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 10 ASSOCIATED COMPANIES

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost	1,553	1,583
Share of post acquisition reserves	2,024	(856)
	<u>3,577</u>	<u>727</u>
Less: Intragroup adjustments	(500)	(500)
	<u><u>3,077</u></u>	<u><u>227</u></u>

The Group's investment in an associated company which has interest in a subsidiary company of the Group has been eliminated on consolidation.

The details of the associated companies are set out in Note 50.

The changes to the composition of the Group for the financial year ended 30 June 2018 are as follows:

- (i) the acquisition of 4,900 ordinary shares, representing 49% equity interest in Mantra Design Sdn Bhd ("MDSB") for RM1,023,000 by BAASB. The principal activity of MDSB is the provision of interior design and consulting services for land and building development plans; and
- (ii) the acquisition of 30,000 ordinary shares, representing 30% equity interest in Jubli Mentari Sdn Bhd ("JMSB") for RM30,000 by BAASB. JMSB has not commenced its operation and its intended principal activity is investment holding.

Summarised financial information in respect of the associated companies of the Group which are Megaquest Sdn Bhd and Mantra Design Sdn Bhd are set out below. The summarised financial information presented below represents the amounts in the financial statements of the associated companies and not the Group's share of those amounts.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 10 ASSOCIATED COMPANIES (CONTD.)

Group	Megaquest RM'000	Mantra Design * RM'000	Total RM'000
<b>As of 30 June 2019</b>			
Non-current assets	32	250	282
Current assets	1,752	8,193	9,945
Non-current liabilities	-	-	-
Current liabilities	(9)	(2,163)	(2,172)
Net assets	<u>1,775</u>	<u>6,280</u>	<u>8,055</u>
Equity attributable to:			
- owners of the parent	888	3,077	3,965
- non-controlling interests	887	3,203	4,090
Total equity	<u>1,775</u>	<u>6,280</u>	<u>8,055</u>
<b>As of 30 June 2018</b>			
Non-current assets	29	-	29
Current assets	1,718	-	1,718
Non-current liabilities	-	-	-
Current liabilities	(8)	-	(8)
Net assets	<u>1,739</u>	<u>-</u>	<u>1,739</u>
Equity attributable to:			
- owners of the parent	870	-	870
- non-controlling interests	869	-	869
Total equity	<u>1,739</u>	<u>-</u>	<u>1,739</u>

\* The summarised financial information of Mantra Design was not disclosed in the previous financial year as it was not regarded as a material associated company then.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 10 ASSOCIATED COMPANIES (CONTD.)

Group	Megaquest RM'000	Mantra Design * RM'000	Total RM'000
<b>Year ended 30 June 2019</b>			
Revenue	2	128	130
Profit for the year	36	1,664	1,700
Other comprehensive income	-	-	-
Total comprehensive income	36	1,664	1,700
Profit for the year, representing total comprehensive income attributable to owners of the associated companies	36	1,664	1,700
Dividends received from the associated companies during the year	-	-	-
<b>Year ended 30 June 2018</b>			
Revenue	2	-	2
Profit for the year	28	-	28
Other comprehensive income	-	-	-
Total comprehensive income	28	-	28
Profit for the year, representing total comprehensive income attributable to owners of the associated companies	28	-	28
Dividends received from the associated companies during the year	-	-	-

\* The summarised financial information of Mantra Design was not disclosed in the previous financial year as it was not regarded as a material associated company then.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 10 ASSOCIATED COMPANIES (CONTD.)

Reconciliation of the summarised financial information presented above to the carrying value of the Group's interest in the associated companies

Group	Megaquest RM'000	Mantra Design RM'000	Total RM'000
Attributable to the owners of associated companies:			
Net assets at 1 July 2018	1,739	4,616	6,355
Profit for the year	36	1,664	1,700
Net assets at 30 June 2019	<u>1,775</u>	<u>6,280</u>	<u>8,055</u>
Group's equity interest	50	49	
Interest in net assets of associated companies	888	3,077	3,965
Less: Intragroup adjustments	(888)	-	(888)
Carrying value of Group's interest in the associated companies	<u>-</u>	<u>3,077</u>	<u>3,077</u>
Attributable to the owners of associated companies:			
Net assets at 1 July 2017	1,711	-	1,711
Profit for the year	28	-	28
Net assets at 30 June 2018	<u>1,739</u>	<u>-</u>	<u>1,739</u>
Group's equity interest	50	49	
Interest in net assets of associated companies	870	-	870
Less: Intragroup adjustments	(870)	-	(870)
Carrying value of Group's interest in the associated companies	<u>-</u>	<u>-</u>	<u>-</u>

\* The summarised financial information of Mantra Design was not disclosed in the previous financial year as it was not regarded as a material associated company then.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 11 JOINT VENTURES

	Group	
	2019 RM'000	2018 RM'000
Unquoted investment, at cost:		
Ordinary shares	3,845	3,845
Share of post acquisition reserves	10,253	9,867
Exchange differences	(43)	4
	14,055	13,716

Details of the joint ventures are as follows:

Name of Joint Ventures	Paid-up Capital	Proportion of Ownership Interest Held by the Group		Principal Activities
		2019 %	2018 %	
Berjaya - GSC Sdn Bhd ("BGSB")	RM5,000,000	50	50	Cinema operations
Cardiff City (House of Sport) Limited	GBP500,000 (approximately RM2,480,000)	50	50	Development and running of a sports and leisure academy
TREC Holdings Sdn Bhd ("TREC")	RM350,000	30	30	Letting of properties and maintenance

The Group regards TREC and BGSB as its material joint ventures.

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

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 11 JOINT VENTURES (CONTD.)

<b>Group</b>	<b>TREC</b>	<b>BGSB</b>	<b>Total</b>
<b>As of 30 June 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Non-current assets	31,443	2,826	34,269
Current assets	25,625	4,849	30,474
Non-current liabilities	(20,938)	-	(20,938)
Current liabilities	(10,732)	(1,959)	(12,691)
Net assets	<u>25,398</u>	<u>5,716</u>	<u>31,114</u>
The above amounts of assets and liabilities including the following:			
Cash and cash equivalents	16,339	3,981	20,320
Current financial liabilities (excluding trade and other payables and provision)	(133)	(180)	(313)
Non-current financial liabilities (excluding trade and other payables and provision)	<u>(20,938)</u>	<u>-</u>	<u>(20,938)</u>
<b>As of 30 June 2018</b>			
Non-current assets	22,255	3,615	25,870
Current assets	37,483	4,517	42,000
Non-current liabilities	(24,911)	(216)	(25,127)
Current liabilities	(9,388)	(1,863)	(11,251)
Net assets	<u>25,439</u>	<u>6,053</u>	<u>31,492</u>
The above amounts of assets and liabilities including the following:			
Cash and cash equivalents	23,033	3,941	26,974
Current financial liabilities (excluding trade and other payables and provision)	(164)	(141)	(305)
Non-current financial liabilities (excluding trade and other payables and provision)	<u>(24,911)</u>	<u>-</u>	<u>(24,911)</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 11 JOINT VENTURES (CONTD.)

<b>Group</b>	<b>TREC</b>	<b>BGSB</b>	<b>Total</b>
<b>Year ended 30 June 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	14,923	5,523	20,446
Profit/(Loss) for the year, representing total comprehensive income for the year	414	(337)	77
The above profit/(loss) for the year includes the following:			
Depreciation and amortisation	916	956	1,872
Finance costs	1,813	-	1,813
Interest income	408	124	532
Dividends paid by the joint venture during the year	-	-	-
<b>Year ended 30 June 2018</b>			
Revenue	13,821	5,777	19,598
Profit/(Loss) for the year, representing total comprehensive income for the year	147,759	(234)	147,525
The above profit/(loss) for the year includes the following:			
Depreciation and amortisation	1,056	1,022	2,078
Finance costs	2,127	-	2,127
Interest income	358	99	457
Dividends paid by the joint venture during the year	108,000	-	108,000

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 11 JOINT VENTURES (CONTD.)

Reconciliation of the summarised financial information presented above to the carrying value of the Group's interest in the joint ventures

<b>Group 2019</b>	<b>TREC RM'000</b>	<b>BGSB RM'000</b>	<b>Total RM'000</b>
Net assets as of 1 July 2018	24,984	6,053	31,037
Profit/(Loss) for the year, representing total comprehensive income for the year	414	(337)	77
Net assets as of 30 June 2019	<u>25,398</u>	<u>5,716</u>	<u>31,114</u>
Group's equity interest (%)	30	50	
Interests in joint ventures	<u>7,619</u>	<u>2,858</u>	<u>10,477</u>
<b>2018</b>			
Net assets as of 1 July 2017	18,374	6,287	24,661
Profit/(Loss) for the year, representing total comprehensive income for the year	147,759	(234)	147,525
Net assets as of 30 June 2018	<u>166,133</u>	<u>6,053</u>	<u>172,186</u>
Dividends paid	(108,000)	-	(108,000)
Redemption of RPS and share application monies	(33,149)	-	(33,149)
Net assets as of 30 June 2018	<u>24,984</u>	<u>6,053</u>	<u>31,037</u>
Group's equity interest (%)	30	50	
Interests in joint ventures	<u>7,495</u>	<u>3,027</u>	<u>10,522</u>

Aggregate information of a joint venture that is not individually material

	<b>Group</b>	
	<b>2019 RM'000</b>	<b>2018 RM'000</b>
The Group's share of profit for the year, representing total comprehensive income for the year	431	277
Aggregate carrying amount of the Group's interest in the joint venture	<u>3,578</u>	<u>3,194</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 12 OTHER INVESTMENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Quoted shares in Malaysia at fair value	228,012	253,089	387	450
Quoted loan stocks				
in Malaysia at fair value	7,481	9,025	-	-
Quoted warrants in Malaysia at fair value	402	1,206	7	21
Unquoted shares				
outside Malaysia at fair value	21	2,396	-	-
Unquoted loan stocks				
outside Malaysia at fair value	3,731	3,731	-	-
Malaysian Government Securities				
at amortised cost	1,004	1,006	-	-
<b>Total investments</b>	<b>240,651</b>	<b>270,453</b>	<b>394</b>	<b>471</b>
Market value of:				
Malaysian Government Securities	1,018	1,015	-	-

As of 30 June 2019, the investments in quoted shares, loan stocks and warrants included certain investments in affiliated companies, Berjaya Corporation Berhad ("BCorp"), Berjaya Food Berhad, Berjaya Land Berhad, Berjaya Media Berhad, Berjaya Sports Toto Berhad and 7-Eleven Malaysia Holdings Berhad with carrying amounts of RM94,474,000 (2018: RM77,857,000), RM28,215,000 (2018: RM16,830,000), RM26,633,000 (2018: RM41,030,000), RM370,500 (2018: RM578,000), RM24,660,000 (2018: RM21,790,000) and RM60,573,000 (2018: RM87,714,000) respectively.

Certain quoted investments of the Group with fair value of RM203,687,000 (2018: RM195,440,000) have been pledged to financial institutions for credit facilities granted to certain of its subsidiary companies.

As of 30 June 2019, quoted loan stocks in Malaysia designated as FVTOCI equity investments comprise investments in 5% Irredeemable Convertible Unsecured Loan Stocks 2012/2022 issued by BCorp ("5% BCorp ICULS"). The 5% BCorp ICULS at nominal value of RM1.00 each are constituted by a Trust Deed dated 9 April 2012 between BCorp and the Trustee for the holders of 5% BCorp ICULS.

The main features of 5% BCorp ICULS are as follows:

- (a) The 5% BCorp ICULS shall be convertible into ordinary shares of BCorp during the period from 26 April 2012 to the maturity date on 25 April 2022 at the rate of one RM1.00 nominal value of 5% BCorp ICULS for one ordinary share of RM1.00 in BCorp;

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 12 OTHER INVESTMENTS (CONTD.)

The main features of 5% BCorp ICULS are as follows: (contd.)

- (b) Upon the conversion of the 5% BCorp ICULS into new BCorp ordinary shares, such shares shall rank pari passu in all respects with the ordinary shares of BCorp in issue at the time of conversion except that they shall not be entitled to any dividend or other distributions declared in respect of a financial period prior to the financial period in which the 5% BCorp ICULS are converted or any interim dividend declared prior to the date of conversion of the 5% BCorp ICULS; and
- (c) The interest on the 5% BCorp ICULS is payable semi-annually in arrears.

Unquoted loan stocks outside Malaysia designated as FVTOCI debt investments comprise investment in 3% RCULS issued by a joint venture, Cardiff City (House of Sport) Limited ("Cardiff"). The 3% RCULS of GBP1.00 each are constituted by a deed dated 30 November 2010 between Cardiff and the holders of 3% RCULS. The main features of 3% RCULS are as follows:

- (a) The 3% RCULS was convertible into ordinary shares of Cardiff during the period from 30 November 2010 to the maturity date on 29 November 2016 at the rate of one GBP1.00 of 3% RCULS for one GBP1.00 ordinary share of Cardiff. The conversion tenure is now extended to 29 January 2023 at the conversion rate of GBP1.00 of 3% RCULS for one GBP1.00 ordinary share of Cardiff;
- (b) Upon conversion of the 3% RCULS into new Cardiff ordinary shares, such shares shall rank pari passu in all respects with the ordinary shares of Cardiff in issue at the time of conversion except that they shall not be entitled to any dividend or other distributions declared in respect of a financial period prior to the financial period in which 3% RCULS are converted or any interim dividend declared prior to the date of conversion of 3% RCULS; and
- (c) The interest on 3% RCULS is payable semi-annually in arrears.

In the previous financial year, the Group recognised an impairment amounting to RM35,616,000 in respect of certain quoted investments designated as available-for-sale financial assets due to significant decline of more than 20% in the fair values of these investments below their costs.

In the current financial year, the Group and the Company accounted for the changes in fair value of its investments designated as FVTOCI financial assets amounting to RM22,727,000 and RM77,000 respectively in the FVTOCI reserve.

The investment in Malaysian Government Securities has been pledged to the Malaysian Government as security in compliance with the terms and conditions for the issuance of gaming licence by the Minister of Finance.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 12 OTHER INVESTMENTS (CONTD.)

Further details on fair value hierarchy and classification of other investments are disclosed in Notes 45 and 46 respectively.

### 13 DEFERRED TAX (ASSETS)/LIABILITIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
As of 1 July 2018/2017	103,298	95,957	16	20
Recognised in the statements of profit or loss (Note 38)	57,565	7,341	(7)	(4)
As of 30 June 2019/2018	160,863	103,298	9	16
Presented after appropriate offsetting as follows:				
Deferred tax assets	(13,063)	(14,067)	-	-
Deferred tax liabilities	173,926	117,365	9	16
	160,863	103,298	9	16

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

#### Deferred Tax Assets of the Group

	Tax losses and unabsorbed capital allowances			Others RM'000	Total RM'000
	RM'000				
As of 1 July 2018	(27,666)	(10,016)			(37,682)
Recognised in the statements of profit or loss	8,590	2,021			10,611
	(19,076)	(7,995)			(27,071)
Less: Set-off of deferred tax liabilities					14,008
As of 30 June 2019					(13,063)
As of 1 July 2017	(31,582)	(12,191)			(43,773)
Recognised in the statements of profit or loss	3,916	2,175			6,091
	(27,666)	(10,016)			(37,682)
Less: Set-off of deferred tax liabilities					23,615
As of 30 June 2018					(14,067)



## NOTES TO THE FINANCIAL STATEMENTS

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### 13 DEFERRED TAX (ASSETS)/LIABILITIES (CONTD.)

#### Deferred Tax Liabilities of the Group

	Property, plant and equipment and investment properties RM'000	Accelerated capital allowances RM'000	Total RM'000
As of 1 July 2018	65,475	75,505	140,980
Recognised in the statements of profit or loss	46,954	-	46,954
	<u>112,429</u>	<u>75,505</u>	187,934
Less: Set-off of deferred tax assets			(14,008)
As of 30 June 2019			<u>173,926</u>
As of 1 July 2017	64,225	75,505	139,730
Recognised in the statements of profit or loss	1,250	-	1,250
	<u>65,475</u>	<u>75,505</u>	140,980
Less: Set-off of deferred tax assets			(23,615)
As of 30 June 2018			<u>117,365</u>

#### Deferred Tax Liabilities of the Company

	Property, plant and equipment RM'000
As of 1 July 2018	16
Recognised in the statements of profit or loss	(7)
As of 30 June 2019	<u>9</u>
As of 1 July 2017	20
Recognised in the statements of profit or loss	(4)
As of 30 June 2018	<u>16</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 13 DEFERRED TAX (ASSETS)/LIABILITIES (CONTD.)

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

	Group	
	2019 RM'000	2018 RM'000
Unused tax losses	76,239	70,797
Unabsorbed capital allowances	44,254	43,056
Other deductible temporary differences	149,402	149,402
	269,895	263,255

The availability of the unused tax losses, unabsorbed capital allowances and other deductible temporary differences for offsetting against future taxable profits of the respective subsidiary companies are subject to no substantial changes in shareholdings of the subsidiary companies under Section 44(5A) of the Income Tax Act, 1967.

Effective Year of Assessment 2019 as announced in the Annual Budget 2019, the unused tax losses of the Group as of 30 June 2019 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unabsorbed tax losses will be disregarded.

