ANNUAL REPORT 2020

KNOWLEDGEABLE, TACTICAL
& GLOBAL-MINDED

BERHAD

KTG BERHAD
(Formerly Known As DWL Resources Berhad)
[Registration No. 200001002113 (504718-U)]

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Wan Khalik Bin Wan Muhammad
Executive Chairman
(Resigned w.e.f. 25.09.2020)

Dato' Sri Shahril Bin Mokhtar
Managing Director
(Resigned w.e.f. 30.04.2020)

Dato' Sri Aminul Islam Bin Abdul Nor
Executive Director
(Resigned w.e.f. 19.08.2020)

Dato' Rathakrishnan A/L Vellaisamy
Executive Director

Lim Mun Shung (Melvin)
Executive Director

Tan Ooi Jin
Executive Director

Sim Chiun Wee
Executive Director
(Appointed w.e.f. 30.04.2020)

Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria
Independent Non-Executive Director

Lim Peng Tong
Independent Non-Executive Director

Ng Keok Chai
Independent Non-Executive Director

AUDIT COMMITTEE

Lim Peng Tong
Chairman

Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria
Ng Keok Chai
Members

RISK MANAGEMENT COMMITTEE

Lim Peng Tong
Chairman

Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria
Ng Keok Chai
Members

REMUNERATION COMMITTEE

Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria
Chairman

Lim Peng Tong
Ng Keok Chai
Members

NOMINATION COMMITTEE

Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria
Chairman

Lim Peng Tong
Ng Keok Chai
Members

COMPANY SECRETARIES

Chua Siew Chuan
(MAICSA 0777689)
(SSM PC No. 201908002648)

Yeow Sze Min
(MAICSA 7065735)
(SSM PC No. 201908003120)

REGISTERED OFFICE

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel No. : (6) 03-2084 9000
Fax No. : (6) 03-2094 9940

CORPORATE HEAD OFFICE

No. 5-G, Jalan Panglima
Persiaran Mahkota
Bandar Mahkota Cheras
43200 Cheras, Selangor
Tel No. : (6) 03-9011 7577 /9011 8377
Fax No. : (6) 03-9011 7571

REGISTRAR

Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber
Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel No. : (6) 03-2692 4271
Fax No. : (6) 03-2732 5388 /2732 5399

AUDITORS

Folks DFK & Co.
Chartered Accountants
12th Floor, Wisma Tun Sambanthan
No. 2, Jalan Sultan Sulaiman
50000 Kuala Lumpur
Tel No. : (6) 03-2273 2688
Fax No. : (6) 03-2274 2688

PRINCIPAL BANKERS

CIMB Bank Berhad
RHB Bank Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad

STOCK CODE	STOCK NAME
7165	KTG
7165WA	KTG-WA
7165PA	KTG-PA

WEBSITE

https://www.ktg.com.my

SHAREHOLDERS' CORRESPONDENT

Lim Peng Tong
(pengtong@ktg.com.my)

CORPORATE STRUCTURE

KTG BERHAD

- 100% **Asian Pottery (Penang) Sdn. Bhd.** (Registration No. 197801004578 (41609-V))
- 100% **Oriwina Sdn. Bhd.** (Registration No. 199601012577 (384926-P))
- 100% **Asian Pottery Home & Garden Sdn. Bhd.** (Registration No. 199601013602 (385952-T))
- 100% **Asian Earthernware Sdn. Bhd.** (Registration No. 199001005756 (197324-K))
- 100% **Asian Pottery Manufacturers Sdn. Bhd.** (Registration No. 198001005637 (59421-P))
  - 100% **Metro Craft Sdn. Bhd.** (Registration No. 199601011576 (383925-H)) (held by Asian Pottery Manufactures Sdn. Bhd.)
- 100% **Asian Porcelain Sdn. Bhd.** (Registration No. 198501012651 (145106-T))
- 100% **Asiarise Holdings Sdn. Bhd.** (Registration No. 199601013334 (385684-D))
- 100% **APPI Sdn. Bhd.** (Registration No. 201101033139 (961274-A))
- 100% **Guangxi Asian Pottery Co. Ltd.** (桂外資(2006)字(0190)號)
- 100% **Sunmark Point Sdn. Bhd.** (Registration No. 201401019276 (1095363-M))
- 100% **Profit Sunland Sdn. Bhd.** (Registration No. 201501018202 (1143534-U))
- 100% **Million Rich Development Sdn. Bhd.** (Registration No. 201601036350 (1207291-T))
- 100% **Instant Initiative Sdn. Bhd.** (Registration No. 201601015534 (1186465-V))
- 100% **Klasik Ikhtiar Sdn. Bhd.** (Registration No. 201001041009 (924934-V))
- 100% **KTG Marine (M) Sdn. Bhd.** (Registration No. 201101028295 (956430-V))
- 100% **DWL Technologies Sdn. Bhd.** (Registration No. 201901027731 (1337058-U)) (Disposed on 28 August 2020)
- 100% **Titanium Hallmark Sdn. Bhd.** (Registration No. 201101013563 (941703-V))
- 100% **MMAG Capital Sdn. Bhd.** (Registration No. 201901008896 (1318224-A))

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES

GROUP'S BUSINESS AND OPERATIONS OVERVIEW

What We Do

With more than 20 years of reputation in the ceramics and pottery industries, KTG Berhad (formerly known as DWL Resources Berhad) ("**KTG**") and its subsidiaries ("**the Group**") is also engaged in the property construction, property investment and property development sectors. KTG has recently changed its name to KTG which represents "Knowledgeable, Tactical and Global-minded" as we envision the Group to expand its footprints in the global arena with tactical business strategies derived from our accumulated and collective knowledge. In addition, the Group has recently diversified into moneylending business through its wholly-owned subsidiary for additional income streams and to minimise the Group's dependency on its existing businesses.

Our principal activities include retail, trading, manufacturing, exporting and marketing of pottery, porcelain products, ceramics wares and ornaments, property construction and other businesses, property investment, property development and other related services and moneylending business.

The Group seeks to be a corporation that delivers sustainable value to all its stakeholders by consistently providing top-notch quality products and services to cater for the ever-changing consumer demands at the same time observing our roles and responsibilities in society.

FINANCIAL RESULTS AND FINANCIAL CONDITION REVIEW

The Group recorded a lower revenue of RM8.85 million in the financial year ended 30 June 2020 ("**FY2020**") as compared to RM9.37 million in the previous financial year ended 30 June 2019 ("**FY2019**") with a difference of RM0.52 million (or 5.55%). The decrease was mainly due to no revenue being generated from its construction segment as a result of absence of sales of inventory of completed properties of RM1.83 million recorded in FY2019, which was partially offset by a revenue increase of RM0.72 million from its ceramic segment as well as the revenue of RM0.59 million recorded in the moneylending segment.

The Group's overall loss before taxation ("**LBT**") has decreased by RM1.82 million (or 26.84%) to RM4.96 million in comparison to RM6.78 million LBT recorded in FY2019. The decrease was mainly contributed by a profit of RM0.23 million derived from its moneylending segment and other income of RM1.77 million, which comprised of gain of RM0.50 million arising from the forfeiture of deposit paid resulting from the termination of shares sale agreement in relation to the disposal of Profit Sunland Sdn. Bhd. as well as the gain of RM1.27 million arising from the termination of the lease-to-own agreement in the current financial year, while there was none in FY2019.

Segmental wise, our ceramic segment generated RM8.26 million in revenue representing an increase of 9.55% compared to last year and a LBT of RM1.22 million as compared to LBT of RM1.11 million in the preceding year. Despite the increased revenue, the LBT was still higher mainly due to increase in revenue generated not being sufficient to cover the increase in operating cost, which resulted in a higher loss.

On the other hand, there was no sales of inventory of completed properties in the construction segment and the LBT of RM0.30 million was mainly due to the fixed costs incurred.

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES
(cont'd)

In the meantime, our property development segment managed to reduce its LBT from RM1.22 million recorded last year to a loss of RM0.40 million in the current financial year mainly due to the reduction in staff cost and other operating costs as a consequence of development work for Unit Perumahan Penjawat Awam Malaysia ("**PPAM**") development project by Klasik Ikhtiar Sdn. Bhd. ("**KISB**") being put on hold as it is pending approval of the development agreement from the Ministry of Housing and Local Government ("**Ministry**").

The Group's new moneylending segment contributed a revenue of RM0.59 million following the interest income generated from moneylending operation, however, there was an operating expenses of RM0.36 million incurred which resulted in the net profit before tax of RM0.23 million.

As for the Group's non-current assets, it is higher by RM28.50 million mainly due the recognition of two (2) pieces of leasehold lands located at Klebang, Melaka worth RM22.34 million pursuant to the acquisition of a wholly-owned subsidiary, Titanium Hallmark Sdn. Bhd. ("**THSB**") via a debt settlement agreement entered on 10 January 2020 and also the recognition of five (5) properties in Mukim Ceras of RM6.90 million as a result of the termination of the lease-to-own agreement entered on 10 April 2020.

Meanwhile the Group's current assets has decreased by RM26.00 million (or 30.69%) to RM58.73 million this year compared to RM84.73 million last year mainly due to the reduction of deposit by RM17.97 million following the offset of deposit via a debt settlement agreement in the property development segment as mentioned above as well as the long term loans of RM7.50 million disbursed by its moneylending business to its borrowers where the loans were classified under non-current assets.

On the contrary, the Group's total liabilities has been reduced by RM2.73 million (or 17.08%) to RM13.25 million as compared to RM15.98 million recorded in FY2019 as a result of lower trade and other payables in the property development segment for the PPAM project, which has been put on hold pending the approval of the development agreement from the Ministry. As such, there was no additional development cost being incurred for the project, but payment to contractors are still ongoing which resulted in the reduction of trade payable amount.

During the current financial year, a total of 19,000,000 ordinary shares has been issued pursuant to the conversion of 19,000,000 Irredeemable Convertible Preference Shares ("**ICPS**") based on the conversion ratio of 1 ICPS converted with additional cash payment of RM0.54 into 1 new ordinary share. Hence, the total share capital has increased from RM108.58 million to RM118.84 million which contributed to the increase in net assets by RM10.26 million.

The Group has minimum bank borrowings with healthy and sufficient funds for working capital needs, despite the Group is still making losses. With the current unprecedented global pandemic of COVID-19, KTG anticipates that it will be a challenging year ahead and thus, there is a need to be vigilant and cautious at all times. As such, the Group does not recommend any dividend for the financial year but it is hopeful of distributing excess profits once we are back on track with stable income in the future.

OPERATIONS REVIEW

In view of the recent economic and property market sentiments, the Group has been facing challenges in its existing businesses especially in the ceramic, property development and construction segments. Nevertheless, the Group has the following plans to improve its financial condition.

The Group is constantly seeking for new business opportunities to have additional income streams and to minimise the Group's dependency on its existing businesses. As part of its on-going efforts to seek for new business opportunities, the Group has acquired MMAG Capital Sdn. Bhd. as an initial step to venture into the moneylending business which is expected to contribute positively to the Group's income stream. This segment has been performing and the business has been growing gradually with incoming profits gain in the last two quarters of the current financial year. The Group will continue to pursue and assess new prospects such as developing new customers profile to broaden our customers range and opportunities but at the same time, remaining cautious in ensuring the recovery of the loan payments to avoid bad debts.

The Group has taken various asset rationalisation and business optimisation measures via the disposal of non-core assets and non-profit making assets to minimise its business risk and financial risk which includes, among others, the disposal of the entire equity interest of its wholly-owned subsidiary, DWL Technologies Sdn. Bhd., which is dormant to minimise any further losses in order to improve our financial positions. The Group will continuously seek to realise its non-core assets and non-profit making assets.

The Group intends to revise its marketing strategies and increase research and development initiatives for its ceramic segment to focus on product development with the goal to develop new designs and colour glazing for its planters and pots. It is also considering merging with or acquiring other industry players with the intention of consolidating the industry and eventually, emerge as a stronger and larger entity to overcome the current issues faced by the industry in meeting customers' and market demands, as well as competition from other regions and rising costs in determining its pricing policy.

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES
(cont'd)

Although presently the Group does not have any ongoing construction project, the management will continue to explore other viable opportunities via joint venture or bidding for suitable projects to revive its construction segment and to broaden its construction business to include infrastructure construction project.

In light of the current property market condition, the Group has put in place initiatives for potential property development projects which include the following:-

(i) The Group continues to pursue the final stage of the development agreement with the Ministry through its wholly-owned subsidiary, KISB for its PPAM project, a government-initiated housing development initiative to enable government servants to own houses and has completed the piling works for the project. The Group believes the development of this project during the current market downturn will ease the ever-increasing affordable housing needs as well as establish a secure return on development. The development agreement is now pending approval of the development component plan by the Ministry.

(ii) The Group continues to pursue the concept masterplan project and it is in the midst of finalising its assessment and feasibility study for the concept masterplan project on the development lands at Klebang, Melaka. The finalisation of the concept masterplan project is subject to assessment being made by the Group's management to ensure a higher probability of returns on potential property development projects during the current market downturn. Upon finalisation of the concept masterplan, the Group will continue to source for viable options such as joint venture arrangement for the commercial development of the development lands or disposing the said lands together with the concept masterplan.

In view of the abovementioned steps undertaken in light of the COVID-19 outbreak, the Group will continue to advance our efforts to leverage any potential opportunities and expand our portfolio with a range of product innovations and services. At the same time, we continue to make all necessary efforts to future-proof the Company by improving our financial positions and building capabilities for long-term success.

RISK MANAGEMENT

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a global health pandemic. To contain the spread of COVID-19 in Malaysia, the Malaysian Government has issued the Movement Control Order ("**MCO**") effective from 18 March 2020 and subsequently the Recovery MCO effective from 10 June 2020. Many countries have also imposed various forms of restrictions on movements and these restrictions have a disruptive impact on the global and domestic operations of most entities including those of the Group. As the outbreak is still on-going as at the date of issuance of these financial statements, it is not practicable to estimate the magnitude of the financial impact that COVID-19 might have on the Group's financial performance subsequent to the current reporting period. The Group is monitoring the COVID-19 situation as it unfolds and will continually assess and revise, where appropriate, the estimates and assumptions used in the preparation of the Group's financial statements to reflect the financial effects that COVID-19 has on its activities.

As many projects and developments in the world have somehow been put on hold or terminated, the market is overflowing with ceramics and potteries supplies while demand continues to drop. Therefore, we are doing everything in our capacity to soften the impact on our sales. The team is taking pragmatic measures to enhance our resources and lessen any unwarranted expenditure while investing more in product enhancement and marketing strategies.

Moving on, both our construction and property development segments are currently undergoing some obstacles due to various factors apart from the impact from the COVID-19 pandemic, in which the Group is exposed to risk factors which include but are not limited to changes in conditions of competition, economic, business, political and legal framework environment. Aside from that, upon commencement of the KISB's PPAM project, the Group will also face other risks such as completion risks and operational risks which may directly or indirectly affect the progress and success of the said project. Although we can never be able to avoid all or some of these forces, the Group has always been cautious and will continue to use experienced project managers for our projects to minimise some of these risks besides performing due diligence on the location, property, council requirements and contractors/builders to ensure all projects are feasible and successful. We will continue to identify new opportunities and prospects to reduce over-reliance on a single industry.

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES
(cont'd)

Also, the Board believes that the moneylending business will continue to grow even though there will be some risks of bad debts in which amount loaned are unrecoverable and loan defaults whereby repayments are delayed. To minimise the default risks, the Group has put in place internal credit policy to regulate and govern its moneylending business as well as enforcing sound credit-granting standards in which comprehensive credit assessment will be carried out to evaluate the creditworthiness of the applicants and has established specific criteria requirements for applicants to determine their respective eligibility prior to the disbursement of any funds.

MOVING FORWARD

The Board is of the view that there may be possible impacts on our various segments arising from the recent issues affecting our country including the COVID-19 outbreak and political developments. Thus, it will be a challenging year ahead for us but the team at KTG is not hindered by these obstacles and instead, we are determined to adapt and tackle the situation to persevere through the tough times.

While banking on strengthening the Group's core business, our strategy is to increase our income streams and KTG plans to grow its moneylending business to segments (i.e., investment holding company, small and medium-sized enterprises, start-up entrepreneurs and others) which are perceived to be under-served by licensed financial institutions and co-operatives. As a new entrant in the moneylending business, the Group intends to gradually develop its customer base through methods such as providing flexible financing schemes to cater for a broader range of customers and offering moneylending services to those with limited access to banks and financial institutions.

On the other hand, for its property development division, the Group will continue to assess and ramp up our efforts to complete both the PPAM and concept masterplan projects to ensure the profits are realised in the future.

Besides that, the management will push on to leverage on our Board of Directors' network and expertise to secure new developments and projects for the Group. We are also currently exploring viable options such as joint venture arrangement or collaboration and/or to increase our land banks by targeting lower priced lands which are available in the market due to economic uncertainties.

Furthermore, the Group has also taken precautionary measures in overcoming the uncertain operational environment by strengthening the Group's financial position and managing its cash flow prudently. The Group has planned for a regular review and actions to be taken to tighten our budgets that could turnaround the Group's performance.

ACKNOWLEDGEMENT

The Board extends our sincere appreciation to our employees who have been showing their unrelenting support for the Group even throughout the difficult times.

We would like to thank all our shareholders, partners, relevant government bodies and all stakeholders for their confidence, trust and on-going support. To our colleagues on the Board, many thanks for their deliberations and wise counsel.

For and On behalf of the Board and the Management of KTG

BOARD OF DIRECTORS

DATO' RATHAKRISHNAN A/L VELLAISAMY
Executive Director
Age 61 | Malaysian | Male

Dato' Rathakrishnan A/L Vellaisamy ("**Dato' Rathakrishnan**") was appointed to the Board on 2 August 2019 as an Executive Director.

Dato' Rathakrishnan holds a Master of Business Administration in Finance from the University of Hull, United Kingdom along with Master of Advanced Business Practice from the University of South Australia. His undergraduate study in University of Science Malaysia ("**USM**") was also related to business, management and information technology.

Dato' Rathakrishnan started his career as an internal auditor in USM and later joined the Ministry of Human Resources, Malaysia serving in the Administrative and Diplomatic Service. He later worked with Sony, a multinational international manufacturing company which employed over 20,000 staff, for around twenty (20) years and was promoted to Deputy President before he left in year 2009.

Currently, he is the Managing Director of Bestinet Sdn. Bhd. ("**Bestinet**") where he oversees and manages the day-to-day operations of Bestinet which specialises in migrant workers solutions. He also played a key role in contributing to the growth, expansion and success of Bestinet.

In addition, he is also presently the Independent Non-Executive Director of MMAG Holdings Berhad.

He also sat on various Committees in the Malaysian International Chamber of Commerce and Industry, Federation of Malaysian Manufacturers and Japanese Chamber of Commerce, Trade and Industry over his career.

The trainings and number of Board of Directors' Meetings attended for the financial year ended 30 June 2020 are set out on pages 25 and 26 of this Annual Report while his interest in the shares of the Company, if any, are listed on page 46 of this Annual Report.

He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS
(cont'd)

LIM MUN SHUNG (MELVIN)
Executive Director
Age 43 | Malaysian | Male

Mr. Lim Mun Shung (Melvin) ("**Mr. Melvin**") was appointed to the Board on 26 May 2017 as an Executive Director.

Mr. Melvin is a Chartered Member of both the Royal Institute of British Architects and Architects Registration Board United Kingdom ("**UK**") since year 2007. He received numerous Design Commendation Awards, including first place Sheppard Robson Design Award upon completing his Diploma in Architecture RIBA Part II in year 2003.

Mr. Melvin graduated with a Bachelor of Honours in Architecture from University of Greenwich, (RIBA Part I) in year 1999 where he received the LEADA Award for Creative Design in use of Energy Conservation.

Mr. Melvin is the Founder and Design Director of Mun Shung & Partners Sdn. Bhd. (formerly known as BWLIM International Sdn. Bhd.), the Malaysian trading partner of BW International (UK) and Barton Willmore, one of UK's leading independent Planning and Design consultancy firms with more than eighty (80) years of history. As the head of the Malaysian counterpart and a British Architect, Mr. Melvin has led and grown the company from a mere few staff into a diverse and robust team with more than twenty (20) employees within a short few years since its establishment in year 2012.

Mr. Melvin has served Barton Willmore as their senior design associate for seven (7) years since year 2005, with a wide range of involvement in high-end residential, mixed use and commercial projects on behalf of land owners, public listed companies, major developers, house builders and housing associations in both country and regional level.

Mr. Melvin started his career working with multi-discipline building firms to design architect, working from smaller one-off residential designs to high-end commercial developments. With over and above twenty (20) years of experience in the architecture and corporate development sectors in the UK and South East Asia, he played an integral role in many iconic development projects, before expanding his extensive portfolios to Malaysia in year 2012. Some noteworthy projects include masterplanning strategic development for 128 acre Admiral City in Melaka, 500 acre Iconic Sabaidee masterplanning and architecture design in Vientiane, Laos and amongst other major developers and house builders in Malaysia.

The trainings and number of Board of Directors' Meetings attended for the financial year ended 30 June 2020 are set out on pages 25 and 26 of this Annual Report while his interest in the shares of the Company, if any, are listed on page 46 of this Annual Report.

Mr. Melvin does not hold any directorship in other public companies and listed issuers in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS
(cont'd)

TAN OOI JIN
Executive Director
Age 45 | Malaysian | Male

Mr. Tan Ooi Jin ("**Mr. Tan**") was appointed to the Board on 2 October 2017 as an Executive Director.

Mr. Tan is a lawyer by qualification and holds a Second Class Honours LLB Bachelor of Laws degree from the University of Newcastle-upon-Tyne, United Kingdom and during his years of practice, he had focused on the areas of Corporate & Securities and Information Communication Technologies ("**ICT**"). A former ASEAN scholar, he started his legal career in a medium-sized firm with an international affiliation focusing on Corporate, Capital Market and Securities as well as ICT and Cyberlaws.

During his tenure as a practitioner, Mr. Tan has advised on various corporate and commercial transactions especially cross border exercises and he has also acted in the listing of various companies in Malaysia as well as overseas including London, Hong Kong and Singapore and is constantly consulted to assist public-listed companies to recover and unlock their intrinsic value so as to enhance shareholders' investments. He was involved in corporate exercises of various companies and is familiar with the growth pattern of various industries and how to create or unlock value in each sector. His work in complex and international transactions resulted in him being recognised as a notable individual by an independent foreign legal publication in three (3) different practice areas.

Mr. Tan also advised the Technopreneurs Association of Malaysia ("**TeAM**") and its members including its council members on legal issues and strategy. He was also part of a group of industry leaders which incorporated the National Incubators Network Association ("**NINA**"). He currently sits on the Board of Trustees of the 1Utopia Foundation which aims to generate donations whether in cash or in forms of ICT equipment and gadgets to orphanages, schools and underprivileged children.

He is currently the Executive Chairman of Vortex Consolidated Berhad (formerly known as SKH Consortium Berhad) where he has led the group to diversify from a single industry player in the ICT arena into a stronger entity with construction and property development division. He is also an Independent Non-Executive Director of Dynaciate Group Berhad. As his knowledge and experience is widely regarded, he was also appointed and currently sits as an Independent Non-Executive Director of a global apparel company listed on the Stock Exchange of Thailand.

Mr. Tan had been publicly reprimanded by Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") on 20 June 2017 and fined RM50,000/- for breaching regulations regarding Lay Hong Berhad's response to unusual market activity on 2 November 2015 and 19 January 2016 where he sat as an Independent Non-Executive Director.

The trainings and number of Board of Directors' Meetings attended for the financial year ended 30 June 2020 are set out on pages 25 and 26 of this Annual Report while his interest in the shares of the Company, if any, are listed on page 46 of this Annual Report.

Mr. Tan does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year other than the public reprimand imposed by Bursa Malaysia Securities as disclosed above.

BOARD OF DIRECTORS
(cont'd)

SIM CHIUN WEE
Executive Director
Age 44 | Malaysian | Male

Mr. Sim Chiun Wee ("**Mr. Sim**") was appointed to the Board on 30 April 2020 as an Executive Director.

Mr. Sim is the founder and Chief Executive Officer of Top Three Development Resources, a real estate consultation company established since year 2014 which specialises in management and investment advisory services. Its clientele includes those of property development, food and beverages and non-governmental organisations ("**NGOs**"). One of the more notable clients was Bina Puri Holdings Berhad where he had served as their Sarawak advisor to the company from years 2014 to 2016, mainly in managing bilateral relationship and strategic partnership with China.

Mr. Sim completed his Mass Communication degree majoring in International Journalism from Xiamen University in China in year 1999. Prior to founding his own business, he was appointed as the Deputy Principal of Chung Hua Middle School No. 1 in Kuching, Sarawak in year 2006, where he was responsible in assisting the Principal in the overall management of the school.

Mr. Sim has engaged in various business ventures and partnerships during his younger days. With his acute business senses and innovative entrepreneur skills, he has held numerous management roles in several private entities encompassing various industries ranging from property development, product manufacturing, migration services, food and beverages as well as organisational management and investment advisory.

Mr. Sim is also the current President of the Malaysia-China Silk Road Entrepreneurs Association and The Alumni Association of Xiamen University in Malaysia. He is also the Honorary President for the Young Malaysians Movement (Y.M.M), a five (5)-star youth NGO rated and acknowledged by the Ministry of Youth & Sports when he held office as the National President from years 2013 to 2015. Mr. Sim was also awarded the "Sarawak Most Outstanding Youth" award in year 2013 by the state government for his outstanding contribution and exemplary leadership towards volunteerism and charity, and he was later invited by the Chinese government to visit the Great Hall of the People in Beijing where he was personally received by Premier Li Keqiang.

The trainings and number of Board of Directors' Meetings attended for the financial year ended 30 June 2020 are set out on pages 25 and 26 of this Annual Report while his interest in the shares of the Company, if any, are listed on pages page 46 of this Annual Report.

Mr. Sim does not hold any directorship in other public companies and listed issuers in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS
(cont'd)

AHMAD RUSLAN ZAHARI BIN DATO' DR. ZAKARIA
Independent Non-Executive Director
(Chairman of the Remuneration Committee and Nomination Committee and Member of the Audit Committee and Risk Management Committee)
Age 59 | Malaysian | Male

En. Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria ("**Encik Ahmad Ruslan**") was appointed to the Board on 19 May 2014 as an Independent Non-Executive Director ("**INED**") and was re-designated as Chairman of the Company on 28 August 2014 and was later re-designated to INED on 8 April 2019. Presently, he is the Chairman of the Remuneration Committee ("**RC**") and Nomination Committee ("**NC**") and a member of the Audit Committee ("**AC**") and Risk Management Committee ("**RMC**").

He graduated from the University of Newcastle-upon-Tyne, England in year 1984 with a Bachelor of Arts in Economic Studies (Accounting & Financial Analysis). He was trained as a Chartered Accountant at a firm in London after graduation and in year 1986, he joined Merchants Business Growth Consulting, a pan-European marketing consulting company, as its Group Financial Controller.

Encik Ahmad Ruslan left Europe in year 1993 and joined what is now CIMB Investment Bank Berhad in the Corporate Finance Department. In year 1997, he assisted in the formation of Commerce Asset Ventures, the venture capital arm of CIMB Group. In year 2000, he joined Clear Channel Communications, Inc., the leading global media organisation listed on the New York Stock Exchange as ASEAN Regional Director/Managing Director of Malaysian operations.

In year 2005, Encik Ahmad Ruslan was appointed as the Chief Executive Officer ("**CEO**") of Terengganu Incorporated, a strategic investment holding company for the Terengganu state. From year 2008 to year 2018, he was the CEO of Armstrong Marine & Offshore Sdn. Bhd., the official representative of Armstrong Corporation Holdings in Asia and the Pacific Rim, a company involved in offshore and shipping investments, oil trading, finance and project development. From year 2010 to year 2018, he was concurrently the CEO of Sungai Temau Mining (M) Sdn. Bhd. an iron ore mining company. Presently, he is the Founder and Principal of Connoisseur Consult Sdn. Bhd.

Encik Ahmad Ruslan currently sits on the Board of Minetech Resources Berhad ("**Minetech**") as an Independent Non-Executive Director where he is also the Chairman of the AC and RC and a member of the NC and RMC of Minetech.

The trainings and number of Board of Directors' Meetings attended for the financial year ended 30 June 2020 are set out on pages 25 and 26 of this Annual Report while his interest in the shares of the Company, if any, are listed on page 46 of this Annual Report.

Encik Ahmad Ruslan does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS
(cont'd)

LIM PENG TONG
Independent Non-Executive Director
(Chairman of the Audit Committee and Risk Management Committee and a member of the Nomination Committee and Remuneration Committee)
Age 62 | Malaysian | Male

Mr. Lim Peng Tong ("**Mr. Lim**") was appointed to the Board on 18 January 2018 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and Risk Management Committee and a member of the Remuneration Committee and Nomination Committee.

Mr. Lim is an established banker with extensive experience in the financial and banking industry. He has served a long career path of 38 years with Malayan Banking Berhad with his last position as Regional Head of Business Banking covering the Northern Region of Penang/Kedah/Perlis. He rose from the ranks starting as a clerk in year 1979 and had held supervisory and leadership roles in various capacities ranging from operations and credit management during his long and successful banking career. As Regional Head of Business Banking, he was responsible for the strategic planning to grow the commercial businesses especially in the aspects of commercial and corporate lending activities involving marketing, credit processes, business development, relationship management and most importantly ensuring asset quality for the Bank. Mr. Lim has also served in various states in the country, from Melaka, Johor, Kuala Lumpur to the northern region of Penang, Kedah and Perlis which gave him an advantage of wide network and connection to many of the businessmen in the region.