### 14 INTANGIBLE ASSETS

Group	Goodwill on consolidation RM'000	Rights RM'000	Franchise fees RM'000	Total RM'000
<b>Cost</b>				
As of 30 June 2018	201,256	28,243	823	230,322
Additions during the year	1,700	-	-	1,700
As of 30 June 2019	202,956	28,243	823	232,022

#### Accumulated amortisation and impairment

As of 1 July 2017	157,213	15,079	219	172,511
Impairment (Note 35)	20,521	-	-	20,521
Amortisation (Note 37)	-	1,101	165	1,266
As of 30 June 2018	177,734	16,180	384	194,298
Impairment (Note 35)	20,401	-	-	20,401
Amortisation (Note 37)	-	1,101	164	1,265
As of 30 June 2019	198,135	17,281	548	215,964

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 14 INTANGIBLE ASSETS (CONTD.)

Group	Goodwill on consolidation RM'000	Rights RM'000	Franchise fees RM'000	Total RM'000
<b>Net carrying amount</b>				
As of 30 June 2019	4,821	10,962	275	16,058
As of 30 June 2018	23,522	12,063	439	36,024

#### Rights

Comprises the rights to receive Special Cash Sweep Lottery royalty revenue. The intangible asset is amortised over the remaining tenure of the rights expiring on 9 November 2029.

#### Franchise fees

Comprises the fees paid in respect of the opening of "Greyhound" Cafe. The intangible asset is amortised over the period of the agreement of 5 years from the date when the respective cafe commences operations.

#### Impairment test for goodwill on consolidation

Goodwill on consolidation of RM3,094,000 (2018: RM22,194,000), RMNil (2018: RM1,301,000), and RM1,727,000 (2018: RM27,000) have been allocated to the Group's CGUs identified to the gaming and related activities, the vehicle assembly and the property investment business segments respectively.

During the financial year, the Group recognised an impairment in respect of goodwill allocated to the Group's CGU identified to the gaming and related activities and the vehicle assembly business segments amounting to RM19,100,000 (2018: RM20,521,000) and RM1,301,000 (2018: RMNil) respectively as the carrying values of the CGUs were assessed to be in excess of its VIU. The recoverable amount of these intangible assets are the Group's share of VIU which amounted to RM29,487,000 (2018: RM30,898,000) as of the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 14 INTANGIBLE ASSETS (CONTD.)

#### Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets covering a five-year period. The key assumptions used for value-in-use calculations are:

(a) Budgeted gross margins

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year adjusted for expected efficiency improvements, market and economic conditions and internal resource efficiency, where applicable.

(b) Growth rate

The long term annual growth rate of 2.00% (2018: 2.20%) used is consistent with the average long term annual growth rate for the relevant industries.

(c) Discount rate

The pre-tax discount rate used for identified CGUs of 18.81% (2018: 16.90%) is on a basis that reflect specific risks relating to the CGU.

#### Sensitivity to changes in assumptions

For the gaming and related activities business segment, which goodwill has been impaired in the current year, its recoverable amount based on VIU computation remains sensitive towards possible negative changes in revenue growth rate due to the continued rampant illegal gaming activities.

Should the long term annual growth rate decreases by 1%, the carrying amount of the goodwill of the gaming and related activities business segment is expected to be further impaired by RM716,000.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 15 RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b><u>NON-CURRENT</u></b>				
<b>Other receivables (Note a)</b>				
Amounts due from joint venture	2,037	-	-	-
Amounts due from subsidiary companies	-	-	93,114	201,243
	2,037	-	93,114	201,243
Less: Allowance for impairment	-	-	(17,154)	(6,079)
Total non-current receivables	2,037	-	75,960	195,164
<b><u>CURRENT</u></b>				
<b>Trade receivables</b>				
Third parties (Note b)	19,981	22,079	-	-
Less: Allowance for impairment	(10,464)	(12,016)	-	-
Trade receivables, net	9,517	10,063	-	-
<b>Other receivables (Note a)</b>				
Sundry receivables	15,496	11,972	43	42
Deposits	2,707	2,796	-	-
Amounts due from:				
- affiliated companies	3,171	3,677	-	-
- subsidiary companies	-	-	143,859	158,726
GST recoverable	204	339	-	74
	21,578	18,784	143,902	158,842
Less: Allowance for impairment	-	-	(23,504)	(14,921)
	21,578	18,784	120,398	143,921

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 15 RECEIVABLES (CONTD.)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b><u>CURRENT (CONTD.)</u></b>				
<b>Other current assets (Note c)</b>				
Deposits for acquisition of assets	29,867	19,700	-	-
Deposits for acquisition of investments	10,400	12,400	-	2,000
Prepayments	4,137	5,032	-	124
	<u>44,404</u>	<u>37,132</u>	<u>-</u>	<u>2,124</u>
Total current receivables	<u>75,499</u>	<u>65,979</u>	<u>120,398</u>	<u>146,045</u>

(a) Other receivables

The amounts due from subsidiary companies, affiliated companies and a joint venture are unsecured, interest bearing and repayable on demand.

The amounts due from certain subsidiary companies have been classified as non-current assets as the Company has reassessed that it does not intend to call for the payments of these amounts within the next 12 months.

	Company	
	2019 RM'000	2018 RM'000
Movement in allowance account:		
Balance as of 1 July 2018/2017 under MFRS 139	21,000	-
Adjustment upon application of MFRS 9	-	-
Balance as of 1 July 2018/2017 as restated	<u>21,000</u>	<u>-</u>
Charge for the year (Note 35)	19,658	21,000
As of 30 June 2019/2018	<u>40,658</u>	<u>21,000</u>

(b) Trade receivables

The Group's trade receivables are non-interest bearing with credit terms ranging from 1 to 30 (2018: 1 to 30) days. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 15 RECEIVABLES (CONTD.)

(b) Trade receivables (contd.)

Ageing analysis of trade receivables

The ageing analysis of trade receivables is as follows:

	<b>Gross RM'000</b>	<b>Group 2019 Impaired RM'000</b>	<b>Net RM'000</b>
Current	215	-	215
1 to 30 days	4,029	509	3,520
31 to 60 days	1,314	499	815
61 to 90 days	721	463	258
91 to 120 days	454	235	219
More than 120 days	13,248	8,758	4,490
	19,766	10,464	9,302
	19,981	10,464	9,517

	<b>Gross RM'000</b>	<b>Group 2018 Impaired RM'000</b>	<b>Net RM'000</b>
Current	2,267	-	2,267
1 to 30 days	4,594	689	3,905
31 to 60 days	1,832	614	1,218
61 to 90 days	983	547	436
91 to 120 days	65	-	65
More than 120 days	12,338	10,166	2,172
	19,812	12,016	7,796
	22,079	12,016	10,063

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 15 RECEIVABLES (CONTD.)

(b) Trade receivables (contd.)

Receivables that are impaired

Movement in the allowance for impairment for receivables as set out below is recognised in accordance with MFRS 9 and MFRS 139 for years ended 30 June 2019 and 30 June 2018 respectively. The changes on the allowance for impairment methodology is disclosed in Note 3.2(13).

	<b>Group</b>	
	<b>2019</b> <b>RM'000</b>	<b>2018</b> <b>RM'000</b>
Balance as of 1 July 2018/2017 under MFRS 139	12,016	14,762
Adjustment upon application of MFRS 9	-	-
Balance as of 1 July 2018/2017 as restated	12,016	14,762
Charge for the year (Note 37)	3,394	3,487
Reversal of impairment (Note 37)	(3,328)	(2,398)
Written off	(1,618)	(3,835)
As of 30 June 2019/2018	<u>10,464</u>	<u>12,016</u>

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated by reference to past default experience of the debtors and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

(c) Other current assets

Included in the deposits for acquisition of assets are:

- (i) an amount of RM19,140,000 (2018: RM19,140,000) being part payment of freehold land conversion premium for certain land of the Group; and
- (ii) an amount of RM10,727,000 (2018: RMNil) being part payment of a leasehold land of the Group.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 16 INVENTORIES - OTHERS

	Group	
	2019 RM'000	2018 RM'000
At cost:		
Finished goods and consumables	541	746
Ticket inventories	189	159
Gaming equipment	420	438
Work-in-progress	464	1
Spare parts and supplies	91	73
	1,705	1,417
At net realisable value :		
Properties held for sale	194,906	194,906
	196,611	196,323

The cost of inventories recognised as an expense during the year in the Group amounted to RM15,734,000 (2018: RM19,790,000).

Properties held for sale are pledged to financial institutions for credit facilities as referred to in Notes 24 and 25.

### 17 CASH AND BANK BALANCES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deposits with licensed banks	59,190	66,186	10,975	6,792
Cash on hand and at banks	35,028	33,064	371	458
	94,218	99,250	11,346	7,250

Included in deposits with licensed banks and cash on hand and at banks of the Group are:

- (a) deposits pledged to bank for bank guarantee facilities granted to certain subsidiary companies of the Group amounting to RM228,000 (2018: RM222,000); and
- (b) monies held in debt service reserve accounts amounting to RM53,038,000 (2018: RM56,094,000) for the Group.

which are restricted in usage and do not form part of cash and cash equivalents.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 17 CASH AND BANK BALANCES (CONTD.)

The range of interest rates of the Group during the financial year and the range of maturities of deposits of the Group as at the end of financial year were as follows:

	Range of interest rates		Range of maturities	
	2019 %	2018 %	2019 Days	2018 Days
Licensed banks	0.62 - 3.15	0.62 - 3.15	1 - 365	1 - 365

### 18 NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

During the previous financial year, a subsidiary company had entered into a sales and purchase agreement to dispose of several parcels of freehold land for RM26,118,000. The disposal was completed during the current financial year.

### 19 SHARE CAPITAL

	Group and Company			
	Ordinary shares			
	No. of shares		Amount	
	2019 '000	2018 '000	2019 RM'000	2018 RM'000
<b>Issued and fully paid:</b>				
As of 1 July 2018/2017	2,558,270	1,188,292	1,538,120	1,447,277
Issuance of ordinary shares pursuant to exercise of Warrant 2008/2018	-	90,843	-	90,843
Issuance of ordinary shares pursuant to share split	-	1,279,135	-	-
As of 30 June 2019/2018	2,558,270	2,558,270	1,538,120	1,538,120

#### Ordinary shares

On 23 November 2017, the Company has implemented a Share Split exercise whereby every one (1) existing ordinary shares was subdivided into two (2) ordinary shares ("Share Split"). Pursuant to the Share Split, the existing 1,279,135,359 ordinary shares were subdivided into 2,558,270,118 ordinary shares.

The subdivided ordinary shares of the Company issued shall rank pari passu in all respects with each other.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 19 SHARE CAPITAL (CONTD.)

#### Ordinary shares (contd.)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

#### Warrants

On 18 March 2008, the Company issued 415,982,348 free detachable Warrants 2008/2018 pursuant to the Rights Issue.

During the previous financial year, 90,843,800 of Warrants 2008/2018 were exercised to subscribe for 90,843,800 new ordinary shares at the exercise price of RM1.00 per share. An additional 249,888,548 Warrants 2008/2018 were also issued resulting from the Share Split. All the Warrants 2008/2018 expired on 16 March 2018.

On 13 June 2018, the Company has issued 1,279,135,359 new free Warrants 2018/2023 pursuant to the bonus issue of Warrants 2018/2023 on the basis of one (1) Warrant 2018/2023 for every two (2) existing ordinary shares held.

The salient terms of Warrants 2018/2023 are:

- (a) Each Warrant 2018/2023 entitles the holder to subscribe for one new ordinary share of the Company at a price of RM0.35 per new ordinary share.
- (b) The Warrants 2018/2023 may be exercised at any time up to 13 June 2023.
- (c) The shares arising from the exercise of Warrants 2018/2023 shall rank pari passu in all respect with the existing ordinary shares of the Company, save and except that the new shares shall not be entitled to any dividends, rights, allotments or distributions, unless the exercise of warrants is effected before the book closure of the share registers for the determination of the entitlement to such rights or distributions.

The number of outstanding Warrants 2018/2023 are 1,279,135,359 (2018: 1,279,135,359).

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 20 AVAILABLE-FOR-SALE RESERVE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
As of 1 July 2018/2017:				
- as previously reported	6,641	15,949	88	157
- effect of adoption of MFRS 9 (Note 2.1 (a))	(6,641)	-	(88)	-
- as restated	-	15,949	-	157
Changes in fair value of available- for-sale financial assets during the year	-	(9,308)	-	(69)
As of 30 June 2019/2018	-	6,641	-	88

Available-for-sale reserve represents the cumulative fair value changes, net of tax, if applicable, of available-for-sale financial assets until they are disposed of or impaired.

### 21 FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME RESERVE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
As of 1 July 2018/2017				
- as previously reported	-	-	-	-
- effect of adoption of MFRS 9 (Note 2.1 (a))	(108,816)	-	34	-
- as restated	(108,816)	-	34	-
Transfer to retained earnings upon disposal	7,005	-	-	-
Changes in fair value of FVTOCI financial assets during the year:				
- Quoted investment	(18,681)	-	(77)	-
- Unquoted investment *	(4,046)	-	-	-
	(22,727)	-	(77)	-
As of 30 June 2019/2018	(124,538)	-	(43)	-

Fair value through other comprehensive income reserve ("FVTOCI") represents the cumulative fair value changes of FVTOCI financial assets until they are disposed.

\* Represents the fair value changes of unquoted shares outside Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 22 FOREIGN CURRENCY TRANSLATION RESERVE

	Group	
	2019 RM'000	2018 RM'000
As of 1 July 2018/2017	6,585	10,068
Current year movement	(48)	(3,483)
As of 30 June 2019/2018	6,537	6,585

### 23 RETAINED EARNINGS/(ACCUMULATED LOSSES)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
As of 1 July 2018/2017				
- as previously reported	736,400	769,361	(50,748)	43,404
- effect of adoption of MFRS 9 (Note 2.1 (a))	115,457	-	54	-
- as restated	851,857	769,361	(50,694)	43,404
Transfer from FVTOCI reserve	(7,005)	-	-	-
Total comprehensive income for the year	(81,363)	(32,961)	(66,664)	(94,152)
As of 30 June 2019/2018	763,489	736,400	(117,358)	(50,748)

### 24 BANK BORROWINGS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Short term borrowings</b>				
Secured:				
Term loans	84,886	99,193	4,592	-
Revolving credit facility	5,000	5,000	-	-
Margin account	65,625	58,108	-	-
Bank overdraft	9,900	3,405	-	-
	165,411	165,706	4,592	-

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 24 BANK BORROWINGS (CONTD.)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Long term borrowings</b>				
Secured:				
Term loans	485,445	534,210	28,346	34,924
<b>Total borrowings</b>				
Secured:				
Term loans	570,331	633,403	32,938	34,924
Revolving credit facility	5,000	5,000	-	-
Margin account	65,625	58,108	-	-
Bank overdraft	9,900	3,405	-	-
	<u>650,856</u>	<u>699,916</u>	<u>32,938</u>	<u>34,924</u>
<b>Maturity of borrowings</b>				
Not later than 1 year	165,411	165,706	4,592	-
Later than 1 year and not later than 2 years	183,972	91,643	6,292	6,577
Later than 2 years and not later than 5 years	210,305	404,735	20,374	19,875
More than 5 years	91,168	37,832	1,680	8,472
	<u>650,856</u>	<u>699,916</u>	<u>32,938</u>	<u>34,924</u>

The interest rates per annum for borrowings are as follows:

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Term loans	6.75 to 8.15	5.14 to 8.15	5.85 to 6.65	5.55 to 5.95
Revolving credit facility	6.25	6.25	-	-
Margin account	7.50 to 9.10	7.50 to 9.10	-	-
Bank overdraft	8.90 to 9.40	8.65 to 8.90	-	-

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 24 BANK BORROWINGS (CONTD.)

The borrowings are secured by the following:

- (a) investment properties (as disclosed in Note 6) and debenture over assets of certain subsidiary companies of the Group;
- (b) the assignment of sales proceeds, future rental and insurance policies by Berjaya Times Square Sdn Bhd ("BTSSB") for the entire development project;
- (c) a guarantee from a director of BTSSB and major shareholder of the Company, Tan Sri Dato' Seri Vincent Tan Chee Yioun;
- (d) certain quoted investments (as disclosed in Note 12) of the Group;
- (e) legal charge over BTSSB's Debt Service Reserve Account and Designated Rental Collection Account (as disclosed in Note 17); and
- (f) corporate guarantee by the Company.

### 25 SENIOR MEDIUM TERM NOTES

On 1 June 2018, a subsidiary company issued a series of serial fixed rate medium term notes amounting to RM160.0 million nominal value comprising the following series ("Senior MTNs"):

Series	Maturity	Interest rate p.a. (%)	Group			
			Nominal value		At amortised cost	
			2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
1	1 June 2021	5.30	20,000	20,000	19,817	19,730
2	1 June 2022	5.60	20,000	20,000	19,791	19,727
3	31 May 2024	5.90	40,000	40,000	39,531	39,451
4	31 May 2025	6.00	80,000	80,000	79,033	78,900
			160,000	160,000	158,172	157,808

	Group	
	At amortised cost	
	2019 RM'000	2018 RM'000
<b>Maturity of Senior MTNs</b>		
Not later than 1 year	-	-
Later than 1 year and not later than 2 years	19,817	-
Later than 2 years and not later than 5 years	138,355	157,808
	158,172	157,808

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 25 SENIOR MEDIUM TERM NOTES (CONTD.)