Mr. Lim graduated as a Diploma holder in Banking and Financial Services in year 1997 with Institute Bank-Bank Malaysia ("**IBBM**") while pursuing his career in the banking industry. Mr. Lim is a certified credit practitioner and holds the Certified Credit Professional qualification since year 2002. He is an Associate member with IBBM which is now known as Asian Institute of Chartered Bankers.

Currently, Mr. Lim is an Executive Director of MSCM Holdings Berhad. Mr. Lim is also an Independent Non-Executive Director and Chairman of Remuneration and Nomination Committtee of Dynaciate Group Berhad. Mr. Lim was a Non-Executive Chairman of Macpie Berhad and he had resigned on 30 September 2020.

The trainings and number of Board of Directors' Meetings attended for the financial year ended 30 June 2020 are set out on pages 25 and 26 of this Annual Report while his interest in the shares of the Company, if any, are listed on page 46 of this Annual Report.

Mr. Lim does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS
(cont'd)

NG KEOK CHAI

Independent Non-Executive Director
(Member of the Audit Committee, Risk Management Committee, Nomination Committee and Remuneration Committee)
Age 61 | Malaysian | Male

Mr. Ng Keok Chai ("**Mr. Ng**") was appointed to the Board as an Independent Non-Executive Director on 2 August 2019. He is also a member of the Audit Committee, Risk Management Committee, Nomination Committee and Remuneration Committee.

Mr. Ng holds a degree in Bachelor of Laws (Hons.) from the University of Wolverhampton, London in year 1996 while he was still in service with the Sarawak Police Contingent, Royal Malaysia Police. In year 1998, he obtained his Certificate in Legal Practice issued by the Legal Profession Qualifying Board.

His early career started when he was recruited as a Police Inspector with the Royal Malaysia Police in year 1982. He was then posted to serve in Sarawak and was promoted to Assistant Superintendent of Police before he was transferred from Sarawak after serving for twenty (20) years. During his posting in Sarawak, he served in the Criminal Investigation Department, General Duty and Police Field Force.

In year 2003, Mr. Ng was transferred to the Selangor Police Contingent Headquarters. He was promoted to Deputy Superintendent of Police in year 2005 and served in the Commercial Crimes Investigation Department of the Selangor Police Contingent Headquarters. He was then promoted to Superintendent of Police and was later transferred to the Johor Police Contingent Headquarters as Deputy Head of Commercial Crimes Investigation Department in year 2014. Later in the same year, he was posted to the Commercial Crimes Investigation Department, Royal Malaysia Police Bukit Aman as an Assistant Director in the Forensic Accounting Investigation Division.

He was promoted to Assistant Commissioner of Police in year 2016 and his last held post was Principal Assistant Director in the Forensic Accounting Investigation Division, Commercial Crimes Investigation Department, Royal Malaysia Police, Bukit Aman.

Throughout his thirty-six (36) years' service in the Royal Malaysia Police, Mr. Ng was very much involved in police investigations due to his legal background. He specialised in criminal investigation across various fields which include commercial crime, general crime and forensic accounting with ample management and special operations experience.

Currently, Mr. Ng is an Independent Non-Executive Director of MSCM Holdings Berhad.

The trainings and number of Board of Directors' Meetings attended for the financial year ended 30 June 2020 are set out on pages 25 and 26 of this Annual Report while his interest in the shares of the Company, if any, are listed on page 46 of this Annual Report.

He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offense, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

THAM CHOI KUEN
Chief Financial Officer
Age 53 | Malaysian | Female

Ms. Tham Choi Kuen (“**Ms. Tham**”) obtained her professional accounting qualification from the Chartered Institute of Management Accountants (CIMA), United Kingdom in year 2004. She has been a Chartered Accountant and a member of the Malaysian Institute of Accountants since year 2005.

Ms. Tham started her career in year 1997 as an Accounts Executive in the Accounts and Finance Department, where her duties included the preparation and maintenance of management reports, financial statements and related accounting reports. She was subsequently promoted to Assistant Manager in the Accounts and Finance Department in year 2000, where she was involved in the preparation of management accounts reporting, budgeting, variance analysis, internal control, taxation and financial and cash management.

Ms. Tham then joined a five (5)-star hotel in year 2004 as a financial controller, where she was responsible for the accounting and financial management of the hotel. In year 2007, She joined ITP Sdn. Bhd. as a Manager for student collections and accounts receivables management. She was then re-designated as Finance and Administrative Manager in year 2009 and was subsequently promoted as Senior General Manager of Finance, Credit Control and Administration of Kolej Universiti Linton Sdn. Bhd., an affiliate of ITP Sdn. Bhd. where she was in-charge of the company’s financial and administrative department.

Ms. Tham then join the Company in June 2017 as a Financial Controller to oversee the corporate and financial aspects of the Company and was subsequently promoted as Chief Financial Officer effective from 27 October 2017.

Ms. Tham is also an Independent Non-Executive Director and Chairman of the Audit and Risk Management Committee of Ocean Vantage Holdings Berhad.

Ms. Tham does not have family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. She has not been convicted of any offence within the past five (5) years other than traffic offence, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

SUSTAINABILITY STATEMENT

The business needs to continually grow and evolve and this applies to more than just the physical aspects of KTG Berhad *(formerly known as DWL Resources Berhad)* ("**KTG**" or "**the Company**")'s businesses. KTG and its subsidiaries ("**the Group**") adapts to the ever-changing dynamics of the corporate world and changing sentiments within the local communities.

KTG's Sustainability Statement includes various policies and initiatives that we have institutionalised and implemented for positive impact in the workplace, marketplace, community and environment. This Sustainability Statement covers the Group's business operations in Malaysia for the financial year ended 30 June 2020 and has been prepared in accordance with the guidelines set out in the Main Market Listing Requirements in relation to the Sustainability Statement in Annual Report of Listed Issuers issued by Bursa Malaysia Securities Berhad.

SUSTAINABILITY GOVERNANCE

The Board of Directors drives our sustainability agenda by ensuring that our goals are met through actions taken at the management and operational levels. Our Board of Directors has the overall responsibility over our strategic direction and is responsible for the implementation of sustainability strategy.

STAKEHOLDER ENGAGEMENT

At KTG, our stakeholders are our main priorities. Listening to stakeholders is important in our journey towards the sustainability of our business growth. Thus, engaging with the key stakeholders regularly enables us to understand their needs and expectations, identify gaps and enables us to make informed assessments and formulate strategies incorporating their views and inputs in our business decisions and the preparation of this report.

On the operational level, the respective Business Divisions engage directly with their customers and suppliers, in view of the diversity and complexity of the different business nature.

Meanwhile, at the Group level, issues relating to Shareholders and Investors, employees, government and regulators, media, community and bankers are being addressed for consistency and reliability through various channels such as Annual General Meetings, press releases, quarterly financial reports, circulars, corporate website, meetings, industry related events and so forth.

PRODUCT RESPONSIBILITY

We are committed to providing products that meet regulatory, safety and quality standards to fulfil customers' requirements and ensure that our suppliers share the same philosophy. The quality management system we have in place is designed to monitor and control the processes from planning and development to production and after-sales service in order to comply with all the stipulated standards.

SUPPLY CHAIN AND RESPONSIBLE PROCUREMENT PRACTICES

Our procurement department ensures that we engage in responsible procurement practices which are reinforced with the requirement for all our active registered vendors to periodically acknowledge their commitment to the Code of Conduct. Vendors' qualification/credentials are carefully vetted before being admitted into our list of qualified suppliers. Our initiatives start with the supplier selection process incorporating sustainability considerations such as fair labour practices and safety requirements. Compliance and commitment by vendors and suppliers to conduct business with us in a transparent manner is sought through performing audits and making continuous improvements in our procurement processes and policies.

SUSTAINABILITY STATEMENT
(cont'd)

ENVIRONMENTAL

With the issues of global-warming being a main concern and a responsibility of each and everyone of us, KTG continues to demonstrate our commitment to conservation through emphasis on managing our resources – reducing waste, practising energy efficiency and introducing initiatives to reduce emissions throughout our operations. Our Board of Directors also demonstrates their commitment to minimize the environmental impact of our activities, comply to all applicable laws and regulations and communicate our commitment to our stakeholders.

SOCIAL

The Group's corporate social responsibility activities are continuously guided by its firm beliefs that it can contribute positively to our society as a caring and responsible corporate entity. A sustainable business is one that enriches its people and the communities which it operates in.

We reach out to the society via our philanthropic and corporate social responsibility activities, aimed at the less fortunate where we can make a difference and our employees can participate to give back and enrich themselves in the process.

EMPLOYMENT DIVERSITY AND EQUAL OPPORTUNITY

We believe that building and retaining talent are both critical in growing the Group as the continuous growth of the Group needs talented employees. Having a diverse workforce with equal opportunity regardless of age, race and gender is one of the ways to build and retain talent.

We value our employees as they are key to competitive success in the marketplace which is vital for business sustainability. As part of the Group's hiring practice, we do not discriminate against any race, gender or minority. Although we emphasise on equal employment opportunity, we also stress that candidates are only hired based on suitability and competency. The employees are also provided with adequate welfare benefits.

OCCUPATIONAL SAFETY AND HEALTH

We are committed to ensuring our employees work in a safe and healthy environment by securing the health, safety and welfare of employees at the workplace. In our efforts to prevent injuries and hazards in all work environment, various trainings and workshops have been conducted. Across our operations, we maintain a safe and healthy working environment by implementing key measures to prevent injuries, fatalities and occupational illnesses at project sites and workplace.

ETHICS AND INTEGRITY

We are committed to the values of transparency, integrity, impartiality and accountability in the conduct of the Group's business and affairs.

KTG has also implemented and strictly enforces anti-bribery and anti-corruption policy. Directors and employees are not permitted to solicit gifts or personal favours from contractors, sub-contractors, suppliers, consultants, bankers, dealers or customers or other parties having business dealings with the Group, whether actual or potential, regardless of value.

Our whistle-blowing policy is established with the aim of providing a structured mechanism for employees and other stakeholders to report any concerns on any suspected or wrongful activities or wrongdoings. These refer to any potential violations or concerns relating to any laws, rules, regulations, acts, ethics, integrity and business conduct, including any violations or concerns relating to malpractices, illegal, immoral or fraudulent activities and embezzlement, which will affect the business and image of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of the Company ("**the Board**") values the importance of maintaining high standards of corporate governance within KTG Berhad *(formerly known as DWL Resources Berhad)* ("**KTG**" or "**the Company**") to protect shareholders' value while at the same time preserving the interests of the Company's other stakeholders. The Board understands the importance of achieving the desired financial performance while maintaining its sustainability.

The Board is committed to its policy of managing the affairs of the Company with transparency, accountability and integrity by ensuring that a sound framework of best corporate governance practices is in place and thus discharging its responsibility towards protecting and enhancing long-term shareholders' value and investors' interest.

In establishing the Company's Corporate Governance framework, the Board takes cognizance of the Malaysian Code on Corporate Governance ("**MCCG**") that was issued on 26 April 2017. An overview statement on the corporate governance practices of the Company for the financial year ended 30 June 2020 ("**FYE 2020**") is appended below. The comprehensive Corporate Governance Report is published on the Company's website at https://www.ktg.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

(1) Clear Functions of the Board and Management

The Board has been entrusted by the shareholders in guiding the business activities of the Group through achieving an optimum balance of sound and sustainable business operation and embracing good corporate governance practices. The Board has been steadfast in upholding the responsibilities in establishing strategic direction, corporate goals and monitoring the achievement of these objectives.

The Board has maintained matters which include the review of financial statements, risk management, acquisitions and disposals, investments in joint ventures, property transactions, capital expenditure and board appointments for its approval and in the meanwhile delegating responsibilities to other Board Committees within their terms of reference. The Board receives reports at its meetings from the respective Chairman of the respective Board Committees.

(2) Roles and Responsibilities of the Board

The Board is collectively responsible for the proper conduct of the Company's business and assumes responsibility of effective stewardship and control of the Company. In discharging its fiduciary duties and leadership functions, the Board has, amongst others, undertaken the following as guided by the Board Charter:-

- together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- review, challenge and decide on Management's proposals for the Company, and monitor its implementation by the Management;
- consider Management's recommendations on key issues including acquisitions, disposals and restructuring, funding and significant capital expenditure;
- monitor the progress of the Company's strategies, plans and policies;
- oversee the conduct of the Company's business to evaluate whether the business is being properly managed;
- ensure there is a sound framework for internal controls and risk management;
- identify and understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;
- set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of the Board and Senior Management;
- ensure that the Company has in place procedures to enable effective communication with stakeholders; and
- ensure the integrity of the Company's financial and non-financial reporting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (cont'd)

(3) Separation of Positions of the Chairman and Chief Executive Officer/Managing Director ("CEO/MD")

The positions of the Chairman and CEO/MD are held by two (2) different individuals. Datuk Wan Khalik Bin Wan Muhammad ("**Datuk Wan Khalik**") had assumed the role of the Executive Chairman on 8 April 2019 and he had resigned on 25 September 2020. During his tenure as the Executive Chairman of the Company, he was assisted by the Senior Management who was spearheaded by the former CEO/MD, Dato' Sri Shahril Bin Mokhtar ("**Dato' Sri Shahril**"), who had resigned on 30 April 2020.

Although the positions of the Chairman and CEO/MD have been left vacant after the departure of Datuk Wan Khalik and Dato' Sri Shahril, the Board is mindful of the separation of the positions of the Chairman and CEO/MD and the Board Charter has specified a clear separation of powers and responsibilities between the Chairman of the Board and the CEO/MD to ensure that an equilibrium of power, authority and accountability is maintained.

The Chairman plays a role in ensuring the effectiveness and proper conduct of the Board, while the CEO/MD is responsible for overseeing the Group's effectiveness and the implementation of Board policies and decisions in the day-to-day business operations of the Group.

(4) Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries, who are responsible in supporting and advising the Board and the relevant Board Committees to ensure their effective functioning in accordance with their terms of reference and best practices, as well as managing the corporate governance framework of the Company. Also, the Company Secretaries ensure that the deliberations at Board and Board Committee meetings are minuted in an adequate and timely manner.

Both the Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and are qualified to act as Company Secretaries pursuant to Section 235(2) of the Companies Act 2016.

(5) Access to Information and Advice

All the Directors were given due notices of proposed Board and Board Committee meetings held during the FYE 2020. The Directors may participate in Board and Board Committee meetings either in person or via tele-conferencing. Minutes of the meetings are circulated to all members of the Board and Board Committees for the Board and respective Board Committee's confirmation in a timely manner.

The Board has access to the advice and services of the Company Secretaries who are suitably qualified, and competent, to support the Board in carrying out its roles and responsibilities. The Board may seek independent advice from the Company Secretaries, if required.