The Senior MTNs are secured by:

- (a) 5 levels of basement car park and 13 levels of annexed car park located at Berjaya Times Square, No. 1, Jalan Imbi, Kuala Lumpur (as disclosed in Note 6);
- (b) legal assignment of the put option agreement entered into by the subsidiary company and BTSSB, whereby the subsidiary has the right to sell back the car park to BTSSB at the outstanding amount of the Senior MTNs upon its maturity or on the occurrence of an event of default;
- (c) corporate guarantees by the Company and BTSSB;
- (d) a first fixed legal charge over a unit of bungalow granted by a subsidiary company, TS Service Suites Sdn Bhd ("TSSSB") located at No. 60A, Jalan Bukit Raja, Off Jalan Klang Lama, Kuala Lumpur;
- (e) a first fixed legal charge over a retail lot granted by BTSSB located at Lot 06-16, Berjaya Times Square, No. 1, Jalan Imbi, Kuala Lumpur;
- (f) deeds of assignment of certain rights, interest and benefits under the insurance related to BTSSB and TSSSB; and
- (g) certain quoted investments of BTSSB (as disclosed in Note 12).

### 26 HIRE PURCHASE LIABILITIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Minimum lease payments:</b>				
Not later than 1 year	1,025	782	20	28
Later than 1 year and not later than 2 years	798	669	27	14
Later than 2 years and not later than 5 years	300	559	-	-
	<u>2,123</u>	<u>2,010</u>	<u>47</u>	<u>42</u>
Less: Future finance charges	(317)	(353)	(9)	(6)
Present value of hire purchase liabilities	<u>1,806</u>	<u>1,657</u>	<u>38</u>	<u>36</u>
<b>Present value of hire purchase liabilities:</b>				
Not later than 1 year	837	638	11	24
Later than 1 year and not later than 2 years	695	551	27	12
Later than 2 years and not later than 5 years	274	468	-	-
	<u>1,806</u>	<u>1,657</u>	<u>38</u>	<u>36</u>



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 26 HIRE PURCHASE LIABILITIES (CONTD.)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Analysed as:</b>				
Due within 12 months	837	638	11	24
Due after 12 months	969	1,019	27	12
	<u>1,806</u>	<u>1,657</u>	<u>38</u>	<u>36</u>

The hire purchase liabilities bear interest from 3.50% to 5.35% (2018: 3.50% to 5.35%) per annum.

### 27 LONG TERM LIABILITIES

	Group	
	2019 RM'000	2018 RM'000
Other long term liabilities (Note a)	173,559	176,925
Less: Current portion included in payables (Note 28)	(15,550)	(15,550)
	<u>158,009</u>	<u>161,375</u>
Rental deposits	14,923	14,675
Other deferred income (Note b)	2,888	3,119
	<u>175,820</u>	<u>179,169</u>

(a) Other long term liabilities relate to:

- (i) the portion of purchase consideration for the acquisition of two parcels of properties which will be recognised as rental income from a tenant over a period of 10 years; and
- (ii) the sale and buyback agreements as disclosed in Note 4.1(7), which represent a financing arrangement that bears interest at the effective interest rate of 7.31% per annum.

(b) Other deferred income represents the difference between the carrying amount and fair value of financial liabilities upon initial recognition which is recognised systematically on a straight line basis over the tenure of the tenancy periods.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 28 PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b><u>CURRENT</u></b>				
Trade payables	4,158	5,820	-	-
Refundable deposits	21,502	23,481	-	-
Other payables and accruals	114,220	92,640	840	994
Amounts due to affiliated companies	1,738	1,023	-	-
Amounts due to subsidiary companies	-	-	93,513	107,617
	141,618	122,964	94,353	108,611
Advance rental received	57	54	-	-
Current portion of other long term liabilities (Note 27)	15,550	15,550	-	-
	157,225	138,568	94,353	108,611

The normal trade credit term granted to the Group and the Company ranges from 1 to 90 days (2018: 1 to 90 days).

Included in other payables and accruals of the Group are the following:

- (a) Balance purchase consideration for the acquisition of several parcels of land amounting to RM40,750,000 (2018: RM40,750,000). This balance payment bears interest at 9.0% (2018: 9.0%) per annum.
- (b) Accrued late payment charges to RM17,304,000 (2018: RM11,448,000) for the extended completion time in relation to the acquisition of the remaining 50% equity interest in Megaquest Sdn Bhd.

The amounts due to affiliated companies are unsecured, non interest bearing and repayable on demand.

The amounts due to subsidiary companies are unsecured, interest bearing and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 29 PROVISIONS

	LAD RM'000	On-line repairs RM'000	Additional EPF entitlement RM'000	Sludge disposal RM'000	Total RM'000
As of 1 July 2018	-	20	105	22	147
(Reversal)/charged to the statements of profit or loss during the year	-	(2)	(28)	12	(18)
As of 30 June 2019	-	18	77	34	129
As of 1 July 2017	644	28	109	23	804
Reversal to the statements of profit or loss during the year	(644)	(8)	(4)	(1)	(657)
As of 30 June 2018	-	20	105	22	147

(a) Provision for liquidated and ascertained damages ("LAD")

Provision for liquidated and ascertained damages of the Group is made in respect of the delay in the completion of the development project.

(b) On-line repairs

The provision for on-line repairs is made for estimated repair costs relating to damages and defects identified during the course of assembly of motor vehicles. The provision is based on historical repairs data incurred on similar products.

(c) Additional employees provident fund ("EPF") entitlement

Provision for additional EPF entitlement relates to a subsidiary company's employment benefit policy whereby an additional 4% of employer's contribution is payable to employees with less than 5 years of employment service. It is based on 4% of gross salary of employees for the first 5 years of employment service. The provision is payable when an employee with at least 5 years of employment service resigns or retires. The provision is reversed if an employee resigns before his 5 years of employment service.

(d) Sludge disposal

Provision for sludge disposal is in respect of remaining sludge held at the reporting date in the subsidiary company's factory. The provision is based on historical sludge disposal charges incurred.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 30 REVENUE

The main categories of revenue are as follows:

<b>Group</b>	<b>2019 RM'000</b>	<b>2018 RM'000</b>
Revenue from contract with customers recognised at a point in time:		
Gaming ticket sales net of gaming tax	108,859	113,542
Sale of theme park tickets	13,315	12,717
Revenue from jetty operations	23,138	23,077
Revenue from hotel operations	19,480	20,774
Revenue from food and beverage business	5,438	8,087
Revenue from assembly charges	4,345	1,751
Sale of land held for development	26,118	-
	<u>200,693</u>	<u>179,948</u>
Other revenue:		
Lease income from investment properties	130,041	132,742
	<u>330,734</u>	<u>312,690</u>
<b>Company</b>	<b>2019 RM'000</b>	<b>2018 RM'000</b>
Other revenue:		
Gross dividends from subsidiary companies	502	26,343
Management fees from subsidiary companies	725	725
	<u>1,227</u>	<u>27,068</u>

### 31 COST OF SALES

This relates to cost of sales incurred in respect of the business segments of gaming and related activities, property development and property investment, vehicle assembly and recreation and others.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 32 OTHER INCOME

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Dividend income from:				
- quoted investments in Malaysia	4,167	4,942	-	-
Interest income:				
- fixed and other deposits	1,972	2,366	75	549
- subsidiary companies	-	-	12,790	8,254
- others	1,681	1,192	-	-
Gain on disposal of property, plant and equipment	711	269	-	-
Compensation arising from compulsory acquisition of lease interest by the authorities	-	2,037	-	-
Gain on disposal of quoted investments	-	2,601	-	-
Gain on disposal of investment properties	-	4,792	-	-
Finance income - other				
liabilities at amortised costs	7	14	-	-
Gain on foreign exchange	2,993	2,933	-	-
Reversal of impairment on investment in joint venture	-	3,780	-	-
Fair value gain on remeasurement of investment in a former associated company	780	-	-	-
Miscellaneous	5,707	4,341	275	147
	<u>18,018</u>	<u>29,267</u>	<u>13,140</u>	<u>8,950</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 33 STAFF COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Wages and salaries	28,824	27,480	399	614
Bonus	1,185	1,280	29	46
EPF contributions	3,377	3,154	89	59
Social security organisation contributions	694	701	3	2
Short term accumulating compensated absences	119	33	-	-
Other staff related expenses	1,310	1,500	11	43
	<u>35,509</u>	<u>34,148</u>	<u>531</u>	<u>764</u>

The above staff costs exclude executive directors' salary and other emoluments.

### 34 DIRECTORS' REMUNERATION

The total remuneration paid or payable to the Directors of the subsidiary companies and of the Company categorised into appropriate components for the financial year are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Directors of the Company</b>				
Executive:				
Fees	60	60	-	-
Salary and other emoluments	1,546	5,786	102	135
Bonus	141	187	-	-
Benefits-in-kind	32	30	-	-
	<u>1,779</u>	<u>6,063</u>	<u>102</u>	<u>135</u>
Non-Executive:				
Fees	130	130	120	120
Bonus	40	39	-	-
Other emoluments	1,026	727	483	326
Benefits-in-kind	18	-	18	-
	<u>1,214</u>	<u>896</u>	<u>621</u>	<u>446</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 34 DIRECTORS' REMUNERATION (CONTD.)

The total remuneration paid or payable to the Directors of the subsidiary companies and of the Company categorised into appropriate components for the financial year are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Directors of the subsidiary companies</b>				
Salary and other emoluments	3,054	19,069	-	-
Bonus	63	84	-	-
	<u>3,117</u>	<u>19,153</u>	<u>-</u>	<u>-</u>
Total	<u>6,110</u>	<u>26,112</u>	<u>723</u>	<u>581</u>

### 35 OTHER EXPENSES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Impairment of available-for-sale quoted investments	-	35,616	-	-
Impairment of investment in subsidiary companies	-	-	50,003	96,980
Impairment of goodwill	20,401	20,521	-	-
Allowances of doubtful debts on amounts owing from subsidiary companies	-	-	19,658	21,000
Loss on foreign exchange	1,039	257	-	-
Miscellaneous	1,105	1,103	-	-
	<u>22,545</u>	<u>57,497</u>	<u>69,661</u>	<u>117,980</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 36 FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expense:				
- borrowings	54,570	54,012	2,126	1,682
- hire purchase liabilities	190	148	4	4
- subsidiary companies	-	-	4,280	5,478
- loan related expenses	3,278	2,981	15	17
- other finance costs	3,601	3,665	-	-
- unwinding of discount	9,843	9,633	-	-
	<u>71,482</u>	<u>70,439</u>	<u>6,425</u>	<u>7,181</u>

### 37 LOSS BEFORE TAX

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss before tax is stated after charging/(crediting):				
Direct operating expenses of investment properties:				
- revenue generating during the year	10,234	11,285	-	-
- non-revenue generating during the year	15,181	14,254	-	-
Gaming royalty	599	626	-	-
Depreciation of property, plant and equipment (Note 5)	15,582	15,112	37	34
Directors' remuneration (Note 34):				
- fees	190	190	120	120
- salary and other emoluments	5,870	25,892	585	461
Auditors' remuneration:				
- statutory audit	439	370	63	60
- underprovision in prior years	5	42	-	2
- other services	45	80	10	35
Amortisation of				
of prepaid lease payments (Note 8)	408	408	-	-
Amortisation of other intangible assets (Note 14)	1,265	1,266	-	-



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 37 LOSS BEFORE TAX (CONTD.)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss before tax is stated after charging/(crediting):				
Reversal of impairment of receivables (Note 15)	(3,328)	(2,398)	-	-
Impairment of receivables (Note 15)	3,394	3,487	-	-
Operating leases:				
- lease payments for buildings	2,047	285	-	-
- lease payments for land	653	1,128	-	-
Staff costs (Note 33)	35,509	34,148	531	764
Property, plant and equipment written off	3	10	-	-
Bad debts written off	235	153	-	-
Bad debts recovered	(380)	-	-	-
Reversal of provisions (Note 29)	(30)	(657)	-	-
Impairment loss on non-current asset classified as held for sale	-	986	-	-
	<u>-</u>	<u>986</u>	<u>-</u>	<u>-</u>

### 38 INCOME TAX EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current income tax:				
Malaysian income tax	8,089	6,597	2,576	1,655
Withholding tax	463	363	-	-
Effect of real property gains tax	-	499	-	-
Under/(Over)provision in prior years	2,143	2,208	(83)	368
	<u>10,695</u>	<u>9,667</u>	<u>2,493</u>	<u>2,023</u>
Deferred tax (Note 13):				
Relating to origination and reversal of temporary differences	57,450	7,360	(7)	(4)
Under/(Over)provision in prior years	115	(19)	-	-
	<u>57,565</u>	<u>7,341</u>	<u>(7)</u>	<u>(4)</u>
Total income tax expense	<u>68,260</u>	<u>17,008</u>	<u>2,486</u>	<u>2,019</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 38 INCOME TAX EXPENSE (CONTD.)

A reconciliation of income tax credit applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss before tax	(14,098)	(12,560)	(64,178)	(92,133)
Taxation at Malaysian				
statutory tax rate of 24%	(3,384)	(3,014)	(15,403)	(22,112)
Effect of different tax rates in other countries	99	(152)	-	-
Effect on deferred tax balances due to change in real property gain tax rate	48,724	-	-	-
Effect of expenses not deductible for tax purposes	19,333	24,332	18,107	29,470
Effect of income not subject to tax	(827)	(11,037)	(135)	(5,707)
Effect of income subject to real property gains tax	-	499	-	-
Deferred tax assets not recognised during the year	1,594	2,334	-	-
Deferred tax liabilities recognised for fair value changes of investment properties	-	1,494	-	-
Under/(Over)provision of deferred tax in prior years	115	(19)	-	-
Under/(Over)provision of income tax in prior years	2,143	2,208	(83)	368
Withholding tax	463	363	-	-
Income tax expense for the year	68,260	17,008	2,486	2,019

Income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 38 INCOME TAX EXPENSE (CONTD.)

#### **Additional assessments raised by the Inland Revenue Board of Malaysia ("IRB")**

On 1 September 2016, IRB issued Notices of Additional Assessments ("Forms JA") to Berjaya Times Square Sdn Bhd ("BTSSB"), a wholly-owned subsidiary company of the Group, to assess the gains from the disposal of investment properties for the Years of Assessment (YAs) 2011 to 2014 under Section 4(a) of the Income Tax Act 1967 instead of Real Property Gains Tax Act 1976. The IRB has regarded the disposal of the investment properties to be in the ordinary course of business of BTSSB as a property developer.

The hearing at the SCIT has been fixed from 11 August 2021 to 13 August 2021 for the determination of BTSSB's appeal against the additional tax assessments for YAs 2011 to 2014 with tax liabilities totalling RM180.73 million (inclusive of further tax penalties amounted to RM72.81 million) which had been disclosed as contingent liabilities since the prior year.

Other than the RM180.7 million taxes in dispute, the IRB had on 11 January 2019, issued notices of additional tax assessment of RM69.6 million to BTSSB for YA 2015 and YA 2016. Consequently, BTSSB had made an application for judicial review at the KL High Court to apply for leave and stay order against the aforesaid additional tax assessments. On 9 April 2019, the presiding KL High Court judge dismissed BTSSB's application for leave for judicial review with costs. BTSSB informed the KL High Court that it wished to appeal to the Court of Appeal ("COA"). An interim stay was subsequently granted by the KL High Court pending BTSSB's appeal to the COA.

At a hearing held on 10 May 2019, the COA unanimously granted an interim stay order pending the disposal of BTSSB's appeal against the dismissal of leave by the KL High Court. Subsequently, the COA fixed the hearing of the appeal on 18 February 2020. The additional tax assessments of RM69.9 million is disclosed as contingent liabilities.

As of the date of issue of these financial statements, the litigations are still on-going.

The details of the litigations are disclosed in Note 41 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 39 LOSS PER SHARE

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

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Loss attributable to owners of the Parent	(81,363)	(32,961)
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares in issue	2,558,271	2,515,487
	<b>Sen</b>	<b>Sen</b>
Basic loss per share	(3.18)	(1.31)

Fully diluted loss per share is not presented as Warrants 2018/2023 have an anti-dilutive effect on the loss per share in 2018 and 2019 respectively. The basic and diluted loss per share are the same as the Company has no dilutive potential ordinary shares.

### 40 FINANCIAL GUARANTEES

The Company provided corporate guarantees to certain financial institutions for credit facilities granted to its subsidiary companies. The Company has assessed and regarded that the credit enhancements provided by these guarantees are minimal as the credit facilities granted to its subsidiary companies are secured against the properties, investment properties, investments and inventories as disclosed in Notes 24 and 25.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 41 CONTINGENT LIABILITIES AND MATERIAL LITIGATION

On 1 September 2016, IRB issued notices of Additional Assessment ("Forms JA") in accordance with Section 4(a) of the Income Tax Act 1967 ("ITA 1967") on gains from disposal of investment properties for the Years of Assessment (YAs) 2011 to 2014 to Berjaya Times Square Sdn Bhd ("BTSSB"), a wholly-owned subsidiary company of the Group. The IRB has regarded the disposal of the investments properties to be in the ordinary course of business of BTSSB as a property developer. The amount of additional taxes assessed amounted to RM156.48 million, inclusive of tax penalties amounted to RM48.56 million.

BTSSB did not agree with the basis applied by the IRB and has filed an official appeal against the additional assessments for the said years of assessment through submission of the prescribed Forms Q to the Special Commissioners of Income Tax ("SCIT") ("Tax Appeal 1"). In accordance with Section 103(2) of the Income Tax Act 1967, BTSSB is liable and required to pay the additional taxes of RM156.48 million, inclusive of tax penalties, pending the outcome of the appeals. At the same time, BTSSB has also submitted applications to the Ministry of Finance and the IRB for the deferment of payment of the said additional taxes until the decision of the appeal is determined by the court of law. The IRB did not accede to the application for deferment of payment of the additional taxes from BTSSB and had commenced civil proceedings against BTSSB for the disputed tax assessments. IRB subsequently imposed further penalties which increased the amount of tax in dispute to RM180.73 million.

On 8 February 2017, BTSSB was informed by the IRB, that the Forms Q tax appeal filed by BTSSB, has been referred to the SCIT for a determination. The next mention date of the tax appeal case before the SCIT was fixed on 14 December 2018.

Subsequently, on 3 April 2017, the High Court judge granted an order for a stay of civil proceedings in favour of BTSSB, pending the full and final determination of the tax appeal case of BTSSB by the SCIT.

On 25 April 2017, the IRB filed to the Putrajaya Court of Appeal of Malaysia ("Court of Appeal"), a notice of appeal to challenge the stay of civil proceedings granted by the High Court in favour of BTSSB ("IRB Appeal"). The Court of Appeal had unanimously dismissed the IRB Appeal at the hearing held on 13 April 2018. IRB had on 8 May 2018, filed an application for leave to appeal against the Court of Appeal's decision to preserve the stay order granted by the High Court at the Federal Court.

Subsequently on 6 September 2018, IRB filed a Notice of Discontinuance at the Federal Court to withdraw their application for leave to appeal. As such, the stay order on tax payment granted by the High Court will stay until the full and final determination of the tax appeal case at the SCIT.

On 10 July 2019, the presiding High Court judge has ordered the stay order application case be struck out with liberty to file afresh. IRB may re-file the action after the determination of the appeal at SCIT. The stay order remained effective until the disposal of the case at SCIT.

The hearing date at SCIT for Tax Appeal 1 had been fixed from 11 August 2021 to 13 August 2021.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 41 CONTINGENT LIABILITIES AND MATERIAL LITIGATION (CONTD.)

Other than the RM180.7 million tax in dispute, the IRB had on 11 January 2019, issued notices of additional assessment with additional taxes totalling RM69.6 million to BTSSB for YA 2015 and YA 2016, inclusive of tax penalties of RM21.60 million. IRB had regarded that the gains from the disposals of investment properties should be subject to business income tax under Section 4(a) of the ITA 1967. Consequently, BTSSB had made an application for judicial review at the High Court to apply for leave and stay order against the aforesaid additional tax assessments.

BTSSB did not agree with the basis applied by the IRB and has filed an official appeal against the second additional assessments for the said years of assessment through submission of the prescribed Forms Q to SCIT ("Tax Appeal 2").

On 9 April 2019, the presiding High Court judge dismissed BTSSB's application for judicial review with costs. BTSSB informed the High Court that it wished to appeal to the Court of Appeal. An interim stay was subsequently granted by the High Court pending BTSSB's appeal to the Court of Appeal.

At a hearing held on 10 May 2019, the Court of Appeal unanimously granted an interim stay order pending the disposal of BTSSB's appeal against the dismissal of leave by the High Court. Subsequently, the Court of Appeal fixed the hearing of the appeal on 18 February 2020.

At the SCIT case management held on 19 September 2019, BTSSB requested the SCIT to consolidate both the Tax Appeal 1 and Tax Appeal 2 and that both appeals be heard at the same hearing dates which were already fixed for Tax Appeal 1. The SCIT acceded to BTSSB's requests and both Tax Appeal 1 and Tax Appeal 2 will now be heard at the SCIT hearing from 11 August 2021 to 13 August 2021.

As of the date of issue of these financial statements, both litigations are still on-going.

Based on the legal opinion obtained from BTSSB's lawyers, there are reasonable grounds for BTSSB to take a position that the gains from disposal of investment properties should not be subjected to income tax and the High Court and the Court of Appeal were right in granting the stay of proceedings. As such, no provisions in respect of the taxes in dispute are required to be made in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 42 COMMITMENTS

#### (a) Other Commitments

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure approved and contracted for	40,931	40,931
Proposed acquisition of remaining 50% equity interest in Megaquest Sdn Bhd	97,600	97,600
	<b>138,531</b>	<b>138,531</b>

#### (b) Non-cancellable Operating Lease Commitments - Group as Lessee

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Future minimum rental payments:		
Not later than 1 year	651	617
Later than 1 year and not later than 5 years	4,137	3,753
Later than 5 years	23,843	24,877
	<b>28,631</b>	<b>29,247</b>

The Group has entered into non-cancellable operating lease agreements which represent rental payable for the use of land and building. Leases are negotiated for a period of 3 and 30 years (2018: 3 and 30 years) and rentals fixed for 5 years.

**NOTES TO THE FINANCIAL STATEMENTS**

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**42 COMMITMENTS (CONTD.)****(c) Non-cancellable Operating Lease Commitments - Group as Lessor**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Future minimum rental payments:		
Not later than 1 year	57,923	63,455
Later than 1 year and not later than 5 years	72,018	81,280
Later than 5 years	174,189	184,272
	<u>304,130</u>	<u>329,007</u>

The Group entered into non-cancellable operating lease agreements which represent rental receivable for the use of land and commercial property leases on its investment properties portfolio consisting of commercial space. These leases have non-cancellable lease terms of between 6 months and 30 years (2018: 6 months and 30 years). The future minimum rental receivable of certain subsidiary companies are pledged to financial institutions for credit facilities as referred to in Notes 24 and 25.



## NOTES TO THE FINANCIAL STATEMENTS

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### 43 SIGNIFICANT RELATED PARTY TRANSACTIONS

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Management fees charged to subsidiary companies		-	-	(725)	(725)
Management fees charged by					
- Berjaya Land Berhad	a	40	240	40	240
Rental income and other related income charged to:					
- Berjaya Hotels & Resorts (M) Sdn Bhd	a	(98)	(90)	-	-
- Berjaya Registration Services Sdn Bhd	a	(265)	(265)	-	-
- Budi Impian Sdn Bhd	a	(66)	(181)	-	-
- Berjaya Higher Education Sdn Bhd	a	(1,279)	(1,279)	-	-
- Berjaya Krispy Kreme Doughnuts Sdn Bhd	a	(116)	(96)	-	-
- KUB-Berjaya Enviro Sdn Bhd	a	(251)	(251)	-	-
- Cosway (M) Sdn Bhd	a	(550)	(532)	-	-
- Berjaya Burger Sdn Bhd	a	(383)	(339)	-	-
- Berjaya Hills Resort Berhad	a	(64)	(69)	-	-
- Berjaya College Sdn Bhd	a	(569)	(569)	-	-
- 7-Eleven Malaysia Sdn Bhd	b	(930)	(569)	-	-
- U Mobile Sdn Bhd	c	(3,695)	(3,634)	-	-
- Ascot Sports Sdn Bhd	d	(661)	(661)	-	-
- Berjaya Roasters (M) Sdn Bhd	a	(647)	(655)	-	-
- Berjaya Starbucks Coffee Company Sdn Bhd	a	(945)	(887)	-	-
- RU Cafe Sdn Bhd	a	(69)	(126)	-	-
- Ansat Broadcast Sdn Bhd	e	(99)	(74)	-	-
- Roaster Asia Pacific (M) Sdn Bhd	a	(145)	(145)	-	-
- Berjaya Engineering Construction Sdn Bhd	a	(40)	(40)	-	-
- Marvel Fresh Sdn Bhd	a	(38)	(38)	-	-
- Sports Toto Fitness Sdn Bhd	a	(430)	(516)	-	-
- REDtone International Berhad and its subsidiary companies	f	(70)	(4)	-	-
		(11,410)	(11,020)	-	-

## NOTES TO THE FINANCIAL STATEMENTS

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### 43 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Rental payable to					
- ANSA Hotel KL Sdn Bhd	a	716	716	-	-
Parking charges charged to:					
- Berjaya Land Berhad and its unlisted subsidiaries	a	(201)	(210)	-	-
- Berjaya Corporation Berhad and its unlisted subsidiaries	a	(508)	(386)	-	-
- Berjaya Sports Toto Berhad and its unlisted subsidiaries	a	(445)	(460)	-	-
- 7-Eleven Malaysia Sdn Bhd	b	(9)	(5)	-	-
- U Mobile Sdn Bhd	c	(671)	(622)	-	-
- Berjaya Food Berhad and its unlisted subsidiaries	a	(107)	(140)	-	-
		(1,941)	(1,823)	-	-
Promotion, advertisement and publishing expenses charged by Sun Media Corporation Sdn Bhd	g	51	11	-	-
Receipt of share registration services and related expenses charged by Berjaya Registration Services Sdn Bhd	a	78	60	78	60
Procurement of computerised lottery system and related services from International Lottery & Totalizator Systems, Inc	a	675	634	-	-
Purchase of stationery products and printing services charged by Inter-Pacific Trading Sdn Bhd	a	18	46	-	-
Receipt of leasing and hire purchase facilities charged by Prime Credit Leasing Berhad	a	710	67	-	-

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 43 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Provision of vehicle assembly related services charged by Berjaya China Motor Sdn Bhd	a	1,563	1,510	-	-
Receipt of security guard services charged by Berjaya Guard Services Sdn Bhd	a	88	242	-	-
Disposal of several parcels of freehold land to DYMM Sultan Ibrahim Ismail	h	26,118	-	-	-

The nature of the related party relationships are as follows:

- (a) Company in which Tan Sri Dato' Seri Vincent Tan Chee Yioun ("Tan Sri Vincent Tan"), a substantial shareholder of the Company, has deemed interest.
- (b) A wholly owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM"). SEM is deemed a related party by virtue of Tan Sri Vincent Tan's direct and deemed interests in SEM.
- (c) Deemed a related party by virtue of Tan Sri Vincent Tan's deemed interests in U Mobile Sdn Bhd ("UMSB"). Tan Sri Vincent Tan is also the Chairman of UMSB.
- (d) A company in which Tan Sri Vincent Tan and Dato' Sri Robin Tan Yeong Chin have interests.
- (e) Subsidiary company of U Telemedia Sdn Bhd ("UTelemedia") and deemed a related party by virtue of Tan Sri Vincent Tan's direct and deemed interests in UTelemedia.
- (f) DYMM Sultan Ibrahim Ismail is a major shareholder of REDtone International Berhad. His Majesty is the father of YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail who is the Chairman and shareholder of BAssets and REDtone International Berhad. Tan Sri Vincent Tan is also a substantial shareholder of REDtone International Berhad.
- (g) Subsidiary company of Berjaya Media Berhad ("BMedia"), a company in which BCorp and Tan Sri Vincent Tan have substantial interests. Tan Sri Dato' Tan Chee Sing ("TSDT"), the brother of Tan Sri Vincent Tan, also has interest in BMedia. DSRT is the Chairman and shareholder of BMedia.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 43 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

The nature of the related party relationships are as follows: (contd.)

- (h) DYMM Sultan Ibrahim Ismail is the father of YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail who is the Chairman and shareholder of BAssets.

The compensation of the key management personnel of the Group and of the Company are disclosed as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short term employee benefits	2,278	24,106	-	567
Post-employment benefits:				
Defined contribution plan	318	3,022	-	14
	<u>2,596</u>	<u>27,128</u>	<u>-</u>	<u>581</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 44 SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their products and services, and has reportable operating segments as follows:

- (i) gaming and related activities;
- (ii) property development and property investment; and
- (iii) recreation and others (including hotel, food and beverage and vehicle assembly businesses).

All inter-segment transactions were carried out in the normal course of business and established under negotiated terms.

Chief operating decision maker monitors the operating results of its business segments separately for performance assessment and makes strategic decisions based on the operating results. Segment performance is evaluated based on operating profit or loss which is measured similar to the operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and not allocated to operating segments.

The geographical segment information is prepared based on locations of assets. The segments revenue by geographical location of customers does not differ materially from segment revenue by geographical location of assets.

Unallocated assets/liabilities include items relating to investing and financing activities and items that cannot be reasonably allocated to individual segment. These mainly include corporate assets, tax recoverable/liabilities, borrowings, hire purchase and lease obligations.

Other non cash expenses mainly include write-off of property, plant and equipment, impairment of receivables and unrealised loss on foreign exchange.

#### (a) Business segments:

Revenue	<-----2019----->			<-----2018----->		
	External RM'000	Inter- segment RM'000	Total RM'000	External RM'000	Inter- segment RM'000	Total RM'000
Gaming and related activities	108,859	2,097	110,956	113,542	2,192	115,734
Property development and property investment	153,179	-	153,179	155,819	-	155,819
Recreation and others	42,578	-	42,578	43,329	-	43,329
Unallocated	26,118	-	26,118	-	-	-
Inter-segment eliminations	-	(2,097)	(2,097)	-	(2,192)	(2,192)
	<b>330,734</b>	<b>-</b>	<b>330,734</b>	<b>312,690</b>	<b>-</b>	<b>312,690</b>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 44 SEGMENT INFORMATION (CONTD.)

#### (a) Business segments: (contd.)

<b>Results</b>	<b>2019 RM'000</b>	<b>2018 RM'000</b>
Gaming and related activities	6,289	8,892
Property development and property investment	83,656	52,649
Recreation and others	(19,692)	(21,711)
	<u>70,253</u>	<u>39,830</u>
Unallocated corporate expenses	(12,113)	(13,080)
	<u>58,140</u>	<u>26,750</u>
Fair value changes on investment properties	504	15,697
Other income		
- gaming and related activities	6,123	8,021
- property development and property investment	5,972	17,701
- recreation and others	2,445	489
- unallocated	3,478	3,056
	<u>18,018</u>	<u>29,267</u>
Other expenses		
- gaming and related activities	(21,500)	(56,367)
- property development and property investment	(315)	(983)
- recreation and others	(7)	(7)
- unallocated	(723)	(140)
	<u>(22,545)</u>	<u>(57,497)</u>
Operating profit	54,117	14,217
Finance costs	(71,482)	(70,439)
Share of results of associated companies	2,880	(826)
Share of results of joint venture	387	44,488
Loss before tax	(14,098)	(12,560)
Income tax expense	(68,260)	(17,008)
Loss for the year	(82,358)	(29,568)
Non-controlling interests	995	(3,393)
Loss attributable to owners of the Parent	<u>(81,363)</u>	<u>(32,961)</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 44 SEGMENT INFORMATION (CONTD.)

#### (a) Business segments: (contd.)

Assets and liabilities	2019		2018	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Gaming and related activities	31,888	8,180	36,538	6,615
Property development and property investment	3,007,031	237,295	3,061,958	238,675
Recreation and others	46,629	10,548	37,464	6,616
Segment assets/liabilities	3,085,548	256,023	3,135,960	251,906
Investment in joint ventures	14,055	-	13,716	-
Unallocated corporate assets/liabilities	414,413	1,064,869	445,809	1,046,179
Consolidated assets/liabilities	3,514,016	1,320,892	3,595,485	1,298,085

Other information	<-----2019----->			<-----2018----->		
	Capital expenditure RM'000	Depreciation/ Amortisation RM'000	Other non-cash expenses RM'000	Capital expenditure RM'000	Depreciation/ Amortisation RM'000	Other non-cash expenses RM'000
Gaming and related activities	43	2,392	1	93	2,426	-
Property development and property investment	5,676	13,274	2,198	2,729	2,578	1,270
Recreation and others	-	1,552	(514)	3,936	11,748	110
Unallocated	45	37	-	1	34	(559)
	5,764	17,255	1,685	6,759	16,786	821

Capital expenditure consists of additions to property, plant and equipment, investment properties and land held for property development as disclosed in Notes 5, 6 and 7.

Impairment	2019 RM'000	2018 RM'000
Gaming and related activities	19,100	55,264
Property development and property investment	-	873
Recreation and others	1,301	-
	20,401	56,137

## NOTES TO THE FINANCIAL STATEMENTS

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### 44 SEGMENT INFORMATION (CONTD.)

#### (b) Geographical locations:

	<-----2019----->			<-----2018----->		
	Revenue RM'000	Segment assets RM'000	Capital expenditure RM'000	Revenue RM'000	Segment assets RM'000	Capital expenditure RM'000
Malaysia	319,364	2,677,133	5,754	301,829	2,733,558	6,378
Outside Malaysia	11,370	408,415	10	10,861	402,402	381
	<u>330,734</u>	<u>3,085,548</u>	<u>5,764</u>	<u>312,690</u>	<u>3,135,960</u>	<u>6,759</u>

The Group operates principally in Malaysia. Outside Malaysia mainly comprises the Cayman Islands, Singapore and the United Kingdom.