Moreover, the Board may also obtain independent professional advice at the Company's expense in the furtherance of its duties. Whenever necessary, consultants and experts would be invited to brief the Board on their areas of expertise or their reports.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (cont'd)

(6) Board Charter

The Company has adopted a Board Charter which sets out amongst others, the following:-

- Roles and responsibilities of the Board;
- Board Meeting procedures;
- Position description of the role of the Chairman;
- Expectation of individual Director;
- Appointment of Senior Independent Director;
- Board Committees;
- Board composition;
- Nomination and Appointment of new Director;
- Tenure of Independent Director;
- Shareholdings by Board Members in the Company;
- Provision of Business or Professional Services by Independent Directors; and
- Board appointment in other companies.

In this respect, the Board Charter is vital in helping the Board to direct its focus on matters that are pertinent to the Company.

In addition, the Company has adopted Terms of Reference for each Board Committee which spells out amongst others, the following:-

- Objectives of the respective Board Committees;
- Composition of the respective Board Committees;
- Position description of the role of the Chairman of the respective Board Committees; and
- Duties and responsibilities of the respective Board Committees.

The Board Charter and Terms of Reference of the respective Board Committees are reviewed periodically to ensure that the practices of the Board are in-line with the latest laws and/or regulations and that the practices of the Board remain relevant to the Company and the business environment within which the Group operates.

The Board Charter and Terms of Reference of the respective Board Committees which are available on the Company's website at https://www.ktg.com.my also serve as an avenue to communicate the Company's approach to important governance practices to the Company's stakeholders.

(7) Code of Conduct

To reflect the Board's commitment to the highest standards of ethical business conduct, the Board has formalised a Code of Business Ethics and Conduct which summarises the standard of business ethics and conduct that the Board, the Management, employees and other stakeholders must observe.

The Code of Business Ethics and Conduct has been published on the Company's corporate website at https://www.ktg.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (cont'd)

(8) Whistleblowing

The Board recognises that whistleblowing can serve as an important tool in preventing misconducts at the early stage and has established a Whistleblowing Policy which sets out avenues for individuals to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal.

The Whistleblowing Policy may be accessed by the public via the Company's corporate website at https://www.ktg.com.my.

II. Board Composition

(1) Board Composition and Balance

The Board currently comprises seven (7) Directors made up of four (4) Executive Directors and three (3) Independent Non-Executive Directors ("**Independent Directors**"). Although less than half of the Board comprises Independent Directors, the Board views the number of its Independent Directors as adequate to provide the necessary check and balance to the Board's decision-making process.

The diverse professional experience and background coupled with the mixed of professional and technical knowledge among the Directors have contributed to the collective wisdom of the Board and added value to the Company. The Directors' profiles are presented on pages 8 to 14 of this Annual Report.

Considering the nature of the Group's existing businesses and the current scale of the Group's operations, the Board is of the view that the current size and composition of the Board is adequate. However, the Board will consider for suitable candidates in future to enhance the composition of the Board if necessary.

(2) Re-election of Directors

Pursuant to the Company's Constitution, any Director appointed during the year shall retire and may seek for re-election by the shareholders at the Annual General Meeting ("**AGM**") immediately after their appointment. The Company's Constitution also requires one-third (1/3) of the Directors including the Managing Director to retire by rotation and seek re-election at each AGM and that each Director shall submit himself/herself for re-election at least once in every three (3) years.

The Directors who are subject for re-election at the forthcoming Twentieth ("**20th**") AGM had been assessed by the Nomination Committee whereupon their recommendation had been considered by the Board for recommendation to the shareholders for approval at the forthcoming 20th AGM.

The Directors who are seeking re-election at the forthcoming 20th AGM of the Company are as set forth in the Notice of the 20th AGM contained in this Annual Report.

(3) Tenure of Independent Directors

Currently, all the Independent Directors, namely Encik Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria, Mr. Lim Peng Tong and Mr. Ng Keok Chai, have served the Board for less than nine (9) years.

Although the Board has not adopted a policy which limits the tenure of its Independent Directors to nine (9) years, the Board has undertaken to assess its Independent Directors annually as recommended by the MCCG. In this regard, the Nomination Committee ("**NC**") has undertaken proper policies and procedures to assess the independence of the Independent Directors on the Board by taking into account the individual Director's ability to exercise independent and impartial judgement at all times and their contribution to the effective functioning of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (cont'd)

(3) Tenure of Independent Directors (cont'd)

The Independent Directors must ensure that they are independent of management and free from any business relationship which could materially interfere with their independent judgement. Their role is to provide independent view, advice and judgement to ensure a balanced and unbiased decision-making process as well as to safeguard the interest of public shareholders. To this end, the Independent Directors are expected to advise the Chairman or the Board immediately if they believe that they may no longer be independent.

All the Independent Directors have fulfilled the criteria prescribed under the Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") Main Market Listing Requirements ("**MMLR**") and the Board is of the opinion that the current composition of Independent Directors on the Board adequately represents the interest of the minority shareholders in the Company.

(4) Appointment of Directors

Although the Board did not utilise independent sources to identify the new Board member appointed in the FYE 2020, namely Mr. Sim Chiun Wee, who was recommended by existing Board members, the Board has entrusted the NC with the duty to review and recommend the appointment of potential candidates as Directors for the Board's consideration.

In making the recommendation to the Board, the NC will consider the required mix of skills, experience, character, integrity, competence, time commitment and diversity of the potential candidate, where appropriate. The Remuneration Committee ("**RC**") on the other hand, is responsible to determine the appropriate remuneration packages for these appointments.

Upon appointment, the newly appointed Director shall be briefed on the terms of his/her appointment, his/her duties and obligations and on the operations of the Group.

(5) Board Committees

The Board has established the following Board Committees, each with clearly defined terms of reference detailing the respective Board Committees' authorities, roles and responsibilities, to enhance business and corporate efficiency and effectiveness:-

- Audit Committee ("**AC**");
- Risk Management Committee;
- NC; and
- RC.

All of these Board Committees have written terms of reference ("**TOR**") clearly outlining their objectives, duties and powers. The final decisions on all matters are determined by the Board as a whole.

(6) AC

The AC is responsible to assist the Board in discharging its duties and responsibilities relating to accounting and reporting practices as well as internal control of the Group.

The Board has delegated the following responsibilities to the AC who reviews the Group's accounting and internal controls and assesses the independency of the Group's External and Internal Auditors. The activities during the financial year under review have been laid out in the AC Report in this Annual Report.

The TOR of the AC is available on the Company's corporate website at https://www.ktg.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (cont'd)

(7) NC

The Board has established the NC to assist the Board in ensuring that there is a structured oversight process in the recruitment, retaining, training and development of Directors of the Company. The NC comprises exclusively of the following Independent Directors:-

Name	Designation	Number of NC Meetings attended/held in the financial year under review
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	Chairman	1/1
Lim Peng Tong	Member	1/1
Ng Keok Chai	Member	1/1

The NC is governed by its TOR and its principal objective is to assist the Board in its responsibilities by sourcing for and nominating potential candidates to be appointed as new Directors, to the Board, and to perform annual assessments on the effectiveness of the Board as a whole, the respective Board Committees, and each individual Director.

The TOR of the NC is available on the Company's corporate website at https://www.ktg.com.my.

(a) Activities undertaken during the financial year

For the FYE 2020, the NC held one (1) meeting and passed several resolutions in writing to perform the following in the discharge of its duties and responsibilities:-

- Reviewed and recommended candidates for appointment to the Board;
- Recommended the re-election of the Directors who are to retire by rotation at the 19th AGM;
- Reviewed the contribution and performance of each individual Director to assess the character, experience, integrity, and competence to effectively discharge their role as a Director through a comprehensive assessment system;
- Reviewed the required mix of skills and experience and other qualities of the Board;
- Evaluated the performance of the Board and respective Board Committees;
- Assessed the independence of the Independent Directors of the Company; and
- Reviewed the term of office and performance of the AC and each of the AC members and assessed the effectiveness of the AC as a whole.

(b) Gender Diversity

While there is currently no female Director on the Board, the Board is committed to ensuring that Board recruitment is based on objective criteria, merit and with due regard for diversity in skills and experience, and not solely gender.

(c) Ethnicity Diversity

The Board currently comprises one (1) Malay Director, five (5) Chinese Directors and one (1) Indian Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (cont'd)

(7) NC (cont'd)

(d) Age Diversity

The general age profile of the Directors is between forties to sixties years of age.

While the Company does not have any specific target for age diversity in the Boardroom, the Board recognises the added value that Directors of different age groups could contribute to the Company and would endeavour to promote age diversity among the Directors and Senior Management.

(8) RC

The RC comprises exclusively of the following Independent Directors:-

Name	Designation	Number of RC Meetings attended/held in the financial year under review
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	Chairman	1/1
Lim Peng Tong	Member	1/1
Ng Keok Chai	Member	1/1

The RC met once during the FYE 2020.

The RC is governed by its TOR and its principal objective is to assist the Board in developing and administering a fair and transparent procedure for setting policy on the remuneration of Directors and Senior Management.

The TOR of the RC is available on the Company's corporate website at https://www.ktg.com.my.

(9) Time Commitment

Members of the Board are expected to devote sufficient time and attention to the affairs of the Company, for the effective functioning of the Board as a whole. While Directors are at liberty to accept other Board appointment(s) in other companies, Directors are required to ensure that the appointment(s) is/are not in conflict with the Company's business and would not hinder the effective discharge of his/her duty as a Director of the Company.

Directors are also required to notify the Board of new Board appointment(s) in other companies and provide an indication of time that will be spent on the new Board appointment(s).

Directors are also expected use their best endeavours to attend Board meetings where each Director shall commit to attend at least 50% of all Board Meetings and Board Committee Meetings where he is a member of, in any applicable financial year.

The Board will normally hold meetings at least four (4) times in each financial year and will hold additional meetings as the situation requires. At each meeting the Board will consider amongst others, the following:-

- Quarterly financial results;
- Relevant financial and operational report(s) from Management; and
- Major issues and/or potential opportunities for the Company, if any.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (cont'd)

(9) Time Commitment (cont'd)

For the FYE 2020, the Board had convened a total of five (5) Board Meetings. The attendance record of each Director at the Board of Directors' Meetings during the FYE 2020 is as follows:-

Name of Directors	Attendance
Datuk Wan Khalik Bin Wan Muhammad *(resigned w.e.f. 25 September 2020)*	5/5
Dato' Sri Shahril Bin Mokhtar *(resigned w.e.f. 30 April 2020)*	4/4
Dato' Sri Aminul Islam Bin Abdul Nor *(resigned w.e.f. 19 August 2020)*	4/5
Dato' Rathakrishnan a/l Vellaisamy	5/5
Tan Ooi Jin	4/5
Lim Mun Shung (Melvin)	5/5
Sim Chiun Wee *(appointed w.e.f. 30 April 2020)*	1/1
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	5/5
Lim Peng Tong	5/5
Ng Keok Chai	5/5

During the intervals between Board meetings, matters requiring urgent decisions and/or approval of the Board were sought vide circular resolutions of the Board which were circulated to all the Directors and supported with all relevant information and explanations required for an informed decision to be made.

(10) Trainings

The Board is cognisant of the importance of continuous education and training in equipping each individual Director and the Board as a whole. In this regard, the Board with the assistance of the NC, evaluates and determines the training needs of its Directors annually and encourages the Directors to attend various professional training programmes to keep abreast on issues and challenges arising from the changing business environment within which the Group operates.

During the FYE 2020, the Directors had attended the following training programmes in compliance with Paragraph 15.08 of the MMLR:-

Name of Directors	Training/courses attended
Datuk Wan Khalik Bin Wan Muhammad *(resigned w.e.f. 25 September 2020)*	• Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision • Training on the Anti-Bribery and Corruption Policy and Framework of KTG Group
Dato' Sri Shahril Bin Mokhtar *(resigned w.e.f. 30 April 2020)*	• Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision
Dato' Sri Aminul Islam Bin Abdul Nor *(resigned w.e.f. 19 August 2020)*	• Mandatory Accreditation Programme • Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (cont'd)

(10) Trainings (cont'd)

During the FYE 2020, the Directors had attended the following training programmes in compliance with Paragraph 15.08 of the MMLR (cont'd):-

Name of Directors	Training/courses attended
Dato' Rathakrishnan a/l Vellaisamy	• Mandatory Accreditation Programme • Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision • Training on the Anti-Bribery and Corruption Policy and Framework of KTG Group
Tan Ooi Jin	• Thai Institute of Directors – Director Accreditation Program • Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision • Training on the Anti-Bribery and Corruption Policy and Framework of KTG Group
Lim Mun Shung (Melvin)	• Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision • Webinar on Disruptive Technologies & Future of Functional, Sustainable and Affordable Facades • Webinar on Digitalization & Constant Facade Evolution • Webinar on Fire Safety Facades • Training on the Anti-Bribery and Corruption Policy and Framework of KTG Group
Sim Chiun Wee *(appointed w.e.f. 30 April 2020)*	• Mandatory Accreditation Programme • Training on the Anti-Bribery and Corruption Policy and Framework of KTG Group
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	• Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision
Lim Peng Tong	• Evaluating Effectiveness of Internal Audit Function • Audit Oversight Board Conversation with Audit Committees • Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision • Training on the Anti-Bribery and Corruption Policy and Framework of KTG Group
Ng Keok Chai	• Mandatory Accreditation Programme • Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision • Training on the Anti-Bribery and Corruption Policy and Framework of KTG Group

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration

The Board recognises that fair remuneration is crucial to attract, retain and motivate Directors and Senior Management. To this end, the Board has adopted the Policy and Procedures in determining the Remuneration of Directors and Senior Management on 17 October 2018 which was subsequently revised on 21 January 2020 which considers amongst others, the demands, complexities and performance of the Company as well as the skills and experience required of each Director, to guide the Board in ensuring that the remuneration package of each Director commensurates with the responsibility and performance of each Director and is sufficient to attract, retain and motivate the Directors.

The breakdown of the remuneration packages of the Directors for the FYE 2020 are as follows:-

Name of Directors	Directors' Fees [(1)] RM	Salaries and Bonus [(2)] RM	Other emoluments [(3)] RM	Benefits in-kind RM	Total RM
Executive Directors					
Datuk Wan Khalik Bin Wan Muhammad *(resigned w.e.f. 25 September 2020)*	60,000.00	–	500.00	–	60,500.00
Dato' Sri Shahril Bin Mokhtar *(resigned w.e.f. 30 April 2020)*	50,000.00	280,769.50	400.00	–	331,169.50
Dato' Sri Aminul Islam Bin Abdul Nor *(resigned w.e.f. 19 August 2020)*	60,000.00	–	400.00	–	60,400.00
Tan Ooi Jin	60,000.00	202,523.40	400.00	–	262,923.40
Lim Mun Shung (Melvin)	60,000.00	259,083.40	500.00	–	319,583.40
Dato' Rathakrishnan a/l Vellaisamy	55,000.00	–	500.00	–	55,500.00
Sim Chiun Wee *(appointed w.e.f. 30 April 2020)*	10,000.00	40,473.90	100.00	–	50,573.90
Non-Executive Directors					
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	60,000.00	–	500.00	–	60,500.00
Lim Peng Tong	60,000.00	–	500.00	–	60,500.00
Ng Keok Chai	55,000.00	–	500.00	–	55,500.00

(1) *Approval obtained as a lump sum at the 19th AGM for the FYE 2020.*
(2) *Includes statutory contributions.*
(3) *For meeting allowances only.*

For the financial year ending 30 June 2021, a total amount of Directors' Fees of RM350,000/- has been recommended to the shareholders for approval at the forthcoming 20th AGM of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AC

To ensure that the Company's financial statements provide a reliable representation of the Company's financial performance and position of the Company, the Board has delegated the role of overseeing the financial reporting process of the Company to the AC which comprises solely of Independent Directors, and was chaired by Mr. Lim Peng Tong, who is a separate person from the Chair of the Board.

The TOR of the AC which has been made available on the Company's website at https://www.ktg.com.my sets out in sufficient detail the specific duties, responsibilities and authority of the AC, and is reviewed and updated periodically and as and when regulatory changes and/or changes to the strategic direction of the Company require.

The composition and details of activities carried out by the AC during the financial year are set out in the AC Report of this Annual Report.

FINANCIAL REPORTING

(1) Compliance with Applicable Financial Reporting Standards

The Company's financial statements, both audited and unaudited, are prepared in accordance with the requirements of the prevailing approved accounting standards in Malaysia and the provisions of the Companies Act 2016.

The AC would review the information to be disclosed in the quarterly results and year-end financial results, to ensure completeness, accuracy and adequacy of the quarterly results and year-end financial results prior to recommending the same to the Board for endorsement and submission to Bursa Malaysia Securities.

In reviewing the quarterly results and year-end financial results, the AC would also take extra caution of any significant adjustments that may arise from the external audit and would consult the External Auditors on such matters should the need arise.

As fiduciaries of the Company, the Board ensures that the shareholders are presented with a clear, balanced and faithful representation of the Company's financial performance and prospects through the issuance of the audited financial statements and quarterly announcements of financial results on a timely basis and in compliance with the prevailing approved accounting standards in Malaysia.

(2) Assessment of Suitability and Independence of External Auditors

For the FYE 2020, the AC has assessed the External Auditors, namely Messrs. Folks DFK & Co, vide an annual assessment of the suitability, objectivity and independence of the External Auditors in accordance with the criteria under the Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors which was adopted on 17 October 2018.

Upon conducting the annual evaluation of the performance of the External Auditors, the AC was satisfied with the quality of audit, competency and sufficiency of resources, and audit independence of the External Auditors in respect of the services rendered for the FYE 2020.

In addition to the above, the Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors also requires a cooling-off period of at least two (2) years to be observed by the former key audit partner of the Company's External Auditors before being appointed as a member of the AC to uphold the objectivity and independence of the Company's financial statements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. Risk Management and Internal Control Framework

(1) Sound Framework to Manage Risks

Recognising the importance of a sound system of risk management and internal controls, the Board has delegated the oversight of the risk management of the Company to the Risk Management Committee.

Besides adopting the Risk Management Strategy and Policy, the Company has also adopted an Enterprise Risk Management Framework: Integrating with Strategy and Performance to ensure sustainable growth and promote a proactive approach in reporting, evaluating and managing risks associated within the respective companies, in-line with the agreed risk framework and accepted by the RMC and approved by the Board of Directors.

The Group had on 15 October 2020 adopted a revised Credit Policy to regulate and govern its moneylending business as well as to ensure sound credit-granting standards whereby comprehensive credit assessment would be conducted to evaluate the creditworthiness of borrowing applicants whilst establishing specific criteria to be met before granting of loans. Mechanisms such as the issuance of reminder letters, calls and litigation process have been established to monitor collections and to minimise default risks.

The Statement on Risk Management and Internal Control of the Group as set out on pages 38 to 41 of this Annual Report provides an overview of the state of risk management and internal controls within the Group.

(2) Internal Audit Function

The internal audit function of the Group is outsourced to an outsourced professional service firm, namely YYC Advisors Sdn. Bhd. *(formerly known as Total Advisors Sdn. Bhd.)* ("**YYC Advisors**"). To uphold the independence and objectivity of the internal audit function, the outsourced Internal Auditors report directly to the AC. Furthermore, to ensure effectiveness of the internal audit function, the AC has also taken reasonable steps to ensure that the outsourced Internal Auditors are accorded with direct and unrestricted access to the necessary and relevant information, records, physical properties and personnel in the furtherance of the Internal Auditors' duties.

The AC also follows up closely on the implementation of recommendations by the Internal Auditors. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the 2020 Annual Report.

For the FYE 2020, the AC has assessed the performance of the Internal Auditors vide an annual assessment of the suitability of the Internal Auditors and is satisfied with the effectiveness and performance of YYC Advisors.

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

I. Communication with Stakeholders

(1) Corporate Disclosure Policy

The Board acknowledges the importance of maintaining and fostering good meaningful relationships with the Company's stakeholders and recognises that the Company's actions would affect the stakeholders in one way or another. As such, as part of the Company's endeavours to establish meaningful relationships with its stakeholders, the Company has adopted a Corporate Disclosure Policy which is available to the public on the Company's corporate website at https://www.ktg.com.my. Aside from establishing good investor relations, the Corporate Disclosure Policy also provides the Company with a basis for compliance with all applicable legal and regulatory requirements on the disclosure of material information.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

I. Communication with Stakeholders (cont'd)

(2) Official Communication Channels for Effective Dissemination of Information

The Board has adopted the following measures with regards to communication with the Company's shareholders:-

(i) Announcements to Bursa Malaysia Securities

The Board takes reasonable steps to ensure that any material information and updates as well as all periodic financial reports of the Company are published on a timely basis through announcements to Bursa Malaysia Securities via the dedicated website of Bursa Malaysia Securities at www.bursamalaysia.com.

(ii) Corporate Website

The Company endeavours to make all publicly disclosed material information and presentations to analysts and conferences available to the public through the Company's corporate website at https://www.ktg.com.my for a reasonable period of time.

The Company also has designated Investor Relations & Corporate Communications personnel who have been tasked to ensure that the Company's website is kept up-to-date with the Company's latest disclosures.

(iii) Annual Reports

The Annual Report to shareholders, is also one (1) of the main channels of communication between the Company and its shareholders and stakeholders. The Annual Report, which is prepared in accordance with the requirements of the MMLR, communicates comprehensive information on the financial results and activities undertaken by the Company during the financial year.

(iv) AGMs/General Meetings

The Company also seeks to provide a forum for dialogue with its shareholders where they may raise questions or seek clarifications on the Company's business and reports from the Company's Directors through the AGMs/General Meetings of the Company.

(v) Designated Spokespersons

The Company has designated a limited number of spokespersons ("**Authorised Spokesperson**") responsible for communication with the investment community, regulators or the media. The list of the Authorised Spokespersons are as follows:

1. Chairman;
2. CEO/MD;
3. Authorised Director;
4. Chief Financial Officer; and/or
5. Senior Manager, Investor Relations & Corporate Communications.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

II. Conduct of General Meetings

(1) Shareholders' Participation at General Meetings

To encourage shareholders' participation at General Meetings, the Board would ensure that Notices of AGMs/ General Meetings provide detailed explanation for the resolutions proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make informed decisions in exercising their voting rights.

In addition, to enable shareholders to plan ahead and schedule their time to attend the Company's 20th AGM this year, the Company has provided all shareholders at least twenty-eight (28) days' notice before the date of the 20th AGM this year.

The Board also takes cognisant that interaction with the Board at AGMs and General Meetings allows shareholders to hear directly from the Board on the Board's management of the Company's affairs and the strategic direction of the Company. As such, the Directors would take all reasonable and practicable steps to ensure their attendance at AGMs and General Meetings of the Company.

(2) Poll Voting

In line with Paragraph 8.29A of the MMLR on the requirement for poll voting for any resolution set out in the notices of general meetings, the Company had conducted its voting on all resolutions at the 19th AGM held on 26 November 2019 by poll to facilitate the polling process and provide a more accurate outcome of the poll results. Furthermore, to ensure a transparent polling process, an independent scrutineer was also appointed to scrutinise the polling process and verify the poll results.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors dated 15 October 2020.

ADDITIONAL COMPLIANCE INFORMATION

1. STATUS OF UTILISATION OF PROCEEDS

Rights issue of Irredeemable Convertible Preference Shares ("**ICPS**") with free detachable warrants ("**Rights Issue**")

On 19 April 2016, KTG Berhad *(formerly known as DWL Resources Berhad)* ("**KTG**" or "**the Company**") had completed a rights issue of 522,500,000 new ICPS together with 52,250,000 free detachable warrants ("**Warrants**")("**Rights Issue**") and raised total gross proceeds of RM31.35 million ("**Rights Issue Proceeds**") to be utilised in the manner as set out in the Circular to Shareholders of KTG dated 5 February 2016 ("**Rights Issue Circular**"), as approved by the shareholders of KTG at the Extraordinary General Meeting ("**EGM**") held on 1 March 2016.

On 9 August 2017, the Company announced its intention to vary the utilisation of the proceeds raised from the Rights Issue as set out in the Circular to Shareholders of KTG dated 8 September 2017, as approved by the shareholders of KTG at the EGM held on 9 October 2017.

On 25 August 2017 and 29 August 2017 respectively, the Company announced that one (1) of its subsidiaries, namely, Profit Sunland Sdn. Bhd. ("**PSSB**"), had entered into two (2) Deeds of Mutual Rescission and Revocation with JV Muhibbah Sdn. Bhd. for the rescission and revocation of the two (2) Managing Contractor Agreements for the development of Southern City Project – Phase 1B and Southern City Project - Phase 2. As such, the Company redeployed the balance of RM15.68 million allocated for the Southern City Project – Phase 2 as additional working capital for the KTG Group, particularly for the PPAM Project and as initial outlays and/or working capital for future construction, development and/or other projects and/or for the acquisitions of companies, properties and/or lands as and when opportunities arise.

On 8 October 2019, the Company announced that the Board had resolved to extend the time frame for a period of eighteen (18) months from 9 October 2019 to 8 April 2021 to provide additional time for the Group to utilise the proceeds for PPAM Project. The delay in the utilisation of proceeds allocated for PPAM Project was mainly due to the development agreement which is pending finalisation from the Ministry of Housing and Local Government.

As at the latest practicable date of 30 September 2020 ("**LPD**"), the details of the utilisation of proceeds raised from the Rights Issue are as follows:-

Description	Proposed/ Revised Utilisation RM'000	Actual Utilisation as at 30 September 2020 RM'000	Revised Timeframe for Utilisation with extension of time (from 9 October 2019)	Deviation RM'000	%	Explanation
Southern City Project - Phase 1B	4,000	4,000		–	–	
Construction Project in Johor	8,000	8,000		–	–	
PPAM Project	10,000	8,666	Within 18 months (from 9 October 2019 to 8 April 2021)	1,334	13.3	Pending Utilisation
Future projects and/or acquisitions	4,500	4,500		–	–	
Working capital	4,178#	4,178		–	–	
Expenses in relation to the Rights Issue	672#	672		–	–	
	31,350	**30,016**				

Notes:-

The variation of the actual amount of expenses for the Rights Issue was adjusted against the working capital of the Company.

ADDITIONAL COMPLIANCE INFORMATION
(cont'd)

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid by the Company and its subsidiaries for the financial year ended 30 June 2020 are as follows:-

	Company RM	**Group RM**
Audit fees	60,000	193,000
Non-audit fees	3,000	3,000
Total	63,000	196,000

3. MATERIAL CONTRACTS

As at the LPD, there were no material contracts entered into by the Company or by any of its subsidiaries (not being contracts entered into in the ordinary course of business) involving the interests of Directors, or Major Shareholders either still subsisting at the end of the financial year ended 30 June 2020, or if not then subsisting, entered into since the end of the previous financial year, except for the following:-

- On 18 August 2020, the Company entered into a shares sale agreement with Bestinet Technology Sdn. Bhd. ("**BTSB**") for the disposal of the entire equity interest in DWL Technologies Sdn. Bhd. ("**DTSB**") to BTSB comprising one hundred (100) ordinary shares for a total cash consideration of RM100.00. The disposal of DTSB was completed on 28 August 2020.

  Dato' Rathakrishnan A/L Vellaisamy ("**Dato' Ratha**"), being an Executive Director of the Company, and a Director of DTSB, is also a Director of BTSB. Aside from the aforementioned common Directorships, Dato' Ratha does not hold any shareholdings and does not receive any other interest such as commission or other kinds of benefits from the Company or BTSB.

4. RECURRENT RELATED PARTY TRANSACTIONS

There were no recurrent related party transactions of a revenue or trading nature for the Group during the financial year under review other than those disclosed in Note 27 to the audited financial statements. Those recurrent related party transactions did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE ("AC")

The AC comprises the following members:-

Names	Designation	Directorship
Lim Peng Tong	Chairman	Independent Non-Executive Director
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	Member	Independent Non-Executive Director
Ng Keok Chai	Member	Independent Non-Executive Director

The composition of the AC is in compliance with Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") and the Malaysian Code on Corporate Governance ("**MCCG**") where all three (3) AC members are Independent Non-Executive Directors. None of the Independent Directors have appointed Alternate Directors.

The member of the AC meets the requisite qualifications under Paragraph 15.09(1)(c) of the MMLR of Bursa Malaysia Securities.

The duties and responsibilities of the AC are spelt out in the Terms of Reference of the AC, a copy of which is available in the Company's website at https://www.ktg.com.my.

MEETINGS AND ATTENDANCE OF AC MEMBERS

The AC held five (5) meetings during the financial year ended 30 June 2020. The Managing Director (resigned on 30 April 2020), Executive Directors, Chief Financial Officer and representatives of the External and Internal Auditors were invited to attend AC meetings when required, in order to facilitate direct communications in respect of matters of significant concern or interest. The Minutes of the AC meetings were circulated to all members of the Board for their notation.

The details of the attendance of the AC members are as follows:-

Names	Attendance*
Lim Peng Tong	5/5
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	5/5
Ng Keok Chai	5/5

* The AC Meetings were held on 27 August 2019, 15 October 2019, 26 November 2019, 27 February 2020 and 10 June 2020 respectively.

SUMMARY OF WORK AND DISCHARGE OF RESPONSIBILITIES OF THE AC

During the financial year ended 30 June 2020, the AC had discharged its functions and carried out its duties as set out in its Terms of Reference.

The AC has also met up with the External Auditors without the presence of all the Executive Board members twice during the financial year to encourage a greater exchange of free and honest views between both parties.