### 45 FAIR VALUE MEASUREMENT

The Group and the Company measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

#### (a) Non financial assets that are measured at fair value

- (i) The table below analyses the Group's non financial assets measured at fair value at the reporting date, according to the level in the fair value hierarchy:

#### Investment Properties

Group As of 30 June 2019	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Commercial properties	-	40,200	2,159,206	2,199,406
Other properties	-	47,950	252,509	300,459
	<u>-</u>	<u>88,150</u>	<u>2,411,715</u>	<u>2,499,865</u>



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

## 45 FAIR VALUE MEASUREMENT (CONTD.)

## (a) Non financial assets that are measured at fair value (contd.)

- (i) The table below analyses the Group's non financial assets measured at fair value at the reporting date, according to the level in the fair value hierarchy: (contd.)

Investment Properties (contd.)

<b>Group As of 30 June 2018</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
Commercial properties	-	40,200	2,159,206	2,199,406
Other properties	-	47,950	253,683	301,633
	-	88,150	2,412,889	2,501,039

- (ii) Description of valuation techniques used on non financial assets

Comparison method

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. Investment properties valued under the comparison method, with insignificant adjustment factors, are categorised as Level 2 in the fair value hierarchy.

Certain other investment properties valued using the comparison method with significant adjustments made for differences such as location, size condition, accessibility and design ("adjustment factors") are categorised as Level 3 in the fair value hierarchy. The significant unobservable inputs for this category of investment properties, which are the adjustment factors, ranged generally between 5% and -23% (2018: 5% and -23%) of the respective properties' fair value. Larger properties of the Group which are owned en-bloc may contain adjustment factors outside this range.

Discounted cash flow method \*

Under the discounted cash flows method, fair value is determined to be the difference between the present value of cash inflows (gross development value) and the present value of cash outflows (development costs).

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 45 FAIR VALUE MEASUREMENT (CONTD.)

#### (a) Non financial assets that are measured at fair value (contd.)

##### (ii) Description of valuation techniques used on non financial assets (contd.)

##### Discounted cash flow method \* (contd.)

Gross development value is derived by comparing the development components of the subject property with comparable transactions in the vicinity or other comparable locations.

Appropriate adjustments for characteristics, merits and demerits are then made to arrive at the proposed gross development value of the development components.

Development costs are the actual or estimated attributable costs (including marketing and finance cost) which are likely to be incurred for the completion and sale of the development components.

An appropriate market derived discount rate is then applied to establish the present values of the cash inflows and cash outflows.

##### Investment method \*

Under the investment method, fair value is determined based on the projection of a series of cash flows on a real property interest. To this projected cash flows series, an appropriate capitalisation rate is applied to establish the present value of the income stream associated with the asset.

Periodic cash flows is typically the estimated net annual rental value of the property which is calculated as the gross rental income anticipated over the lease period of the property, less the expenses or outgoings incidental to the ownership of the property.

The relevant capitalisation rate is chosen based on the investment rate of return expected from the type of property, taking into consideration of the risk factors, capital appreciation, security of income, ease of sale and management of the subject property.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 45 FAIR VALUE MEASUREMENT (CONTD.)

#### (a) Non financial assets that are measured at fair value (contd.)

##### (ii) Description of valuation techniques used on non financial assets (contd.)

##### Cost method \*

Under the cost method, fair value is determined to be the depreciated replacement cost of the property. Depreciated replacement cost is derived from the estimated replacement cost of the replaceable property in the light of current market prices for materials, labour, manufactured machinery and equipment, freight, installation and other related charges. Accrued depreciation due to use, disrepair, age and obsolescence from technology and market changes are then deducted therefrom.

\* The investment properties valued using these methods are categorised as Level 3 in the fair value hierarchy.

#### (b) Financial instruments that are measured at fair value

The table below analyses the financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2019</b>				
<b>Group</b>				
<b><u>Financial assets</u></b>				
Other investments	239,647	-	-	239,647
<b>Company</b>				
<b><u>Financial assets</u></b>				
Other investments	394	-	-	394
<b>2018</b>				
<b>Group</b>				
<b><u>Financial assets</u></b>				
Other investments	263,320	-	-	263,320
<b>Company</b>				
<b><u>Financial assets</u></b>				
Other investments	471	-	-	471

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 45 FAIR VALUE MEASUREMENT (CONTD.)

(c) The following table reconciles the Group's Level 3 fair value measurements

	2019 RM'000	2018 RM'000
<b><u>Non financial assets</u></b>		
As of 1 July 2018/2017	2,412,889	2,420,316
Fair value changes	-	178
Disposals during the year	-	(9,178)
Exchange differences	(1,174)	1,573
As of 30 June 2019/2018	<u>2,411,715</u>	<u>2,412,889</u>

(d) Description of key inputs to valuation on assets measured at Level 3

Description of valuation techniques and key inputs to valuation on assets measured at Level 3 are as follows:

Valuation technique	Significant unobservable inputs	2019	2018
<b><u>Investment properties</u></b>			
Discounted cash flows method	Average gross development value per square foot	RM3,100	RM3,100
	Average gross development costs per square foot	RM680	RM680
	Discount rate	9%	9%
Investment method	Estimated value per month: - rental value per square foot	RM236	RM236
	Capitalisation rate	4.5%	4.5%
Cost method	Estimated replacement cost per square foot	RM220	RM220
	Estimated accrued depreciation per square foot	RM150	RM150

## NOTES TO THE FINANCIAL STATEMENTS

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### 46 FINANCIAL INSTRUMENTS

#### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3.2 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b><u>Financial assets</u></b>					
<u>Available-for-sale</u>					
Other investments	12	-	267,051	-	471
<u>FVTOCI</u>					
Other investments	12	239,647	-	394	-
<u>Held-to-maturity investments</u>					
Other investments	12	-	1,006	-	-
<u>Loans and receivables</u>					
Receivables	15	-	28,847	-	339,085
Deposits with licensed banks	17	-	66,186	-	6,792
Cash on hand and at banks	17	-	33,064	-	458
		-	128,097	-	346,335
<u>Amortised costs</u>					
Other investments	12	1,004	-	-	-
Receivables	15	32,928	-	196,358	-
Deposits with licensed banks	17	59,190	-	10,975	-
Cash on hand and at banks	17	35,028	-	371	-
		128,150	-	207,704	-
Total financial assets		367,797	396,154	208,098	346,806

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 46 FINANCIAL INSTRUMENTS (CONTD.)

#### (a) Classification of financial instruments (contd.)

<u>Financial liabilities</u>	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<u>Other financial liabilities</u>					
Bank borrowings	24	650,856	699,916	32,938	34,924
Senior medium term notes	25	158,172	157,808	-	-
Hire purchase liabilities	26	1,806	1,657	38	36
Long term liabilities	27	149,098	143,416	-	-
Payables	28	157,168	138,514	94,353	108,611
Total financial liabilities		<u>1,117,100</u>	<u>1,141,311</u>	<u>127,329</u>	<u>143,571</u>

#### (b) Fair values

##### (i) Financial instruments that are measured at fair value

Information of financial instruments of the Group and of the Company that are measured at fair value is disclosed in Note 45.

##### (ii) Financial instruments that are not measured at fair value and whose carrying amount are reasonable approximation of fair value

Included in these classes of financial instruments are certain financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Receivables	15
Bank borrowings	24
Senior medium term notes	25
Hire purchase liabilities	26
Long term liabilities	27
Payables	28

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 46 FINANCIAL INSTRUMENTS (CONTD.)

#### (b) Fair values (contd.)

- (ii) Financial instruments that are not measured at fair value and whose carrying amount are reasonable approximation of fair value (contd.)

The fair value of sale and buyback agreements included in long term liabilities is estimated by discounting expected future cash flows at market incremental lending rates for similar types of lending or borrowing arrangements at reporting date.

The carrying amounts of the amounts due from subsidiary companies disclosed in Note 15 are reasonable approximation of fair values as they are repayable on demand.

The carrying amounts of the bank borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The Company has assessed the financial guarantee contracts and concluded that the financial impact of the guarantees is not material.

### 47 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its market risk (including interest rate risk, foreign currency risk and equity price risk), liquidity risk and credit risk. The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

#### (a) Market risk

Market risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market prices.

- (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The interest-bearing assets are mainly deposits with licensed banks and they are not held for speculative purposes. The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 47 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTD.)

#### (a) Market risk (contd.)

##### (i) Interest rate risk (contd.)

The interest-bearing debts are mainly term loans, senior medium term notes, revolving credit facility, margin account, hire purchase liabilities and amounts due to subsidiary companies. Debts at floating rates expose the Group to cash flow interest rate risk. Debts at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate debts.

The carrying amounts, the range of applicable interest rates during the year and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk are disclosed in Notes 15, 17, 24, 25, 26 and 28.

At the reporting date, the interest rate profile of the interest-bearing financial instruments is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b><u>Fixed rate instruments</u></b>				
Financial assets	15,320	11,226	10,975	6,792
Financial liabilities	205,786	217,573	38	36
<b><u>Floating rate instruments</u></b>				
Financial assets	50,772	62,368	236,973	359,969
Financial liabilities	585,231	641,808	126,451	142,541

##### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the statements of profit or loss.

##### Sensitivity analysis for floating rate instruments

A change of 25 basis points in interest rates at the reporting date would result in the loss before tax of the Group to higher by RM1,336,000 (2018: RM1,449,000) and the loss before tax of the Company to be lower by RM276,000 (2018: RM544,000) respectively. This analysis assumes that all other variables remain constant.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 47 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTD.)

#### (a) Market risk (contd.)

##### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates.

The Group mainly transacts in Ringgit Malaysia. However, certain of the Group's purchases are in foreign currencies and as such, the Group is exposed to exchange rate fluctuation between Ringgit Malaysia and foreign currencies such as United States Dollar, Euro and Thai Baht. The Group seeks to mitigate foreign currency risk with close monitoring via making payments when foreign exchange rates are favourable to the Group.

The financial assets and liabilities of the Group that are denominated in foreign currencies are as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances		
- United States Dollar	30	41
- Great Britain Pound	281	319
	<u>311</u>	<u>360</u>
Other payables		
- United States Dollar	255	360
- Thai Baht	57	108
	<u>312</u>	<u>468</u>

The financial impact of changes in foreign currency rates is not material to the Group.

##### (iii) Equity price risk

Equity price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 47 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTD.)

#### (a) Market risk (contd.)

##### (iii) Equity price risk (contd.)

The Group and the Company are exposed to equity price risk arising from its investments in quoted equity instruments. The quoted equity instruments in Malaysia are listed on Bursa Securities and classified as FVTOCI financial assets based on the purpose for which the quoted equity instruments were acquired. The Group and the Company do not have exposure to commodity price risk.

##### Sensitivity analysis for equity price risk

At the reporting date, if the FTSE Bursa Malaysia KLCI had been 1% higher/lower, with all other variables held constant, the Group's FVTOCI reserve would have been RM2,396,000 (2018: RM2,633,000) higher/lower, arising as a result of an increase/decrease in the fair values of equity instruments designated as FVTOCI financial assets.

#### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to the shortage of funds.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funds so as to ensure that all funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio so as to achieve overall cost effectiveness.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 47 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTD.)

#### (b) Liquidity risk (contd.)

Analysis of undiscounted financial instruments by remaining contractual maturities

<b>Group</b>	<b>On demand or within one year RM'000</b>	<b>Two to five years RM'000</b>	<b>Over five years RM'000</b>	<b>Total RM'000</b>
<b><u>Financial liabilities</u></b>				
<b>2019</b>				
Payables	141,618	-	-	141,618
Long term liabilities	-	41,923	185,250	227,173
Senior medium term notes	9,366	111,580	84,379	205,325
Bank borrowings	205,049	425,100	137,285	767,434
Hire purchase liabilities	1,025	1,098	-	2,123
	<u>357,058</u>	<u>579,701</u>	<u>406,914</u>	<u>1,343,673</u>
<b>2018</b>				
Payables	122,964	-	-	122,964
Long term liabilities	-	41,675	192,000	233,675
Senior medium term notes	9,340	73,966	131,358	214,664
Bank borrowings	241,468	583,126	89,272	913,866
Hire purchase liabilities	782	1,228	-	2,010
	<u>374,554</u>	<u>699,995</u>	<u>412,630</u>	<u>1,487,179</u>
<b>Company</b>				
<b><u>Financial liabilities</u></b>				
<b>2019</b>				
Payables	94,353	-	-	94,353
Hire purchase liabilities	20	27	-	47
Bank borrowings	6,596	30,617	-	37,213
	<u>100,969</u>	<u>30,644</u>	<u>-</u>	<u>131,613</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 47 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTD.)

#### (b) Liquidity risk (contd.)

Analysis of undiscounted financial instruments by remaining contractual maturities (contd.)

<b>Company (contd.)</b>	<b>On demand or within one year RM'000</b>	<b>Two to five years RM'000</b>	<b>Over five years RM'000</b>	<b>Total RM'000</b>
<b><u>Financial liabilities</u></b>				
<b>2018</b>				
Payables	108,611	-	-	108,611
Hire purchase liabilities	28	14	-	42
Bank borrowings	7,000	30,181	7,032	44,213
	<u>115,639</u>	<u>30,195</u>	<u>7,032</u>	<u>152,866</u>

#### (c) 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 and the Company are exposed to credit risk mainly from trade and other receivables.

The Group extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history. The Group and the Company have no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

At reporting date, the Group's and the Company's maximum exposure to credit risk arising from trade and other receivables are represented by the carrying amounts of these financial assets recorded on the statements of financial position.

All deposits and bank balances are assessed to have low credit risk. The Group and the Company do not expect any counterparty fails to meets its obligations. As of the reporting date, there was no impairment required for investments, deposits and bank balances.

The Group and the Company are also exposed to low credit risk from amounts due from affiliated companies, a joint venture and subsidiary companies. The Group and the Company monitor on ongoing basis the results of the companies and repayments made by the companies. As of 30 June 2019, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position and financial guarantees given to bank for credit facilities granted to subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 47 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTD.)

#### (c) Credit risk (contd.)

Management has taken reasonable steps to ensure that intercompany receivables are the realisable values and made necessary provision for impairment for the unrecoverable amounts as mentioned in Note 15(a).

### 48 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 shareholders' 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 financial years ended 2019 and 2018.

The Group monitors capital using a gearing ratio, which is debt divided by total equity. The Group's total debt includes borrowings, senior medium term notes, hire purchase liabilities and long term liabilities. Total equity represents net equity attributable to the owners of the Parent plus non-controlling interests.

The gearing ratios as of 30 June 2019 and 30 June 2018 were as follows:

	Note	Group	
		2019 RM'000	2018 RM'000
Bank borrowings	24	650,856	699,916
Senior medium term notes	25	158,172	157,808
Hire purchase liabilities	26	1,806	1,657
Long term liabilities	27	175,820	179,169
Total debt		<u>986,654</u>	<u>1,038,550</u>
Total equity		<u>2,193,124</u>	<u>2,297,400</u>
Gearing ratio (%)		45	45

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one group/company to another.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 12 July 2016, Tropicfair Sdn Bhd, a wholly-owned subsidiary company of the Company had entered into a Share Sale Agreement with Violet Circle Sdn Bhd to acquire the remaining 50% equity interest in Megaquest Sdn Bhd for a total cash consideration of RM108.0 million.

As of the date of the financial statements were authorised for issue, the said acquisition is still pending.

- (b) On 10 April 2012, Berjaya Waterfront Sdn Bhd ("BWF"), a 100%-owned subsidiary of Berjaya Times Square Sdn Bhd ("BTSSB"), had entered into an agreement to acquire lease interest in a parcel of land known as Lot No. PTB Lot PTB 20379 measuring about 4.285 acres ("Land") from Kelana Megah Sdn Bhd ("KMSB") for a cash consideration of RM27.99 million ("Agreement").

The Agreement is still pending certain conditions precedent to be fulfilled, which include, among others, the alienation of the Land by the State Government of Johor ("SGOJ") and the granting of a 99-year lease interest to KMSB ("Privatisation").

The SGOJ subsequently approved the Privatisation, subject to, among others, the payment of RM13.5 million as development returns ("Development Returns") for the Land to be alienated as a 99-year leasehold land. Hence, on completion date BWF will hold a 99-year leasehold Land instead of lease interest over the Land.

On 8 May 2018, BWF entered into a supplemental agreement with KMSB for the inclusion of the payment of the Development Returns and extension of the completion date of the Agreement to 9 April 2019.

Subsequently on 3 April 2019, BWF entered into a supplemental agreement with KMSB to further extend the completion date of the Agreement to 9 April 2021.