AUDIT COMMITTEE REPORT
(cont'd)

SUMMARY OF WORK AND DISCHARGE OF RESPONSIBILITIES OF THE AC (CONT'D)

A summary of the work of the AC in discharge of its functions and duties for the financial year ended 30 June 2020 and how it has met its responsibilities during the financial year are as follows:-

1. Financial Results

a) Reviewed the quarterly financial results of the Company focusing particularly on changes in or implementation of major accounting policy changes, significant and unusual events and compliance with accounting standards and other legal requirements before recommending them for approval by the Board of Directors for announcement to Bursa Malaysia Securities;

b) Reviewed the reports and the audited financial statements of the Company together with the External Auditors prior to tabling to the Board for approval.

In the review of the annual audited financial statements, the AC had discussed with Management and the External Auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements as well as issues and reservations arising from the statutory audit.

The AC had met on the following dates during the financial year to deliberate on the financial reporting matters:-

Date of Meeting	Financial Reporting Statement Reviewed
27 August 2019	• Fourth quarter results for the financial year ended 30 June 2019
15 October 2019	• Audited Financial Statements for the financial year ended 30 June 2019
26 November 2019	• First quarter results for the financial year ended 30 June 2020
27 February 2020	• Second quarter results for the financial year ended 30 June 2020
10 June 2020	• Third quarter results for the financial year ended 30 June 2020

2. External Audit

a) Reviewed the Report on Significant Audit Findings for the financial year ended 30 June 2019, which included the External Auditors' significant audit findings and observations, status of the audit, independence of the External Auditors and summary of adjusted audit differences;

b) Reviewed and discussed the Follow-Up Report for the financial year ended 30 June 2019 and areas for concern raised by the External Auditors;

c) Reviewed the Outline of Audit Plan for the financial year ended 30 June 2020 presented by the External Auditors, which included the external auditors' audit approach and methodology, audit timetable, significant audit areas, reporting and deliverables, summary of new Malaysian Financial Reporting Standard ("**MFRS**") and amendments to MFRS and fees;

d) Assessed the suitability, objectivity, independence and performance of the External Auditors;

e) Assessed the performance of the Internal Auditors;

f) Reviewed and evaluated the adequacy and effectiveness of the Group's accounting policies, procedures and system of internal controls; and

g) Reviewed the Terms of Reference of the AC.

During the financial year, the AC had two (2) private discussions with the External Auditors on 27 August 2019 and 15 October 2019 respectively, without the presence of the Executive Directors and Management of the Company to discuss issues that arose from the external audit.

AUDIT COMMITTEE REPORT
(cont'd)

SUMMARY OF WORK AND DISCHARGE OF RESPONSIBILITIES OF THE AC (CONT'D)

A summary of the work of the AC in discharge of its functions and duties for the financial year ended 30 June 2020 and how it has met its responsibilities during the financial year are as follows (cont'd):-

3. Internal Audit

a) Reviewed and approved the Internal Audit Services Proposal for the financial year ended 30 June 2020 and the internal audit fees;

b) Reviewed two (2) Internal Auditor's Reports for the financial year ended 30 June 2020, which includes internal audit findings and the Management responses to rectify and improve the system of internal control; and

c) Monitored the implementation of action plan recommended by Internal Auditors arising from its audits in order to obtain assurance that all key risks and controls have been fully dealt with.

The performance of the internal auditors' functions was discussed and formally received by the AC on 27 August 2020.

4. Related Party Transactions ("RPT")

a) Reviewed the Recurrent RPT of the Company on a quarterly basis.

5. Other matters

a) Reviewed the composition of the Audit Committee to be in compliance with the MMLR of Bursa Malaysia Securities and the best corporate governance practices;

b) Reviewed the AC Report and Statement on Risk Management and Internal Control for disclosure in the 2020 Annual Report; and

c) Reviewed the following annual evaluation forms:-

- ➢ Audit and Risk Management Committee Members' Peer Performance Evaluation Form;
- ➢ External Auditors Performance and Independence Evaluation Form; and
- ➢ Internal Audit Function Evaluation Form.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Company's internal audit function, which is outsourced to a professional service firm, assists the Board and the AC in providing independent assessment of the adequacy, efficiency and effectiveness of the Company's internal control system, and reports directly to the AC.

A summary of work of the internal audit function for the financial year ended 30 June 2020 is as follows:-

(a) Formulated the internal audit plan and presented the plan for the AC's review and approval;

(b) Executed the internal audit reviews on the level of compliance of the Company with the MCCG and on the operations of Oriwina Sdn. Bhd., a wholly-owned subsidiary of the Company which focused on the following segments in accordance with the approved audit plan:-

(i) Human resource management and payroll process; and
(ii) Purchasing function.

AUDIT COMMITTEE REPORT
(cont'd)

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION (CONT'D)

A summary of work of the internal audit function for the financial year ended 30 June 2020 is as follows (cont'd):-

(c) Based on the audit reviews carried out, reported the results of the audit reviews to the AC in the AC held on 27 February 2020 and 10 June 2020 respectively. The reports highlighted internal control weaknesses identified and corresponding recommendations for improvements; and

(d) Followed up on the status of implementation of Management action plans carried out and reported the same to the AC.

The internal audit reviews carried out during the financial year ended 30 June 2020 did not reveal weaknesses that have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("**the Board**") of KTG Berhad *(formerly known as DWL Resources Berhad)* ("**KTG**" or "**the Company**") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 30 June 2020, which has been prepared pursuant to Paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") Main Market Listing Requirements ("**Main LR**") and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, issued by Task Force on Internal Control with the support and endorsement of Bursa Securities. The statement below outlines the nature and scope of risk management and internal control of the Company during the financial year under review.

BOARD RESPONSIBILITY

The Board undertakes the responsibility and re-affirms its commitment in maintaining a sound system of internal control that supports the achievement of the corporate policies, aims and objectives of the Company and its subsidiaries through continuous improvement on internal control and risk management. The Company's system of risk management and internal control is designed to safeguard shareholders' investments and the Company's assets as well as to review the adequacy and integrity of the system of internal control. The responsibility of reviewing the adequacy and integrity of the Company's system of internal control is delegated to the Audit Committee ("**AC**"), which is empowered by its terms of reference to seek assurance on the adequacy and integrity of the internal control system through independent reviews carried out by the internal audit function.

However, as there are inherent limitations in any system of internal control, such system put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Company's business objectives. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

On 20 April 2011, the Board had established the Risk Management Committee ("**RMC**") which comprises solely of Independent Non-Executive Directors, and plays a more focused role in the direction and oversight of KTG and its subsidiaries ("**the Group**")'s risk management policies. The composition of the RMC is as follows:-

Names	Designation	Directorship
Lim Peng Tong	Chairman	Independent Non-Executive Director
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	Member	Independent Non-Executive Director
Ng Keok Chai	Member	Independent Non-Executive Director

The RMC together with the Operational Management and Risk Officers work hand-in-hand to safeguard assets of the Company by identifying key business risks and ensure that the identified risks are properly managed within budget as well as the Company's operational and strategic plans.

The Board together with the RMC have tried to determine the core capabilities, divisions, competitive advantages, formation of the value-added chain, and thus key factors which contribute to the Group's value drivers. The risk management strategy will be aligned with the actions taken with business strategy which is necessary to maximise organisational effectiveness.

Aside from the risk management policy, the Group has adopted an Enterprise Risk Management ("**ERM**") Framework: Integrating with Strategy and Performance to ensure sustainable growth and promote a proactive approach in reporting evaluating and managing risks associated within the respective companies, in-line with the agreed risk framework and accepted by the RMC and approved by the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

RISK MANAGEMENT (CONT'D)

Based on the ERM Framework, risk assessments that have been conducted through a combination of discussion by the Head of Department/Business Units and the top management, the Board and the RMC had noted the risk profiling results which outlines the process followed in conducting an assignment and the risk register outputs from the exercise conducted. The results from the risk assessments will be able to provide the basis for business improvement strategies, developing cost effective control strategies and possibly internal audit to prioritise operational review.

The Group had on 15 October 2020 adopted a revised Credit Policy to regulate and govern its moneylending business as well as ensuring sound credit-granting standards whereby comprehensive credit assessment would be conducted to evaluate the creditworthiness of borrowing applicants at the same time establishing specific criteria to be met before granting of loans. Mechanisms such as the issuance of reminder letters, calls and litigation process have been established to monitor collections and to minimise default risks.

INTERNAL CONTROL

The Board receives and reviews regular reports from the Management on key financial data, performance indicators and regulatory matters. This is to ensure that matters that require the Board's attention are highlighted for review, deliberation and decision on a timely basis. The Board approves appropriate responses or amendments to the Group's policy. Besides, the results of the Group are reported quarterly and any significant fluctuations are analysed and acted upon in a timely manner.

Issues relating to the business operations are highlighted to the Board's attention during Board meetings. The AC reviews internal control matters and updates the Board on significant control gaps for the Board's attention and action.

The other salient features of the Group's systems of internal controls are as follows:

- Group's business objectives are communicated throughout the organisation through its business plan, management meetings as well as interaction between the Executive Directors, the Chief Financial Officer, management and employees;

- Defined organisation structure and delegation of responsibilities enable a clear reporting line from lower management level up to the Board;

- Policies, Procedures and Standard Operating Procedures which are systematically documented, revised regularly and made available to guide staff in their daily operations;

- Operations review meetings are held by the respective business units to monitor the progress of business operations, deliberate significant issues and formulate corrective measures;

- Quarterly review of the financial performance of the Group by the Board and the AC;

- A Code of Conduct and Ethics is well communicated to all employees of the Group. All employees of the Group shall adhere to the Code of Ethics and Conduct of the Group which sets out the principles and standard to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing within the Group and with external parties;

- The Anti-Bribery and Corruption ("**ABC**") Policy of the Group was adopted on 21 May 2020. The said ABC Policy which has been made available on the Company's website at https://www.ktg.com.my sets out the Group's ABC management and governance framework as well as the Group's responsibilities in observing and upholding the Group's stance against bribery and corruption. Trainings and briefing in relation to ABC Policy of the Group has been provided to all existing employees, Management as well as Board of the Group, and the same would be provided for all new employees, Management and Board of Directors to ensure all individuals within the Group is fully aware of the ABC Policy.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

INTERNAL CONTROL (CONT'D)

Further, the following key internal control structures which provides guidance for the employees of the Group in dealing with risks in a rational and target-oriented manner are in place to assist the Board in maintaining a proper internal control system:-

- Adoption of the Group's risk management policy statement by all business units and divisions and decision in relation to risk management to be made at the operating level where knowledge and expertise reside. Responsibility for risk management will be undertaken by business units or divisions with the guidance from the RMC;

- Risks identified to be formally reported to the RMC and the Board during the RMC Meeting to be held periodically;

- Incorporation of risk management in relation to business and operational planning into new projects; and

- Promotion of a proactive risk management approach and creation of the necessary risk awareness and cultivation of an intra-group risk and control culture.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to a professional service firm, as part of its efforts in ensuring that the Group systems of internal controls are adequate and effective. The internal audit activities of the Group is carried out according to internal audit service proposal approved by the AC. The internal audit function adopts a risk-based approach and prepares its audit plans based on risk profile of the Group and significant risks identified. The internal audit provides an assessment of the adequacy and integrity of the Group's system of internal controls, and provides recommendations, if any, for the improvement of the control policies and procedures. The results of the internal audit assessments are reported periodically to the AC.

The internal audit reports are reviewed by the AC and forwarded to the Management so that any recommended corrective actions could be implemented. The Management is responsible for ensuring that the necessary corrective actions on reported weaknesses are taken within the required time frame. In addition, the status of the implementation of corrective actions to address the weaknesses is also followed up by the internal auditors to ensure that these actions have been satisfactorily implemented. The Management will continue to ensure that appropriate actions are taken to enhance and strengthen the internal control environment.

During the financial year under review, two (2) cycles of internal audit were carried out for one (1) of its active wholly-owned subsidiaries, Oriwina Sdn. Bhd. Based on the internal audit reviews carried out, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

The costs incurred in maintaining the outsourced internal audit function for the financial year ended 30 June 2020 amounted to RM27,900.00.

REVIEW BY THE BOARD

The Board's review of risk management and internal control effectiveness is based on information from:-

- Management within the organisation responsible for the development and maintenance of the risk management and internal control system.

- The work by the internal audit function, which submitted its reports to the AC together with the assessment of the internal controls systems relating to key risks and recommendations for improvement.

The Board considered the system of internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Company's business environment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

REVIEW BY THE EXTERNAL AUDITORS

The External Auditors of the Company have reviewed this Statement on Risk Management and Internal Control for the inclusion in this Annual Report and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the risk management processes and internal controls.

CONCLUSION

For the financial year under review and up to the date of approval of this Statement on Risk Management and Internal Control, the Board is of the view that the Company's system of internal control is adequate to safeguard shareholders' investments and the Company's assets and has not resulted in any material loss, contingency or uncertainty.

The Board has not identified any circumstances which suggest any fundamental deficiencies in the Company's system of internal control. However, the Board is also cognisant of the fact that the Company's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control.

The Board has obtained assurance from the Executive Directors and Chief Financial Officer on whether the Group's risk management and internal control systems is operating adequately and effectively, in all material aspects, for the financial year ended 30 June 2020.

This statement was approved by the Board on 15 October 2020.

CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENT

More than operating responsibly, KTG Berhad *(formerly known as DWL Resources Berhad)* ("**KTG**" or "**the Company**") is committed to using our knowledge, skills and experience to help strengthen our communities. KTG acknowledges the need for us to continuously improve our corporate responsibility initiatives and adopt the best practices in sustainability management and corporate responsibility. These will be embedded in our corporate culture, values, policy statements and work practices. In implementing its corporate responsibility policies, KTG and its subsidiaries ("**the Group**") is committed in maintaining its sustainability at the same time observe a high standard of business practices both locally and globally.

As a member of the society, the Group does not forget its responsibility and roles. We understand that each and every one has an important part to play so that the society continues to improve. The Group continues to implement our Go Green campaign both internally and externally whereby all employees are encouraged to practice good environmental measures such as electricity and water conservation, smart usage of paper and recycling efforts as we try to reduce our carbon footprints to conserve the environment.

In addition to that, the Company also provides employment to the disabled however, it is limited to those with hearing and/or visual impairment as the industry is labor intensive and requires lifting and will not have any hesitation to continue in doing so.

KTG is also committed to the highest standards of Occupational Health and Safety (OHS) protection. It is our policy to take all precautions and safety measures to ensure our employees are working in a safe and healthy environment, which includes periodical trainings and seminars.

The Company also takes measures to ensure all workers at the factory are fairly treated and provides adequate living quarters for the foreign workers and had sponsored lunches and dinners for them. The Company also takes interest in their well-being.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

KTG Berhad *(formerly known as DWL Resources Berhad)* ("**KTG**" or "**the Company**") is required under Paragraph 15.26 (a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to ensure that its Board of Directors ("**the Board**") make a statement explaining the Board's responsibility for preparing the annual audited financial statements.

KTG and its subsidiaries ("**the Group**")'s consolidated annual audited financial statements for the financial year ended 30 June 2020 are drawn up in accordance with the applicable approved accounting standards in Malaysia and the Companies Act 2016 ("**CA 2016**") to give a true and fair view of the affairs of the Group and the Company. The Statement by the Directors pursuant to Section 251 (2) of the CA 2016 is set out in the section headed "Statement by Directors" of the Directors' Report enclosed with the Group's consolidated annual audited financial statements for the financial year ended 30 June 2020.

In order to ensure that the financial statements are properly drawn up, the Board has taken the following measures:-

- ensure the adoption of appropriate, adequate and applicable accounting standards and policies and applied them consistently;

- ensure that applicable approved accounting standards have been followed;

- where applicable, judgments and estimates are made on a reasonable and prudent basis; and

- upon due inquiry into the state of affairs of the Group and the Company, there are no material matters that may affect the ability of the Group and the Company to continue in business on a going concern basis.

The Board has ensured that the quarterly reports and annual audited financial statements of the Group are released to Bursa Malaysia Securities Berhad in a timely manner in order to keep our investing public informed of the Group's latest performance and developments.

The Board has also ensured that the Group and the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Company and the Group, and which enable the Board to ensure the financial statements comply with the CA 2016.

The Board has taken the necessary steps that are reasonably available to the Board to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT

The Directors submit herewith their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and the details of the subsidiaries are set out in Note 7.2 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and of the subsidiaries during the financial year.

CHANGE OF NAME

The Company changed its name from "DWL Resources Berhad" to "KTG Berhad" with effect from 5 August 2020.

RESULTS

	Group RM	**Company RM**
Loss for the year attributable to owners of the Company	(5,024,144)	(9,593,242)

RESERVES AND PROVISIONS

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

SHARE CAPITAL

During the financial year, the Company increased its issued and paid-up ordinary shares from RM95,641,580 comprising 213,844,600 shares to RM106,499,700 comprising 232,844,600 shares through the issuance of 19,000,000 new ordinary shares on the conversion of 19,000,000 Irredeemable Convertible Preference Shares ("**ICPS**") at the conversion ratio of one (1) ICPS and RM0.54 in cash for one (1) ordinary share which gave rise to a total consideration of RM10,858,120.

The movements in the issued and paid-up share capital of the Company during the financial year are further disclosed in Notes 14.1 and 14.2 to the financial statements.

All the new ordinary shares issued during the financial year rank pari passu in all respects with the existing issued ordinary shares of the Company.

DIVIDENDS

No dividend has been paid or declared since the end of the previous financial year. The Directors do not recommend the payment of any final dividend in respect of the current financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT
(cont'd)

WARRANTS 2016/2021

The Warrants 2016/2021 ("**the Warrants**") were constituted under the Deed Poll dated 7 March 2016. The Warrants were issued on 8 April 2016 in conjunction with the rights issue of the Company's Irredeemable Convertible Preference Shares and shall expire on 7 April 2021. Each Warrant entitles the registered holder, at any time during the exercise period, to subscribe for one (1) new ordinary share at an exercise price of RM0.60 per Warrant. The other salient features and terms of the Warrants are disclosed in Note 15.1 to the financial statements.

The movements in the Warrants during the financial year are as follows :-

	Number of Warrants			
	As at 01.07.2019	**Issued**	**Exercised**	**As at 30.06.2020**
Warrants 2016/2021	45,623,200	–	–	45,623,200

The Warrants are listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

DIRECTORS

The names of the directors of the Company who held office since the beginning of the financial year to the date of this report are as follows :-

Datuk Wan Khalik bin Wan Muhammad *(Resigned on 25 September 2020)*
Dato' Sri Shahril bin Mokhtar *(Resigned on 30 April 2020)*
Dato' Sri Aminul Islam bin Abdul Nor *(Resigned on 19 August 2020)*
Dato' Rathakrishnan A/L Vellaisamy
Lim Mun Shung
Tan Ooi Jin
Ahmad Ruslan Zahari bin Dato' Dr. Zakaria
Lim Peng Tong
Ng Keok Chai
Sim Chiun Wee *(Appointed on 30 April 2020)*

The names of the directors of the Company's subsidiaries since the beginning of the financial year to the date of this report are as follows :-

Dato' Sri Aminul Islam bin Abdul Nor
Dato' Rathakrishnan A/L Vellaisamy
Lim Mun Shung
Tan Ooi Jin
Tham Choi Kuen
Teoh Ban Tat
Fan Shue King *(Appointed on 28 February 2020)*
Sim Chiun Wee *(Appointed on 30 July 2020)*
Goh Hui Chen *(Appointed on 30 July 2020)*
Datuk Lim Chaing Cheah *(Resigned on 31 July 2020)*
Liew Boon Kiat *(Resigned on 31 July 2020)*
Annathan A/L Sinivesan *(Resigned on 23 June 2020)*

DIRECTORS' REPORT
(cont'd)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in shares in the Company during the financial year were as follows :-

Shareholdings in the Company

	Number of ordinary shares			
	As at 01.07.2019	**Acquired**	**Disposed**	**As at 30.06.2020**
Datuk Wan Khalik bin Wan Muhammad *(Resigned on 25 September 2020)*				
- indirect *	19,860,700	–	–	19,860,700
Dato' Sri Aminul Islam bin Abdul Nor *(Resigned on 19 August 2020)*				
- indirect **	59,650,000	–	–	59,650,000
Sim Chiun Wee *(Appointed on 30 April 2020)*				
- indirect ***	–	23,000,000	–	23,000,000

	Number of Irredeemable Convertible Preference Shares			
	As at 01.07.2019	**Acquired**	**Disposed**	**As at 30.06.2020**
Datuk Wan Khalik bin Wan Muhammad (Resigned on 25 September 2020)				
- indirect *	15,000,000	–	–	15,000,000
Dato' Sri Aminul Islam bin Abdul Nor (Resigned on 19 August 2020)				
- direct	11,950,000	–	(11,950,000)	–
- indirect **	197,450,400	–	(10,000,000)	187,450,400

* *Deemed interested by virtue of his shareholdings in Total Sejati Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

** *Deemed interested by virtue of his shareholdings in Greenfield Hills Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

*** *Sim Chiun Wee became a shareholder of KTG Marketing Sdn. Bhd. (formerly known as Montagna Management Sdn. Bhd.) on 16 March 2020. Accordingly, on even date, he is deemed interested in shares in the Company by virtue of the interest held by KTG Marketing Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

None of the Directors held any interest in the Warrants issued by the Company.

By virtue of their interests in shares in the Company, Datuk Wan Khalik bin Wan Muhammad, Dato' Sri Aminul Islam bin Abdul Nor and Sim Chiun Wee were also deemed to be interested in shares of the wholly-owned subsidiaries of the Company.

Other than as disclosed above, no other Directors in office at the end of the financial year held any interests, direct or indirect, in shares and debentures of the Company and its subsidiaries during the financial year.

DIRECTORS' REPORT
(cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than those disclosed as directors' remuneration in Note 22 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or his nominees or with a firm of which he is a member or with a company in which he has a substantial financial interest other than by virtue of transactions entered into in the ordinary course of business as disclosed in Note 27 to the financial statements.

As at the end of the financial year and during the year, there did not subsist any arrangement to which the Company was a party, whereby the Directors or their nominees might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

No indemnity was given to nor was there any insurance effected for the Directors or officers of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps :-

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have 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 :-

  (i) which would render the amount written off for bad debts and the amount of allowance made for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

  (ii) which would render the values of current assets in the financial statements of the Group and of the Company misleading;

  (iii) which have arisen which render adherence to the existing method of valuation of assets and liabilities of the Group and of the Company misleading or inappropriate; and

  (iv) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(c) As at the date of this report, there does not exist :-

  (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

  (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT
(cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

(d) 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 and of the Company to meet their obligations when they fall due;

(ii) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) 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 operations of the Group and of the Company for the financial year in which this report is made.

MATERIAL EVENTS DURING THE FINANCIAL YEAR

Material events during the financial year are disclosed in Note 31 to the financial statements.

MATERIAL EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

Material event subsequent to the financial year end is disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, Messrs. Folks DFK & Co., have expressed their willingness to continue in office.

The details of remuneration paid or payable to the auditors of the Group and of the Company are disclosed in Note 22 to the financial statements.

No indemnity was given to nor was there any insurance effected for the auditors during the financial year.

On behalf of the Board of Directors,

LIM MUN SHUNG
Director

SIM CHIUN WEE
Director

This report is made pursuant to the directors' resolution passed on 15 October 2020

Date : 15 October 2020

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	29,719,459	22,803,300	7,927,167	50,218
Investment properties	5	23,144,160	800,000	–	–
Prepaid land lease payments	6	–	–	–	–
Investments in subsidiaries	7	–	–	33,163,820	31,597,953
Goodwill	8	3,520,381	3,520,381	–	–
Financing receivables	9	7,499,213	–	–	–
Other receivables	11	–	8,262,575	–	8,262,575
Amount due from subsidiaries	12	–	–	49,645,131	36,297,870
		63,883,213	35,386,256	90,736,118	76,208,616
Current Assets					
Inventories	10	28,028,372	27,127,263	–	–
Trade and other receivables	11	13,882,330	31,715,928	4,387,749	1,368,406
Amount due from subsidiaries	12	–	–	12,055,103	23,466,995
Tax recoverable		154,257	396,938	–	198,270
Fixed and short-term deposits, cash and bank balances	13	16,669,057	25,491,954	2,380,947	9,453,271
		58,734,016	84,732,083	18,823,799	34,486,942
Total Assets		122,617,229	120,118,339	109,559,917	110,695,558
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	14	118,840,518	108,580,518	118,840,518	108,580,518
Accumulated losses		(10,699,944)	(5,675,800)	(13,811,502)	(4,218,260)
Other reserves	15	1,231,394	1,235,202	1,003,710	1,003,710
Total Equity		109,371,968	104,139,920	106,032,726	105,365,968
Non-Current Liabilities					
Hire purchase payables	16	42,002	64,999	–	–
Deferred tax liabilities	17	2,184,033	2,230,079	–	–
		2,226,035	2,295,078	–	–
Current Liabilities					
Hire purchase payables	16	30,795	98,463	–	–
Trade and other payables	18	10,913,140	13,306,852	252,709	2,186,311
Amount due to directors	19	7,834	263,025	–	–
Amount due to subsidiaries	12	–	–	3,274,482	3,143,279
Taxation		67,457	15,001	–	–
		11,019,226	13,683,341	3,527,191	5,329,590
Total Liabilities		13,245,261	15,978,419	3,527,191	5,329,590
Total Equity and Liabilities		122,617,229	120,118,339	109,559,917	110,695,558

The notes set out on pages 56 to 129 form an integral part of these financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	20	8,848,264	9,373,816	–	–
Cost of sales		(6,292,243)	(7,657,720)	–	–
Gross profit		2,556,021	1,716,096	–	–
Other income		2,856,359	2,166,742	3,430,327	4,784,942
Selling and distribution costs		(454,506)	(450,551)	–	–
Administrative expenses		(9,711,008)	(9,238,848)	(5,402,905)	(3,520,142)
Other expenses		(196,212)	(727,753)	(1,328,504)	(5,913,387)
Operating loss		(4,949,346)	(6,534,314)	(3,301,082)	(4,648,587)
Finance costs	21	(7,246)	(243,568)	(6,292,160)	(1,941,358)
Loss before taxation	22	(4,956,592)	(6,777,882)	(9,593,242)	(6,589,945)
Taxation	23	(67,552)	(18,678)	–	(55,230)
Loss for the year		(5,024,144)	(6,796,560)	(9,593,242)	(6,645,175)
Other comprehensive income					
Item that will be reclassified subsequently to profit or loss, net of tax effects :					
Exchange (loss)/gain on translation of foreign operation		(3,808)	9,063	–	–
Total other comprehensive (loss)/ income for the year		(3,808)	9,063	–	–
Total comprehensive loss for the year		(5,027,952)	(6,787,497)	(9,593,242)	(6,645,175)
Loss for the year attributable to :					
Owners of the Company		(5,024,144)	(6,796,560)	(9,593,242)	(6,645,175)
Total comprehensive loss attributable to :					
Owners of the Company		(5,027,952)	(6,787,497)	(9,593,242)	(6,645,175)
Loss per share attributable to owners of the Company (sen)					
Basic, from loss for the year	24.1	(2.18)	(3.39)		
Diluted, from loss for the year	24.2	(2.18)	(3.39)		

The notes set out on pages 56 to 129 form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Attributable to Owners of the Company					
	Non-distributable					
	Share Capital					
Group	**Ordinary Shares RM**	**Irredeemable Convertible Preference Shares ("ICPS") RM**	**Warrants Reserve RM**	**Exchange Translation Reserve RM**	**Accumulated Losses RM**	**Total Equity RM**
2020						
Balance at 1 July 2019	95,641,580	12,938,938	1,003,710	231,492	(5,675,800)	104,139,920
Loss for the year	–	–	–	–	(5,024,144)	(5,024,144)
Exchange loss on translation of foreign operation	–	–	–	(3,808)	–	(3,808)
Total comprehensive loss for the year	–	–	–	(3,808)	(5,024,144)	(5,027,952)
Issuance of ordinary shares pursuant to conversion of ICPS	10,858,120	(598,120)	–	–	–	10,260,000
Balance at 30 June 2020	106,499,700	12,340,818	1,003,710	227,684	(10,699,944)	109,371,968

STATEMENTS OF CHANGES IN EQUITY
(cont'd)

	Attributable to Owners of the Company						
	Non-distributable					Distributable	
	Share Capital						
Group (Cont'd)	Ordinary Shares RM	ICPS RM	Share Premium RM	Warrants Reserve RM	Exchange Translation Reserve RM	Retained Profits/(Non-distributable Accumulated Losses) RM	Total Equity RM
2019							
Balance at 1 July 2018	66,751,930	10,494,979	22,577,379	1,145,320	222,429	1,120,760	102,312,797
Loss for the year	–	–	–	–	–	(6,796,560)	(6,796,560)
Exchange gain on translation of foreign operation	–	–	–	–	9,063	–	9,063
Total comprehensive income/(loss) for the year	–	–	–	–	9,063	(6,796,560)	(6,787,497)
Transfer pursuant to Companies Act 2016 (Notes 14.1, 14.2 and 15.3)	19,913,395	2,663,984	(22,577,379)	–	–	–	–
Issuance of ordinary shares pursuant to :							
- conversion of ICPS	4,972,565	(220,025)	–	–	–	–	4,752,540
- exercise of Warrants	4,003,690	–	–	(141,610)	–	–	3,862,080
Balance at 30 June 2019	95,641,580	12,938,938	–	1,003,710	231,492	(5,675,800)	104,139,920

The notes set out on pages 56 to 129 form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY
(cont'd)