- (c) In January 2019, Berjaya Assets Alliance Sdn Bhd ("BAASB"), a 100%-owned subsidiary of BAssets, subscribed for an additional 750,000 new ordinary shares representing 30% stake in Jubli Mentari Sdn Bhd ("JMSB") for RM750,000. Subsequently, in May 2019, BAASB subscribed for an additional 2.6 million new ordinary shares in JMSB for a total cash subscription price of RM5.2 million. Consequently, the Group's equity interest in JMSB increased from 30% to 65% this making JMSB a subsidiary company of the Group.
- (d) During the financial year, Sunrise Bonanza Sdn Bhd, a 70%-owned subsidiary of BAssets disposed of several parcels of freehold land for RM26,118,000 to DYMM Sultan Ibrahim Ismail.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 50 SUBSIDIARY AND ASSOCIATED COMPANIES

Name of Company	Country of incorporation	Principal activities	Proportion of ownership and voting power held by the Group	
			2019 %	2018 %
<b>Subsidiary companies</b>				
Aroma Kiara Sdn Bhd	Malaysia	Investment holding	100	100
Ascend Asap Sdn Bhd	Malaysia	Investment holding	100	100
BA Properties (Cayman) Limited	Cayman Islands	Investment holding	100	100
Berjaya Assets Alliance Sdn Bhd	Malaysia	Investment holding	100	100
Berjaya Consulting Services Sdn Bhd	Malaysia	Investment holding	100	100
Berjaya Assets Food (BAF) Sdn Bhd	Malaysia	Operation of food and beverage business	100	100
<sup>^</sup> Berjaya Assets Pte Ltd	Singapore	Investment holding	100	100
Berjaya Bright Sdn Bhd	Malaysia	Provision of lottery consultancy and related services and investment holding	100	100
Berjaya Times Square Sdn Bhd	Malaysia	Property investment, property development and investment holding	100	100
BTS (Cayman) Limited	Cayman Islands	Investment holding	100	100
Bumisuci Sdn Bhd	Malaysia	Investment holding	100	100
Dayadil Sdn Bhd	Malaysia	Investment holding	100	100

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 50 SUBSIDIARY AND ASSOCIATED COMPANIES (CONTD.)

Name of Company	Country of incorporation	Principal activities	Proportion of ownership and voting power held by the Group	
			2019 %	2018 %
<b>Subsidiary companies (contd.)</b>				
Fasa Budaya Sdn Bhd	Malaysia	Investment holding	100	100
Ishandal Sdn Bhd	Malaysia	Investment holding	100	100
Jernih Wiramas Sdn Bhd	Malaysia	Property investment and property development	100	100
* Natural Avenue Sdn Bhd	Malaysia	Number forecast lotteries in Sarawak	65	65
Rentas Padu Sdn Bhd	Malaysia	Investment holding	100	100
Sapphire Transform Sdn Bhd	Malaysia	Property investment	100	100
# Sempurna Bahagia Sdn Bhd	Malaysia	Investment holding	100	100
Sunrise Bonanza Sdn Bhd	Malaysia	Property investment and property development	70	70
<b>Subsidiary of Aroma Kiara Sdn Bhd</b>				
Berjaya Assembly Sdn Bhd	Malaysia	Vehicle assembly and the manufacturing and sales of engines and transmissions	100	100
<b>Subsidiary of Berjaya Assets Alliance Sdn Bhd</b>				
^ & Jubli Mentari Sdn Bhd	Malaysia	Dormant	65	-



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 50 SUBSIDIARY AND ASSOCIATED COMPANIES (CONTD.)

Name of Company	Country of incorporation	Principal activities	Proportion of ownership and voting power held by the Group	
			2019 %	2018 %
<b>Subsidiary companies (contd.)</b>				
<b>Subsidiaries of Berjaya Times Square Sdn Bhd</b>				
Berjaya TS Management Sdn Bhd	Malaysia	Dormant	100	100
Berjaya Times Square Theme Park Sdn Bhd	Malaysia	Operations of theme park and leasing of theatre	100	100
Berjaya Waterfront Sdn Bhd	Malaysia	Property and investment holdings, operation of a hotel, and management of ferry terminal	100	100
BTS Entertainment Sdn Bhd (formerly known as BTS Cultural Centre Sdn Bhd)	Malaysia	Dormant	100	100
BTS Car Park Sdn Bhd	Malaysia	Car park operator	100	100
Danau Laris Sdn Bhd	Malaysia	Dormant	60	60
Shasta Supermarket Sdn Bhd	Malaysia	Dormant	100	100
TS Service Suites Sdn Bhd	Malaysia	Property investment	100	100
10th Avenue Food Mall Sdn Bhd	Malaysia	Dormant	100	100

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 50 SUBSIDIARY AND ASSOCIATED COMPANIES (CONTD.)

Name of Company	Country of incorporation	Principal activities	Proportion of ownership and voting power held by the Group	
			2019 %	2018 %
<b>Subsidiary companies (contd.)</b>				
<b>Subsidiary of BTS (Cayman) Limited</b>				
<sup>^</sup> Berjaya UK Investment & Development Limited	United Kingdom	Property investment	70	70
<b>Subsidiary of Dayadil Sdn Bhd</b>				
Imej Jasa Sdn Bhd	Malaysia	Investment holding	100	100
<b>Subsidiaries of Imej Jasa Sdn Bhd</b>				
Bahagia Jiwa Sdn Bhd	Malaysia	Investment holding	100	100
Muara Tebas Sdn Bhd	Malaysia	Investment holding	100	100
<b>Subsidiary of Natural Avenue Sdn Bhd</b>				
Petekat Sdn Bhd	Malaysia	General trading and commission agent	100	100
<b>Subsidiary of Rentas Padu Sdn Bhd</b>				
Tropicfair Sdn Bhd	Malaysia	Investment holding	100	100
<b>Subsidiary of Berjaya Waterfront Sdn Bhd</b>				
Jauhari Maksima Sdn Bhd	Malaysia	Property development	52	52

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

### 50 SUBSIDIARY AND ASSOCIATED COMPANIES (CONTD.)

Name of Company	Country of incorporation	Principal activities	Proportion of ownership and voting power held by the Group	
			2019 %	2018 %
<b>Associated Companies</b>				
^ & Jubli Mentari Sdn Bhd	Malaysia	Dormant	-	30
^ Mantra Design Sdn Bhd	Malaysia	Provision of interior design and consulting services for land & building development projects	49	49
Megaquest Sdn Bhd	Malaysia	Investment holding	50	50

\* Effective interest

# 67% held by Bumisuci Sdn Bhd and 33% held by Ishandal Sdn Bhd.

^ Audited by a firm other than Deloitte PLT.

& The Group acquired 35% additional equity in Jubli Mentari Sdn Bhd, making it a 65% subsidiary company as disclosed in Note 49.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF BERJAYA ASSETS BERHAD

### (Incorporated in Malaysia)

#### Report on the Audit of the Financial Statements

##### *Opinion*

We have audited the financial statements of Berjaya Assets Berhad, which comprise the statements of financial position as of 30 June 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 201.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as of 30 June 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

##### *Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(forward)

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERJAYA ASSETS BERHAD (Incorporated in Malaysia)

### *Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### *Key Audit Matters*

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

<i>Key audit matters</i>	<i>How the scope of our audit responded to the key audit matters</i>
<p><b>Valuation of Investment Properties</b></p> <p>As of 30 June 2019, the carrying amount of investment properties amounted to RM2,499,865,000 representing 79% and 71% of the Group's total non-current assets and total assets respectively.</p> <p>Investment properties are stated at fair value and any gain or loss arising from changes in the fair value are included in profit or loss in the year in which they arise.</p> <p>The Group has appointed independent professional valuers ("Valuers") to perform valuations on its investment properties. The valuations are based on key estimates and assumptions, amongst others, comparable historical transactions and adjustments factors to these comparable historical transactions including location, size, condition, accessibility and design and market knowledge.</p> <p>The valuation of investment properties requires the application of an appropriate valuation methodology and is considered to be a matter of significance due to the highly subjective nature of significant judgements and sensitive underlying estimates and assumptions involved in determining the fair value of the investment properties.</p>	<p>Our audit procedures, amongst others, included:</p> <ul style="list-style-type: none"> <li>• Assessed the objectivity, independence, reputation and expertise of the Valuers;</li> <li>• Obtained an understanding of the methodology adopted by the Valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;</li> <li>• Evaluated the appropriateness of the data and assumptions used by the Valuers as inputs into their valuations; and</li> <li>• Interviewed the Valuers, discussed and challenged the significant estimates and assumptions applied in their valuation process.</li> </ul> <p>We have also assessed the adequacy and appropriateness of the disclosures in the financial statements.</p>

(forward)

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERJAYA ASSETS BERHAD (Incorporated in Malaysia)

### Key Audit Matters (contd.)

Key audit matters	How the scope of our audit responded to the key audit matters
<p><b>Valuation of Investment Properties (contd.)</b></p> <p>Refer to "Key sources of estimation uncertainty" in Note 4.2(7) to the financial statements.</p> <p><b>Impairment Assessment of Goodwill</b></p> <p>As of 30 June 2019, goodwill on consolidation of RM3,094,000 and RM1,727,000 have been allocated to the Group's cash generating units ("CGUs") identified as the gaming and related activities CGU and the property investment CGU respectively.</p> <p>Determining whether the goodwill is impaired requires management estimation of the recoverable amount. The recoverable amount is determined based on an estimation of the present value of future cash flows expected to be generated ("valuation model"). The key bases and assumptions used in the estimation of the recoverable amount involve a significant degree of management judgement.</p> <p>For the financial year ended 30 June 2019, the Group recognised an impairment loss amounting to RM19,100,000 and RM1,301,000 on the goodwill allocated to the gaming and related activities CGU and the vehicle assembly CGU respectively.</p> <p>Refer to "Key sources of estimation uncertainty" in Note 4.2(1) to the financial statements.</p>	<p>Our audit procedures, amongst others, included:</p> <ul style="list-style-type: none"> <li>• Performed a retrospective review of the cash flows projection used in the valuation model to assess the reliability of management's assumptions.</li> <li>• Challenged the reasonableness of the key bases and assumptions underpinning the valuation model, including the discount rate and the terminal growth rate.</li> <li>• Involved our internal valuation specialists in evaluating the appropriateness of the valuation parameters used, the discount rate and terminal growth rate used in the valuation parameters.</li> <li>• Performed sensitivity analysis on key management assumptions to reflect reasonably possible future alternative scenarios.</li> </ul> <p>We have also assessed the adequacy and appropriateness of the disclosures in the financial statements.</p>

(forward)

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERJAYA ASSETS BERHAD (Incorporated in Malaysia)

### Key Audit Matters (contd.)

<i>Key audit matters</i>	<i>How the scope of our audit responded to the key audit matters</i>
<p><b>Additional Assessments Raised by the Inland Revenue Board of Malaysia ("IRB")</b></p> <p>As disclosed in Note 41 to the financial statements, the IRB had issued a Notice of Additional Assessment ("Forms JA") in accordance with Section 4(a) of the Income Tax Act 1967 on gains from disposal of investment properties for the Years of Assessment (YAs) 2011 to 2014 to Berjaya Times Square Sdn Bhd ("BTSSB"), a wholly-owned subsidiary company of the Group with the amount of additional taxes assessed to be RM156,480,000, inclusive of tax penalties of RM48,560,000.</p> <p>The IRB also commenced civil proceedings against BTSSB for the disputed tax assessments. The Special Commissioners of Income Taxes ("SCIT") has fixed 14 December 2018 for a case management to update on the status of settlement negotiation on the dispute. Upon the grant of stay of proceedings, the taxes in dispute amounted to RM180,730,000, inclusive of tax penalties amounted to RM72,810,000, has been disclosed as contingent liabilities.</p> <p>The additional assessments raised by IRB is considered a matter of significance as the amounts involved are material and the management has relied on external legal opinions in taking a tax position that involve a significant judgement and estimation.</p> <p>Refer to "Key sources of estimation uncertainty" in Note 4.1(5) to the financial statements.</p>	<p>Our audit procedures, amongst others, included:</p> <ul style="list-style-type: none"> <li>• Assessed the relevant tax documents furnished by the management.</li> <li>• Inquired of management about the tax issue and discussed with management, external legal advisor and our internal tax specialist about the potential tax exposure.</li> <li>• Obtained external legal confirmations in relation to the tax issue.</li> </ul> <p>We have also assessed the adequacy and appropriateness of the disclosures in the financial statements.</p>

(forward)

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERJAYA ASSETS BERHAD (Incorporated in Malaysia)**

### *Key Audit Matters (contd.)*

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to be communicated in our auditors' report.

### *Information Other than the Financial Statements and Auditors' Report Thereon*

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

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

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

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

### *Responsibilities of the Directors for the Financial Statements*

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

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



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERJAYA ASSETS BERHAD (Incorporated in Malaysia)

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERJAYA ASSETS BERHAD (Incorporated in Malaysia)**

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

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

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

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 50 to the financial statements.

### **Other Matters**

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

**DELOITTE PLT (LLP0010145-LCA)**  
**Chartered Accountants (AF 0080)**

**YAP YOON JIN**  
**Partner - 03376/06/2020 J**  
**Chartered Accountant**

**7 October 2019**

# LIST OF PROPERTIES

AS OF 30 JUNE 2019

LOCATION	TENURE	SIZE	DESCRIPTION/ EXISTING USE	ESTIMATED AGE OF BUILDING	DATE OF ACQUISITION	NET CARRYING AMOUNT RM'000
No. Geran 56069, Lot 2001, Section 52, Town and District of Kuala Lumpur (Berjaya Times Square, Jalan Imbi, Kuala Lumpur)	Freehold	39,591 sq meter	Shopping-cum-leisure mall	>16 years	08.07.1994	2,174,479
No. Geran 56068, Lot 2000, Section 52, Town and District of Kuala Lumpur (No. 1, Jalan Imbi, Kuala Lumpur)	Freehold	3,901 sq meter	Office building	>26 years	08.07.1994	
H.S. (D) 156049, P.T. No. 3338, Mukim Damansara, District of Petaling, Selangor Darul Ehsan	Freehold	513 sq meter	Bungalow	> 37 years	15.03.2011	1,850
No. Geran 33664, Lot 165, Seksyen 94, Bandar Kuala Lumpur, Wilayah Persekutuan	Freehold	125 sq meter	Shop lot	> 47 years	10.01.2012	2,600
No. Geran 49297, Lot 52, Seksyen 94, Bandar Kuala Lumpur, Wilayah Persekutuan	Freehold	1,694 sq meter	Bungalow	> 47 years	31.12.2011	7,200
Lots PTB 10707, PTB 20006, PTB 20380, PTB 20438, PTD 146378 & PTD 148062, Bandar Johor Bahru Daerah Johor Bahru, Negeri Johor. (Berjaya Waterfront, Johor Bahru)	Freehold with 99 years lease interest expiring on 30.10.2092	57,355 sq meter	5-level shopping complex	22 years	10.04.2012	187,463
			12-level 400 rooms hotel, a ferry terminal, a custom & immigration building	22 years	10.04.2012	114,303
Lots PTB 24317 & PTB 24318, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor. (Berjaya Waterfront, Johor Bahru)	Freehold with 99 years lease interest expiring on 30.10.2092	19,826 sq meter	Vacant land	N/A	10.04.2012	36,300

## LIST OF PROPERTIES

AS OF 30 JUNE 2019

LOCATION	TENURE	SIZE	DESCRIPTION/ EXISTING USE	ESTIMATED AGE OF BUILDING	DATE OF ACQUISITION	NET CARRYING AMOUNT RM'000
No. Geran 102261, Lot 21393, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor.	Freehold	5,377 sq meter	76 office units on a purpose built office tower	21 years	29.04.2015	113,000
Lots G-09, G-10, G-11 and G-12, Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	Freehold	2,011 sq meter	Retail lots for rent	>16 years	28.06.2012	40,200
Lot 8189 & 8190, Town East, Jalan Pending, Kuching, Sarawak	Leasehold 60 years	245 sq meter	4-storey shop house/ office building	30 years	13.07.1996	513
No. 273 & 274, Lots 2545 & 2546 Centraland Commercial Park, Off Jalan Rock, Kuching, Sarawak	Leasehold 60 years expiring on 5.5.2054	484.2 sq meter	4-storey shop house/ office building used as office and draw hall	24 years	31.08.2002	2,908
The Collins Theatre 1 Essex Road, London N1 2SE	999 years	Approximately 13,272 sq feet	Vacant for development of theatre/restaurants/ retail lots	23 years	23.08.2012	27,273
1-17 Essex Road, London N1 2SE and 12A Islington Green, London N1 2XN London N12 SE	150 years	45,983 sq feet	70 fully furnished residential units	23 years	15.08.2014	225,236
Lot PTB 24119, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor.	Leasehold 99 years expiring on 18.1.2114	25.034 hectares	Sea bed for reclamation	N/A	09.11.2014	74,693
99 & 99A-C, Jalan Tampoi, 81200 Johor Bahru, Johor.	Leasehold 60 years expiring on 2031	217,183 sq feet	Multi-storey car park	22 years	01.11.1997	29,008
		424,658 sq feet		Assembly plant & administrative office		

## OTHER INFORMATION

### **MATERIAL CONTRACTS**

Other than as disclosed in Notes 24, 25, 28, 34, 42, 43 and 49 of the financial statements for the financial year ended 30 June 2019 neither Berjaya Assets Berhad nor any of its subsidiaries had entered into any material contracts, involving Directors and major shareholders.

### **NON-AUDIT FEES**

The amount of non-audit fees incurred for services rendered to the Group for the financial year ended 30 June 2019 amounted to RM127,000.

# RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

<b>Berjaya Assets Berhad ("BAssets") Group with the following Related Parties</b>	<b>BAssets and/or its subsidiary companies</b>	<b>Nature of transactions</b>	<b>Amount transacted RM'000</b>
<b>Berjaya Corporation Berhad ("BCorporation") and/or its unlisted subsidiary companies:-</b>			
BCorporation and its subsidiary companies	BTS Car Park Sdn Bhd	Parking charges receivable	508
Inter-Pacific Trading Sdn Bhd	BAssets Group	Purchase of stationery products and printing services	18
Berjaya Registration Services Sdn Bhd ("BRegistration")	BAssets	Receipt of share registration services	78
	BTSSB	Rental income receivable for renting of office at Lot 10-02A, 10th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	265
Berjaya Burger Sdn Bhd	BTSSB	Rental income receivable for renting of cafe at Lots 03-89, 3rd Floor and office at Lots 09-16, 17, 18 & 19, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	356
	Berjaya Waterfront Sdn Bhd	Rental income receivable for renting of shoplots at Lot 2.02.1, Level 2, Berjaya Waterfront Complex, Jalan Ibrahim Sultan, Stulang Laut, Johor Bahru	27
Berjaya Higher Education Sdn Bhd	BTSSB	Rental income receivable for renting of premises at Lot 14-01, 14th Floor, and Lots 09-23, 09-24, 09-25, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	1,279
Berjaya College Sdn Bhd	BTSSB	Rental income receivable for renting of premises at Lots 10-11, 10-12 & 10-12A, 10th Floor and Lot 11-02A, 11th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	569
Prime Credit Leasing Berhad	BAssets Group	Receipt of leasing and hire purchase facilities by BAssets Group	710
Berjaya Hills Resort Berhad	BTSSB	Rental income receivable for renting of office at Lots 08-66 & 08-67, 8th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	64
Cosway (M) Sdn Bhd	BTSSB	Rental income receivable for renting of shoplots at LG-12 & LG-20, Lower Ground Floor, and Lots 08-52 & 08-53, 8th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	516
	Berjaya Waterfront Sdn Bhd	Rental income receivable for renting of shoplots at Lot 2.40, Level 2, Berjaya Waterfront Complex, Jalan Ibrahim Sultan, Stulang Laut, Johor Bahru	34

## RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Berjaya Assets Berhad ("BAssets") Group with the following Related Parties	BAssets and/or its subsidiary companies	Nature of transactions	Amount transacted RM'000
RU Cafe Sdn Bhd	BTSSB	Rental income receivable for renting of office at Lot 09-05, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	5
	Sapphire Transform Sdn Bhd	Rental income receivable for renting of shoplot at Lot G-09, Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	64
Berjaya Krispy Kreme Doughnuts Sdn Bhd	BTSSB	Rental income receivable for renting of kiosk at Lot LG-19C, Lower Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	116
KUB-Berjaya Enviro Sdn Bhd	BTSSB	Rental income receivable for renting of office at Lots 09-01, 09-02 & 09-03, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	251
Roasters Asia Pacific (M) Sdn Bhd	BTSSB	Rental income receivable for renting of office at Lot 07-24, 7th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	145
BLoyalty Sdn Bhd	BAssets Group	Loyalty reward fees payable to Bloyalty Sdn Bhd for managing the loyalty card program	2
E.V.A. Management Sdn Bhd	BAssets Group	Provision of human resources management services	6
Inter-Pacific Securities Sdn Bhd	BTSSB	Rental income receivable for renting of broadcasting facility at TB Roof 02C, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	6
Berjaya China Motor Sdn Bhd	Berjaya Assembly Sdn Bhd	Provision of vehicle assembly related services	1,563
Berjaya Engineering Construction Sdn Bhd	BTSSB	Rental income receivable for renting of office at Lots 09-37 & 09-39, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	40
Boxit Holdings Sdn Bhd	BTSSB	Rental income receivable for renting of retail space at LG-21A, Lower Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	3
<b>Berjaya Land Berhad ("BLand") and/or its unlisted subsidiary companies:-</b>			
BLand	BAssets	Management fees payable for services rendered include inter-alia the provision of finance, corporate, secretarial, internal audit and general administrative services	40
BLand and its subsidiary companies	BTS Car Park Sdn Bhd	Parking charges receivable	201
Budi Impian Sdn Bhd	BTSSB	Rental income receivable for renting of shoplots at Lots LG-73, 74 & 74A, Lower Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	66

## RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

<b>Berjaya Assets Berhad ("BAssets") Group with the following Related Parties</b>	<b>BAssets and/or its subsidiary companies</b>	<b>Nature of transactions</b>	<b>Amount transacted RM'000</b>
Marvel Fresh Sdn Bhd	BTSSB	Rental income receivable for renting of storage space at G-37, Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	38
Berjaya Guard Services Sdn Bhd	BAssets Group	Receipt of security guard services	88
ANSA Hotel KL Sdn Bhd	Berjaya Assets Food (BAF) Sdn Bhd	Rental expense payable for renting of cafe at Lot No 0.2, Ground Floor and for renting of store room at Lot No B-06, Basement Floor, 101, Jalan Bukit Bintang, Kuala Lumpur	716
Berjaya Hotels & Resorts (M) Sdn Bhd	BTSSB	Rental income receivable for renting of office at Lot 15-04, 15th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	98
<b><u>Berjaya Sports Toto Berhad ("BToto") and/or its unlisted subsidiary companies:-</u></b>			
BToto and its unlisted subsidiary companies	BTS Car Park Sdn Bhd	Parking charges receivable	445
International Lottery & Totalizator Systems, Inc	Natural Avenue Sdn Bhd	Procurement of computerised lottery system and related services	675
Sports Toto Fitness Sdn Bhd	BTSSB	Rental income receivable for renting of gym at Lot 06-11, 6th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	430
<b><u>Berjaya Media Berhad ("BMedia") and/or its unlisted subsidiary company:-</u></b>			
Sun Media Corporation Sdn Bhd	BAssets Group	Procurement of promotion, advertising and publishing services	51
<b><u>Berjaya Food Berhad ("BFood") and/or its unlisted subsidiary companies:-</u></b>			
BFood and its subsidiary companies	BTS Car Park Sdn Bhd	Parking charges receivable	107
Berjaya Roasters (M) Sdn Bhd	BTSSB	Rental income receivable for renting of shoplots at Lot 03-85, 03-85A, 3rd Floor and office at Lots 09-06 to 09-13, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	624
	Berjaya Waterfront Sdn Bhd	Rental income receivable for renting of shoplots at Lot 1.29 to 1.30, Level 1, Berjaya Waterfront Complex, Jalan Ibrahim Sultan, Stulang Laut, Johor Bahru	23



## RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Berjaya Assets Berhad ("BAssets") Group with the following Related Parties	BAssets and/or its subsidiary companies	Nature of transactions	Amount transacted RM'000
Berjaya Starbucks Coffee Company Sdn Bhd	BTSSB	Rental income receivable for renting of walkway area at Lot G-09C, D & G, Ground Floor, shoplot at Lot 01-01-28, 1st Floor, office at Lot 10-01E & Lot 10-02, 10th Floor, and store room at 10-02C & 10-10E, 10th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	842
	Berjaya Waterfront Sdn Bhd	Rental income receivable for renting of shoplots at Lot 1.31 to 1.33, Level 1, Berjaya Waterfront Complex, Jalan Ibrahim Sultan, Stulang Laut, Johor Bahru	103
<b><u>7-Eleven Malaysia Holdings Berhad ("SEM") and/or its unlisted subsidiary company:-</u></b>			
7-Eleven Malaysia Sdn Bhd (a)	BTSSB	Rental income receivable for renting of shoplots and storage space at Lot G-37B, Ground Floor, Lots 01-16 & 01-22, 1st Floor, Lot 03-96C, 3rd Floor, and Lots 05-92, 5th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur.	567
	BTS Car Park Sdn Bhd	Parking charges receivable	9
	Berjaya Waterfront Sdn Bhd	Rental income receivable for renting of shoplots at Lot 1.28, Level 1, Berjaya Waterfront Complex, Jalan Ibrahim Sultan, Stulang Laut, Johor Bahru	38
<b><u>Other related parties:-</u></b>			
Ascot Sports Sdn Bhd ("Ascot") (b)	BTSSB	Rental income receivable for renting of office at Lots 10-01 & 10-01A, 10th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	661
Qinetics Solutions Sdn Bhd (c)	BAssets Group	Receipt of information technology consultancy and management services	2
Qinetics Services Sdn Bhd (c)	BAssets Group	Receipt of information technology consultancy and management services	5
Intan Utilities Sdn Bhd (d)	BTS Car Park Sdn Bhd	Parking charges receivable	5
Roda Indah Motors Sdn Bhd (d)			2
Wilayah Motor Sdn Bhd (d)			10
UPC Management Services Sdn Bhd (d)			2

## RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

<b>Berjaya Assets Berhad ("BAssets") Group with the following Related Parties</b>	<b>BAssets and/or its subsidiary companies</b>	<b>Nature of transactions</b>	<b>Amount transacted RM'000</b>
U Mobile Sdn Bhd ("UMSB") (e)	BTSSB	Rental income receivable for renting of shplot at Lot G-17A, Ground Floor, Lot 01-09A, 1st Floor, office and storage space at Lots 08-06 to 08-13A, 08-74D, 8th Floor and Lot 10-01C, 10th Floor, broadcasting facility at TB Roof 04 and 09-CP-01, L-CPA at car park of Berjaya Times Square, Jalan Imbi, Kuala Lumpur	3,598
	Berjaya Waterfront Sdn Bhd	Rental income receivable for renting of shplot at Lot L2G2, Level 2, Berjaya Waterfront Complex, Jalan Ibrahim Sultan, Stulang Laut, Johor Bahru	34
	BTS Car Park Sdn Bhd	Parking charges receivable	671
Ansar Broadcast Sdn Bhd (f)	BTSSB	Rental income receivable for renting of shplot at Lot 06-19, 6th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	99
REDtone International Berhad ("REDtone") and/or its unlisted subsidiary company (g)	BTSSB	Rental receivable for renting of rooftop space at Lot No. TBRoof-02B & TB-Roof-02D, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	70
<b>Grand Total</b>			<b>16,945</b>

### Notes:

- A wholly-owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM"). SEM is deemed a related party by virtue of Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT") direct and deemed interests in SEM.
- A company in which TSVT and his son, Dato' Sri Robin Tan Yeong Ching, are major shareholders.
- Subsidiaries of MOL.com in which TSVT and BCorporation are major shareholders.
- A company in which TSVT has deemed interests.
- A related party by virtue of TSVT's direct and deemed interests in UMSB. TSVT is also the Chairman of UMSB.
- A subsidiary of U Telemedia Sdn Bhd. TSVT is a deemed major shareholder of Ansar Broadcast Sdn Bhd by virtue of his direct and deemed interests in U Telemedia Sdn Bhd.
- A subsidiary of BCorporation. Duli Yang Maha Mulia Sultan Ibrahim Ismail ("DYMM Sultan Ibrahim") is a major shareholder of BAssets and REDtone. Yam Tunku Tun Aminah Binti Sultan Ibrahim Ismail, the Chairman of BAssets and REDtone is the daughter of DYMM Sultan Ibrahim.

# STATISTICS ON SHARES AND WARRANTS

AS AT 19 SEPTEMBER 2019

## ANALYSIS OF SHAREHOLDINGS IN ORDINARY SHARES

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	346	10.14	9,001	0.00
100 – 1,000	581	17.03	160,685	0.01
1,001 – 10,000	1,149	33.67	6,881,650	0.27
10,001 – 100,000	975	28.58	32,281,164	1.26
100,001 – 127,913,535	358	10.49	1,884,842,518	73.68
127,913,536* and above	3	0.09	634,095,700	24.78
<b>Total</b>	<b>3,412</b>	<b>100.00</b>	<b>2,558,270,718</b>	<b>100.00</b>

Note:

Each share entitles the holder to one vote.

\* Denotes 5% of the total number of issued shares of the Company.

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	DYMM Sultan Ibrahim Johor	315,900,000	12.35
2.	BBL Nominees (Tempatan) Sdn Bhd Pledged Securities Account for B & B Enterprise Sdn Bhd	181,300,700	7.09
3.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (8087489)	136,895,000	5.35
4.	Berjaya Sampo Insurance Berhad	110,585,000	4.32
5.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Malayan Banking Berhad (MBB2 SWAP-M)	110,000,000	4.30
6.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	95,000,000	3.71
7.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (49877 PDZM)	88,130,000	3.44
8.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (MGN VTC0001M)	86,100,000	3.36
9.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (01-00820-000)	60,000,000	2.35
10.	Abd Rahman Bin Soltan	60,000,000	2.35
11.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (01-00856-003)	60,000,000	2.35

## STATISTICS ON SHARES AND WARRANTS

### AS AT 19 SEPTEMBER 2019

No.	Name of Shareholders	No. of Shares	%
12.	BBL Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	60,000,000	2.35
13.	Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	55,170,000	2.16
14.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	54,200,000	2.12
15.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hotel Resort Enterprise Sdn Bhd	51,398,600	2.01
16.	RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Portal Access Sdn Bhd	49,900,000	1.95
17.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	46,960,000	1.84
18.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hotel Resort Enterprise Sdn Bhd	41,015,200	1.60
19.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pantai Cemerlang Sdn Bhd	39,750,000	1.55
20.	Berjaya Land Berhad	38,200,270	1.49
21.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (Singer CBM)	32,000,000	1.25
22.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Berjaya VTCY Sdn Bhd (01-00856-001)	31,164,492	1.22
23.	Inter-Pacific Equity Nominees (Asing) Sdn Bhd Berjaya Philippines Inc	29,350,000	1.15
24.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fabulous Channel Sdn Bhd (AF0010)	28,500,000	1.11
25.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd IPM for Ong Kar Beau	28,500,000	1.11
26.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Berjaya Land Berhad (BBB)	28,260,000	1.10
27.	Ambilan Imej Sdn Bhd	27,073,054	1.06
28.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Arsam Bin Damis (IPM)	26,380,000	1.03
29.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	25,600,000	1.00
30.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chee Sing (514057695025)	24,000,000	0.94
		<b>2,021,332,316</b>	<b>79.01</b>

## STATISTICS ON SHARES AND WARRANTS

### AS AT 19 SEPTEMBER 2019

#### ANALYSIS OF HOLDINGS IN WARRANTS (“WARRANT 2018/2023”)

Size of Warrant Holdings	No. of Warrant 2018/2023 Holders	%	No. of Warrants 2018/2023	%
Less than 100	471	14.73	13,761	0.00
100 – 1,000	596	18.64	257,061	0.02
1,001 – 10,000	1,264	39.52	6,457,208	0.50
10,001 – 100,000	598	18.70	21,936,682	1.72
100,001 – 63,956,767	264	8.25	779,957,797	60.98
63,956,768* and above	5	0.16	470,512,850	36.78
<b>Total</b>	<b>3,198</b>	<b>100.00</b>	<b>1,279,135,359</b>	<b>100.00</b>

Note:

\* Denotes 5% of the Warrants 2018/2023 outstanding.

#### LIST OF THIRTY (30) LARGEST WARRANT 2018/2023 HOLDERS

No.	Name of Warrant 2018/2023 Holders	No. of Warrants 2018/2023	%
1.	DYMM Sultan Ibrahim Johor	156,800,000	12.26
2.	Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for B & B Enterprise Sdn Bhd	90,665,350	7.09
3.	Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	80,100,000	6.26
4.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (49877 PDZM)	74,500,000	5.82
5.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (8087489)	68,447,500	5.35
6.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Malayan Banking Berhad (MBB2 SWAP-M)	55,000,000	4.30
7.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	47,500,000	3.71
8.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	37,000,000	2.89
9.	Berjaya Land Berhad	33,264,135	2.60
10.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (MGN-VTC0001M)	33,000,000	2.58
11.	Abd Rahman Bin Soltan	30,000,000	2.35

## STATISTICS ON SHARES AND WARRANTS

### AS AT 19 SEPTEMBER 2019

No.	Name of Warrant 2018/2023 Holders	No. of Warrants 2018/2023	%
12.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	26,000,000	2.03
13.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hotel Resort Enterprise Sdn Bhd	25,699,300	2.01
14.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Berjaya VTCY Sdn Bhd (MGN-WSA0001M)	25,407,246	1.99
15.	RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Portal Access Sdn Bhd	24,950,000	1.95
16.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hotel Resort Enterprise Sdn Bhd	20,507,600	1.60
17.	Portal Access Sdn Bhd	19,632,418	1.53
18.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pantai Cemerlang Sdn Bhd	17,500,000	1.37
19.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (Singer CBM)	16,000,000	1.25
20.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (MX3999)	15,000,000	1.17
21.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fabulous Channel Sdn Bhd (AF0010)	13,920,000	1.09
22.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd IPM for Ong Kar Beau	13,700,000	1.07
23.	Ambilan Imej Sdn Bhd	13,536,527	1.06
24.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Arsam Bin Damis (IPM)	13,090,000	1.02
25.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	12,800,000	1.00
26.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chee Sing (514057695025)	12,000,000	0.94
27.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Warisan Jutamas Sdn Bhd	10,953,000	0.86
28.	Magna Mahsuri Sdn Bhd	10,936,251	0.86
29.	Inter-Pacific Equity Nominees (Asing) Sdn Bhd Berjaya Philippines Inc	10,000,000	0.78
30.	Lim Bee San	9,700,000	0.76
		<b>1,017,609,327</b>	<b>79.55</b>

# STATEMENT OF DIRECTORS' SHAREHOLDINGS

AS AT 19 SEPTEMBER 2019

## The Company

Name of Director	No. of Ordinary Shares			
	Direct Interest	%	Deemed Interest	%
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	200,000	0.01	-	-

Name of Director	No. of Warrants 2018/2023			
	Direct Interest	%	Deemed Interest	%
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	100,000	0.01	-	-

## Subsidiary Company - Jauhari Maksima Sdn Bhd

Name of Director	No. of Ordinary Shares			
	Direct Interest	%	Deemed Interest	%
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	380,000	38	-	-

Save as disclosed, none of the other Directors of the Company had any interests in the shares and warrants of the Company or its related corporations as at 19 September 2019.

# SUBSTANTIAL SHAREHOLDERS

AS AT 19 SEPTEMBER 2019

Names of Substantial Shareholders	No. of Ordinary Shares			
	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Seri Vincent Tan Chee Yioun	829,700,000	32.43	766,460,006 <sup>(a)</sup>	29.96
Berjaya Land Berhad	66,528,270	2.60	166,080,424 <sup>(b)</sup>	6.49
Teras Mewah Sdn Bhd	-	-	232,608,694 <sup>(c)</sup>	9.09
Berjaya Capital Berhad	16,850,000	0.66	144,658,054 <sup>(d)</sup>	5.65
Juara Sejati Sdn Bhd	-	-	394,116,748 <sup>(e)</sup>	15.41
Berjaya Group Berhad	-	-	394,116,748 <sup>(f)</sup>	15.41
Berjaya Corporation Berhad	-	-	394,116,748 <sup>(g)</sup>	15.41
DYMM Sultan Ibrahim Johor	315,900,000	12.35	-	-
B & B Enterprise Sdn Bhd	185,484,700	7.25	221,250 <sup>(h)</sup>	0.01

Notes:

- Deemed interested by virtue of his interests in Berjaya Corporation Berhad, Hotel Resort Enterprise Sdn Bhd, B & B Enterprise Sdn Bhd (the holding Company of Auto Tulin Sdn Bhd), Berjaya VTCY Sdn Bhd, MOL.com Sdn Bhd (the ultimate holding company of Lim Kim Hai Sales & Services Sdn Bhd), U Telemedia Sdn Bhd and his deemed interests in Berjaya Infrastructure Sdn Bhd and Berjaya Retail Sdn Bhd.
- Deemed interested by virtue of its 100% interests in Portal Access Sdn Bhd, Immediate Capital Sdn Bhd, BTS Hotel Sdn Bhd and Nada Embun Sdn Bhd as well as its interests in Berjaya Sports Toto Berhad (the holding company of Magna Mahsuri Sdn Bhd and Berjaya Philippines Inc.) and KDE Recreation Berhad.
- Deemed interested by virtue of its interest in Berjaya Land Berhad.
- Deemed interested by virtue of its interests in Ambilan Imej Sdn Bhd, Inter-Pacific Capital Sdn Bhd and Berjaya Somp Insurance Berhad.
- Deemed interested by virtue of its interests in Berjaya Land Berhad and Berjaya Capital Berhad.
- Deemed interested by virtue of its 100% interests in Teras Mewah Sdn Bhd and Juara Sejati Sdn Bhd.
- Deemed interested by virtue of its 100% interest in Berjaya Group Berhad.
- Deemed interested by virtue of its interest in Auto Tulin Sdn Bhd.



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fifty-Ninth Annual General Meeting of the Company will be held at Manhattan III, Level 14, Berjaya Times Square Hotel, Kuala Lumpur, No. 1 Jalan Imbi, 55100 Kuala Lumpur on Wednesday, 4 December 2019 at 10.00 a.m. for the following purposes:-

## AGENDA

1. To receive and adopt the audited financial statements of the Company for the financial year ended 30 June 2019 and the Directors' and Auditors' Reports thereon.
2. To approve the payment of Directors' fees amounting to RM120,000.00 to the Non-Executive Directors of the Company for the financial year ended 30 June 2019.
3. To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of the Company up to an amount of RM510,000.00 for the period from 5 December 2019 until the next Annual General Meeting of the Company to be held in 2020.
4. To re-elect the following Directors who retire pursuant to Article 102 of the Company's Articles of Association and who being eligible, offer themselves for re-election:
  - (a) Datuk Wira Lye Ek Seang
  - (b) Koh Huey Min
  - (c) Dato' Mohd Salleh Bin Ahmad
5. To re-appoint Messrs Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.
6. As special business:-
  - (a) To consider and, if thought fit, pass the following Ordinary Resolutions:

### Ordinary Resolution 1

### Ordinary Resolution 2

### Ordinary Resolution 3

### Ordinary Resolution 4

### Ordinary Resolution 5

### Ordinary Resolution 6

**(i) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

"THAT, subject always to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

### Ordinary Resolution 7

**(ii) Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun**

"THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun as specified in Section 2.3 of the Circular to Shareholders dated 18 October 2019 ("Proposed Mandate I") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

## NOTICE OF ANNUAL GENERAL MEETING

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

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution.”

### Ordinary Resolution 8

**(iii) Proposed Renewal of and New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Tan Sri Dato’ Seri Vincent Tan Chee Yioun and Companies in which DYMM Sultan Ibrahim Johor is a Major Shareholder**

“THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with persons connected with Tan Sri Dato’ Seri Vincent Tan Chee Yioun and companies in which DYMM Sultan Ibrahim Johor is also a major shareholder respectively as specified in Section 2.3 of the Circular to Shareholders dated 18 October 2019 (“Proposed Mandate II”) which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

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

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution.”

### Ordinary Resolution 9

## NOTICE OF ANNUAL GENERAL MEETING

### (iv) Proposed Renewal of Authority for the Company to Purchase its Own Shares

“THAT, subject always to the Companies Act 2016, (“Act”), rules, regulations and orders made pursuant to the Act, provisions of the Company’s Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Exchange”) and the requirements of any other relevant authority, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares in the Company (“BAssets Shares”) through the Exchange and to take all such steps as are necessary (including the opening and maintaining of central depositories accounts under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-

1. the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the total number of issued shares of the Company;
2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company;
3. the authority shall commence immediately upon passing of this ordinary resolution until:-
  - (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the AGM at which such ordinary resolution was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - (b) the expiration of the period within which the next AGM after that date it is required by law to be held; or
  - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;whichever occurs first;

AND THAT upon completion of the purchase(s) of the BAssets Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with any BAssets Shares so purchased by the Company in the following manner:-

- (a) cancel all the BAssets Shares so purchased; or
- (b) retain all the BAssets Shares as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act); or
- (c) retain part thereof as treasury shares and subsequently cancelling the balance; or
- (d) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Exchange and any other relevant authority for the time being in force.”

**Ordinary Resolution 10**

## NOTICE OF ANNUAL GENERAL MEETING

**(v) Proposed Retention of Independent Non-Executive Director**

“THAT Datuk Robert Yong Kuen Loke be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company notwithstanding that he has been an Independent Director on the Board of the Company for a cumulative term of more than nine years.”

**Ordinary Resolution 11**

**(vi) Proposed Retention of Independent Non-Executive Director**

“THAT Heng Kiah Choong be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company notwithstanding that he has been an Independent Director on the Board of the Company for a cumulative term of more than twelve years.”

**Ordinary Resolution 12**

**(vii) Proposed Retention of Independent Non-Executive Director**

“THAT Dato’ Mohd Salleh Bin Ahmad be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company notwithstanding that he has been an Independent Director on the Board of the Company for a cumulative term of more than twelve years.”

**Ordinary Resolution 13**

- (b) To consider and, if thought fit, with or without modifications, pass the following Special Resolution:-

**(i) Proposed Adoption of A New Constitution**

“THAT the proposed new Constitution as set out in Appendix II of Part C of the Circular to Shareholders dated 18 October 2019 be and is hereby approved and adopted as the Constitution of the Company to replace the whole of the existing Memorandum and Articles of Association of the Company with immediate effect AND THAT the Board of Directors and/or Secretary of the Company be and are hereby authorised to do all acts and things in any manner as they may deem necessary and/or expedient in order to give full effect to the aforesaid with full powers to assent to any conditions, modifications and/or amendments as may be required or permitted by any relevant authorities.”

**Special Resolution**

By Order of the Board

WONG SIEW GUEK  
(MAICSA 7042922)  
Secretary

Kuala Lumpur  
18 October 2019

## NOTICE OF ANNUAL GENERAL MEETING

### NOTES:

#### 1. Audited Financial Statements

The Audited Financial Statements are meant for discussion only as it does not require shareholders' approval pursuant to the provisions of Section 340(1)(a) of the Companies Act 2016 ("CA 2016"). Hence, this item on the Agenda is not put forward for voting.

#### 2. Directors' Fees

The quantum of the Directors' Fees for each of the Non-Executive Directors for the financial year ended 30 June 2019 is same as in the previous financial year ended 30 June 2018.

#### 3. Directors' Remuneration (excluding Directors' Fees)

Section 230(1) of the CA 2016 provides that the 'fees' of the directors and 'any benefits' payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Accordingly, shareholders' approval shall be sought at this Annual General Meeting ("AGM") for the payment of Directors' Remuneration (excluding Directors' fees) payable to the Non-Executive Directors of the Company for the period from 5 December 2019 until the next AGM of the Company under Resolution 2.

The current Directors' Remuneration (excluding Directors' fees) payable to the Non-Executive Directors for the Company comprises of meeting allowances and other emoluments.

In determining the estimated amount of remuneration payable to the Non-Executive Directors, the Board considered various factors including the number of scheduled meetings for the Board of Directors ("Board"), Board Committees and general meetings of the Company as well as the number of Non-Executive Directors involved in these meetings.

In the event where the payment of Directors' Remuneration (excluding Directors' fees) payable during the above period exceeded the estimated amount sought at this AGM, a shareholders' approval will be sought at the next AGM.

#### 4. Authority to issue and allot shares pursuant to Sections 75 and 76 of the CA 2016

Resolution 7 is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Sections 75 and 76 of the CA 2016, to issue and allot new shares in the Company from time to time at such price provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Fifty-Eighth AGM held on 29 November 2018 and which will lapse at the conclusion of the Fifty-Ninth AGM.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

#### 5. Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun

Resolution 8, if passed, will allow the Company and its subsidiary to enter into Recurrent Related Party Transactions of a revenue or trading nature with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Proposed Shareholders' Mandate I"). Detailed information on the Proposed Shareholders' Mandate I is set out under Part A of the Circular/Statement to Shareholders dated 18 October 2019 which is despatched together with the Company's 2019 Annual Report.

#### 6. Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun and Companies in which DYMM Sultan Ibrahim Johor is a Major Shareholder

Resolution 9, if passed, will allow the Company and its subsidiary to enter into Recurrent Related Party Transactions of a revenue or trading nature with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun and companies in which DYMM Sultan Ibrahim Johor is also a major shareholder respectively in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Proposed Shareholders' Mandate II"). Detailed information on the Proposed Shareholders' Mandate II is set out under Part A of the Circular/Statement to Shareholders dated 18 October 2019 which is despatched together with the Company's 2019 Annual Report.

## NOTICE OF ANNUAL GENERAL MEETING

### 7. Proposed Renewal of Authority for the Company to Purchase its Own Shares

Resolution 10, if passed, will provide the mandate for the Company to buy back its own shares up to a limit of 10% of the total number of issued shares of the Company ("Proposed Share Buy-Back Renewal"). Detailed information on the Proposed Share Buy-Back Renewal is set out under Part B of the Circular/Statement to Shareholders dated 18 October 2019 which is despatched together with the Company's 2019 Annual Report.

### 8. Proposed Retention of Independent Non-Executive Directors

Resolution 11, Resolution 12 and Resolution 13 are proposed pursuant to the Malaysian Code on Corporate Governance and if passed, will allow Datuk Robert Yong Kuen Loke, Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad to be retained and to continue to act as Independent Non-Executive Directors of the Company.

The full details of the Board's justifications for the retention of Datuk Robert Yong Kuen Loke, Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad are set out in the Corporate Governance Overview Statement in the Company's 2019 Annual Report.

### 9. Proposed Adoption of A New Constitution

The Special Resolution, if passed, will align the Constitution of the Company with the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The relevant information on the Special Resolution is set out in Part C of the Circular/Statement to Shareholders dated 18 October 2019 which is despatched together with the Company's 2019 Annual Report.

The Constitution shall take effect once the Special Resolution has been passed by a majority of not less than 75% of such members who are entitled to vote and do vote in person or by proxy at the Fifty-Ninth AGM.

### 10. Proxy and Entitlement of Attendance

- (i) A member of the Company who is entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company.
- (ii) A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.
- (iii) An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint one (1) proxy in respect of each securities account.
- (iv) An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), may appoint multiple proxies in respect of each of its omnibus account.
- (v) An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or attorney duly authorised.
- (vi) The duly executed Form of Proxy must be deposited at the Company's Registered Office at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.
- (vii) Only members whose names appear in the Record of Depositors as at 27 November 2019 shall be entitled to attend and vote at the meeting.

### 11. Poll voting

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

# FORM OF PROXY



I/We \_\_\_\_\_  
(Name in full)

I.C. or Company No. \_\_\_\_\_ CDS Account No. \_\_\_\_\_  
(New and Old I.C. Nos.)

of \_\_\_\_\_  
(Address)

being a member/members of BERJAYA ASSETS BERHAD hereby appoint:

\_\_\_\_\_ I.C. No. \_\_\_\_\_  
(Name in full) (New and Old I.C. Nos.)

of \_\_\_\_\_  
(Address)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf, at the Fifty-Ninth Annual General Meeting of the Company to be held at Manhattan III, Level 14, Berjaya Times Square Hotel, Kuala Lumpur, No. 1 Jalan Imbi, 55100 Kuala Lumpur on Wednesday, 4 December 2019 at 10:00 a.m. and at any adjournment thereof.

This proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

	FOR	AGAINST
ORDINARY RESOLUTION 1 - To approve payment of Directors' Fees.		
ORDINARY RESOLUTION 2 - To approve payment of Directors' Remuneration (excluding Directors' Fees) for the period from 5 December 2019 until the next Annual General Meeting of the Company.		
ORDINARY RESOLUTION 3 - To re-elect Datuk Wira Lye Ek Seang as Director.		
ORDINARY RESOLUTION 4 - To re-elect Koh Huey Min as Director.		
ORDINARY RESOLUTION 5 - To re-elect Dato' Mohd Salleh Bin Ahmad as Director.		
ORDINARY RESOLUTION 6 - To re-appoint Auditors.		
ORDINARY RESOLUTION 7 - To approve authority to issue and allot shares.		
ORDINARY RESOLUTION 8 - To renew and to seek shareholders' mandate for Recurrent Related Party Transactions with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun.		
ORDINARY RESOLUTION 9 - To renew and to seek shareholders' mandate for Recurrent Related Party Transactions with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun and Companies in which DYMM Sultan Ibrahim Johor is a major shareholder.		
ORDINARY RESOLUTION 10 - To renew authority for the Company to purchase its own shares.		
ORDINARY RESOLUTION 11 - To approve the proposed retention of Datuk Robert Yong Kuen Loke as an Independent Non-Executive Director.		
ORDINARY RESOLUTION 12 - To approve the proposed retention of Heng Kiah Choong as an Independent Non-Executive Director.		
ORDINARY RESOLUTION 13 - To approve the proposed retention of Dato' Mohd Salleh Bin Ahmad as an Independent Non-Executive Director.		
SPECIAL RESOLUTION - To approve the proposed adoption of a new Constitution.		

.....  
Signature(s)/Common Seal of Member(s)

No. of shares held

Dated this ..... day of ....., 2019.

**Notes:**

1. A member of the Company who is entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company.
2. A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.
3. An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint one (1) proxy in respect of each securities account.
4. An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), may appoint multiple proxies in respect of each of its omnibus account.
5. An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or attorney duly authorised.
6. The duly executed Form of Proxy must be deposited at the Company's Registered Office at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.
7. Only members whose names appear in the Record of Depositors as at 27 November 2019 shall be entitled to attend and vote at the meeting.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

Fold this flap for sealing

Affix Stamp

THE COMPANY SECRETARY  
**BERJAYA ASSETS BERHAD** (3907-W)  
LOT 13-01A, LEVEL 13 (EAST WING)  
BERJAYA TIMES SQUARE  
NO. 1 JALAN IMBI  
55100 KUALA LUMPUR

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1st fold here



# GROUP ADDRESSES

## BERJAYA TIMES SQUARE SDN BHD

### Corporate Office:

Lot 08-16, P.O Box. 08-23  
Level 8, Berjaya Times Square  
No. 1 Jalan Imbi 55100 Kuala Lumpur  
Tel : 03-2144 9821  
Fax: 03-2143 3055  
berjayatimesquarekl.com

## BERJAYA TIMES SQUARE THEME PARK SDN BHD

Lot 09-103  
Level 9, Berjaya Times Square  
No. 1 Jalan Imbi 55100 Kuala Lumpur  
Tel : 03-2117 3118  
Fax: 03-2143 2380  
www.berjayatimesquarethemeparkkl.com

## BERJAYA WATERFRONT SDN BHD

88, Jalan Ibrahim Sultan  
Stulang Laut  
80300 Johor Bahru  
Johor Darul Takzim  
Tel : 07-221 8000  
Fax: 07-221 9000  
www.berjayawaterfront.com.my

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www.greyhoundcafe.com.my

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