Company	Non-distributable					
	Share Capital					
	Ordinary Shares RM	ICPS RM	Warrants Reserve RM	Accumulated Losses RM	Total Equity RM
2020					
Balance at 1 July 2019	95,641,580	12,938,938	1,003,710	(4,218,260)	105,365,968
Loss for the year, representing total comprehensive loss for the year	–	–	–	(9,593,242)	(9,593,242)
Issuance of ordinary shares pursuant to conversion of ICPS	10,858,120	(598,120)	–	–	10,260,000
Balance at 30 June 2020	106,499,700	12,340,818	1,003,710	(13,811,502)	106,032,726

	Non-distributable				Distributable	
	Ordinary Shares RM	ICPS RM	Share Premium RM	Warrants Reserve RM	Retained Profits/(Non-distributable Accumulated Losses) RM	Total Equity RM
2019						
Balance at 1 July 2018	66,751,930	10,494,979	22,577,379	1,145,320	2,426,915	103,396,523
Loss for the year, representing total comprehensive loss for the year	–	–	–	–	(6,645,175)	(6,645,175)
Transfer pursuant to Companies Act 2016 (Notes 14.1, 14.2 and 15.3)	19,913,395	2,663,984	(22,577,379)	–	–	–
Issuance of ordinary shares pursuant to :						
- conversion of ICPS	4,972,565	(220,025)	–	–	–	4,752,540
- exercise of Warrants	4,003,690	–	–	(141,610)	–	3,862,080
Balance at 30 June 2019	95,641,580	12,938,938	–	1,003,710	(4,218,260)	105,365,968

The notes set out on pages 56 to 129 form an integral part of these financial statements

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from operating activities				
Loss before taxation	(4,956,592)	(6,777,882)	(9,593,242)	(6,589,945)
Adjustments for :-				
Amortisation of investment properties	117,111	–	–	–
Bad debts written off	–	144	–	–
Deposit forfeited	(500,000)	–	(500,000)	–
Deposit written off	267	2,300	–	–
Depreciation of property, plant and equipment	1,018,451	1,302,148	26,050	53,992
Gain on disposal of a subsidiary	–	(220,604)	–	–
Gain on termination of lease-to-own agreement	(1,269,380)	–	(1,269,380)	–
Goodwill written off	51,398	–	–	–
Impairment losses on goodwill	–	159,971	–	–
Impairment losses on investments in subsidiaries	–	–	1,248,738	5,483,000
Reversal of impairment losses on investment in a subsidiary	–	–	(500,000)	(1,179,995)
Impairment losses on trade receivables	–	6,666	–	–
Impairment losses on amount due from subsidiaries	–	–	74,167	24,855
Reversal of impairment loss on amount due from a subsidiary	–	–	–	(3,230,216)
Interest income	(151,944)	(115,798)	(96,250)	(22,346)
Interest expense	7,246	243,568	6,292,160	1,941,358
Inventories written down	51,545	100,716	–	–
Inventories written off	117	–	–	–
Net (gain)/loss on disposal of property, plant and equipment	(7,700)	402,783	–	405,532
Net unrealised loss on foreign exchange	3,379	22,598	–	–
Property, plant and equipment written off	5,599	502	5,599	–
Unwinding of discount on other receivables measured at amortised cost	(348,894)	(55,428)	(348,894)	(55,428)
Unwinding of discount on amount due from subsidiaries measured at amortised cost	–	–	(713,913)	–
Waiver of debts on amount due to payables	(13,586)	(289,957)	–	(289,957)
Operating loss before working capital changes	(5,992,983)	(5,218,273)	(5,374,965)	(3,459,150)
Increase in financing receivables	(7,499,213)	–	–	–
Increase in inventories	(952,771)	(8,147,778)	–	–
Decrease/(Increase) in trade and other receivables	3,841,800	(10,369,503)	(1,038,494)	(9,797,275)
(Decrease)/Increase in trade and other payables	(5,037,266)	21,177,214	(1,433,602)	2,027,349
Cash utilised in operations	(15,640,433)	(2,558,340)	(7,847,061)	(11,229,076)
Interest paid	(7,246)	(243,568)	–	–
Tax refunded/(paid)	164,053	(138,878)	198,270	(253,500)
Net cash used in operating activities	(15,483,626)	(2,940,786)	(7,648,791)	(11,482,576)

STATEMENTS OF CASH FLOWS
(cont'd)

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Cash flows from investing activities				
Interest received	151,944	115,798	96,250	22,346
Incorporation of a subsidiary (Note 7.4)	–	–	(100)	–
Acquisitions of subsidiaries (Note 7.3)	(2,313,231)	–	(2,314,505)	–
Net cash inflow from disposal of a subsidiary (Note 7.5)	–	749,868	–	–
Additions to investment properties	(1,055,811)	–	–	–
Purchase of property, plant and equipment (Note 25.1)	(40,209)	(54,887)	(8,598)	(6,999)
Proceeds from disposal of property, plant and equipment	7,700	7,690,295	–	7,686,135
(Advances to)/Repayments from subsidiaries	–	–	(7,587,783)	735,778
Net cash (used in)/from investing activities	(3,249,607)	8,501,074	(9,814,736)	8,437,260
Cash flows from financing activities				
Increase in fixed deposits pledged as security	(37,723)	–	–	–
(Repayment to)/Advances from directors (Note 25.2)	(255,191)	15,796	–	–
Advances from subsidiaries (Note 25.2)	–	–	131,203	796,553
Proceeds from shares issued pursuant to exercise of Warrants	–	3,862,080	–	3,862,080
Proceeds from shares issued pursuant to conversion of Irredeemable Convertible Preference Share ("ICPS")	10,260,000	4,752,540	10,260,000	4,752,540
Hire purchase instalments paid (Note 25.2)	(90,665)	(134,529)	–	–
Net cash from financing activities	9,876,421	8,495,887	10,391,203	9,411,173
Net (decrease)/increase in cash and cash equivalents	(8,856,812)	14,056,175	(7,072,324)	6,365,857
Cash and cash equivalents at beginning of year	24,895,916	10,830,678	9,453,271	3,087,414
Net exchange differences	(3,808)	9,063	–	–
Cash and cash equivalents at end of year (Note 25.3)	16,035,296	24,895,916	2,380,947	9,453,271

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

1. GENERAL INFORMATION

KTG Berhad (formerly known as DWL Resources Berhad) is a public company limited by shares, incorporated and domiciled in Malaysia. The Company is listed on the Main Market of Bursa Malaysia Securities Berhad.

Its registered office is located at Level 7, Menara Millennium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur and the principal place of business is located at No.5-G, Jalan Panglima, Persiaran Mahkota, Bandar Mahkota Cheras, 43200 Cheras, Selangor.

The principal activity of the Company is investment holding. The principal activities and the details of the subsidiaries are set out in Note 7.2.

These financial statements comprise the consolidated financial statements and the financial statements of the Company and they are presented in Ringgit Malaysia ("RM").

The financial statements were approved and authorised for issue by the Board of Directors on 15 October 2020.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group and the Company are consistent with those applied in the previous financial year other than the application of the new MFRS and IC Interpretation and amendments to MFRSs as disclosed in Note 2.2 below.

2.2 Application of New MFRS and IC Interpretation and Amendments to MFRSs

During the financial year, the Group and the Company have applied the following new MFRS and IC Interpretation and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are effective for accounting period beginning on or after 1 July 2019 :-

MFRS 16, Leases *(effective on 1 January 2019)*
Amendments to MFRS 9 - Prepayment Features with Negative Compensation *(effective on 1 January 2019)*
Amendments to MFRS 119 - Plan Amendment, Curtailment or Settlement *(effective on 1 January 2019)*
Amendments to MFRS 128 - Long-term Interests in Associates and Joint Ventures *(effective on 1 January 2019)*
Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2015 - 2017 Cycle" :
- Amendments to MFRS 3, Business Combinations and MFRS 11, Joint Arrangements - Previously Held Interest in a Joint Operation *(effective on 1 January 2019)*
- Amendments to MFRS 112, Income Taxes - Income Tax Consequences of Payments on Financial Instruments Classified as Equity *(effective on 1 January 2019)*
- Amendments to MFRS 123, Borrowing Costs - Borrowing Costs Eligible for Capitalisation *(effective on 1 January 2019)*

IC Interpretation 23, Uncertainty over Income Tax Treatments *(effective on 1 January 2019)*

The application of the new MFRS 16 has resulted in changes in the Group's and in the Company's accounting policies as explained below. The adoption of the new IC Interpretation and amendments to MFRSs did not have any significant impact on the Group's and on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.2 Application of New MFRS and IC Interpretation and Amendments to MFRSs (cont'd)

MFRS 16 *Leases*

The Group and the Company have adopted the new MFRS 16 *Leases* for the first time in the current year financial statements commencing from 1 July 2019. The adoption has resulted in changes in accounting policies for leases and the new accounting policies are disclosed in Note 2.16.

MFRS 16 replaces MFRS 117 Leases and its related IC Interpretations. It introduces a single accounting model, requiring a lessee to recognise assets and liabilities for the rights and obligations arising from all leases and hence eliminates the distinction between finance leases and operating leases required by MFRS 117. As a consequence, a lessee recognises right-of-use assets and lease liabilities arising from previous operating leases applying MFRS 117. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 *Property, Plant and Equipment* (or accounted under other appropriate measurement models) and the lease liability is accreted over time with interest expense recognised in profit or loss. For lessors, MFRS 16 retains most of the requirements in MFRS 117, and lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group and the Company adopted MFRS 16 using the modified retrospective method and did not restate comparative information. In applying MFRS 16 for the first time on 1 July 2019, the Group and the Company have used the practical expedient permitted by the Standard not to reassess whether a contract is, or contains a lease at the date of initial application. Other than the reclassifications of leasehold properties (Note 4.1) and prepaid land lease payments (Note 6) as right-of-use assets, the initial application of MFRS 16 did not result in any financial impact on the Group's and on the Company's financial position as at 1 July 2019 as their prevailing lease contracts on that date were in relation to short-term leases and leases of low-value assets which are not recognised by the Group and by the Company.

2.3 Accounting Pronouncements That Are In Issue But Not Yet Effective

2.3.1 New MFRS and Amendments to MFRSs

The Group and the Company have not early adopted the following new MFRS and amendments to MFRSs that have been issued by the MASB but are not yet effective :-

Effective for annual periods beginning on or after 1 January 2020
Amendments to MFRS 3 - Definition of a Business
Amendments to MFRS 101 and Amendments to MFRS 108 - Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7 - Interest Rate Benchmark Reform

Effective for annual periods beginning on or after 1 June 2020
Amendments to MFRS 16 - Covid-19 - Related Rent Concessions

Effective immediately on 17 August 2020
Amendments to MFRS 4 - Extension of the Temporary Exemption from Applying MFRS 9

Effective for annual periods beginning on or after 1 January 2021
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform— Phase 2

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.3 Accounting Pronouncements That Are In Issue But Not Yet Effective (cont'd)

2.3.1 New MFRS and Amendments to MFRSs (cont'd)

Effective for annual periods beginning on or after 1 January 2022
Amendments to MFRS 3 - Reference to the Conceptual Framework
Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current
Amendments to MFRS 116 - Proceeds before Intended Use
Amendments to MFRS 137 - Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2018 - 2020 Cycle" :
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
- Amendments to MFRS 9, Financial Instruments
- Amendments to MFRS 16, Leases
- Amendments to MFRS 141, Agriculture

Effective for annual periods beginning on or after 1 January 2023
MFRS 17, Insurance Contracts
Amendments to MFRS 17 - Insurance Contracts
Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current

Effective for annual periods beginning on or after a date to be determined by the MASB
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will apply the above new MFRS and amendments to MFRSs that are applicable once they become effective and the adoption is not expected to have any material impact on the Group's and on the Company's financial statements in the period of initial application.

2.3.2 IFRS Interpretations Committee ("IFRIC") Agenda Decision on IAS 23 *Borrowing Costs* Relating to Over Time Transfer of Constructed Goods ("Agenda Decision")

In March 2019, the IFRIC issued an agenda decision and concluded that inventories under construction for which revenue is recognised over time are not qualifying assets. On 20 March 2019, the MASB announced that an entity shall apply the Agenda Decision as a change in accounting policy to financial statements of annual periods beginning on or after 1 July 2020.

The Group will apply the Agenda Decision on 1 July 2020 retrospectively and the initial application is not expected to have any material impact on the Group's financial statements.

2.4 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group :-

- has power over the entity;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to affect those returns through its power over the entity.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.4 Basis of Consolidation (cont'd)

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Subsidiaries are consolidated using the acquisition method as explained in Note 2.5 and consolidation of a subsidiary begins from the date the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

In preparing consolidated financial statements, intra-group balances and transactions and the resulting unrealised profits are eliminated on consolidation. Unrealised losses are eliminated on consolidation and the relevant assets are assessed for impairment. The consolidated financial statements reflect external transactions and balances only. When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity with the Group's accounting policies. The total comprehensive income of a subsidiary is attributed to the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received by the Group is recognised directly in equity and attributed to owners of the Company. If the Group loses control of a subsidiary, the assets (including any goodwill) and liabilities of the subsidiary and non-controlling interests will be derecognised at their carrying amounts at the date when control is lost. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference between the amounts derecognised and the aggregate of the fair value of consideration received and investment retained is recognised as gain or loss in profit or loss attributable to the Group.

2.5 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method except for combinations of entities or businesses under common control. The consideration transferred for the acquisition of an acquiree is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, equity interests issued and contingent consideration given. Acquisition-related costs are recognised as an expense in the periods in which the costs are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values, except for non-current assets (or disposal group) that are classified as held for sale which shall be measured at fair value less costs to sell.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. The accounting policy for goodwill is set out in Note 2.6. The excess of the Group's interest in the net amounts of the identifiable assets, liabilities and contingent liabilities over the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest is recognised immediately in profit or loss.

Non-controlling interests represent that portion of profit or loss and net assets of a subsidiary not attributable, directly or indirectly, to the Group. For each business combination, non-controlling interests are measured either at their fair value at the acquisition date or at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets. Non-controlling interests in the net assets of consolidated subsidiaries comprised the amount of non-controlling interests at the date of original combination and their share of changes in equity since the date of combination.

In a business combination achieved in stages, any previously held equity interest is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.6 Goodwill

Goodwill arising on the acquisitions of subsidiaries is recognised as an asset and carried at cost as established at the acquisition date less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill from acquisition date is allocated to each of the Group's cash-generating unit ("CGU") or groups of CGUs that are expected to benefit from the synergies of the combination in which the goodwill arose. The test for impairment of goodwill on consolidation is in accordance with the Group's accounting policy for impairment of non-financial assets. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a CGU or groups of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation and the portion of the CGU retained.

2.7 Foreign Currencies

2.7.1 Functional and presentation currency

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

2.7.2 Foreign currency transactions and balances

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, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of foreign currency non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are recognised to other comprehensive income.

2.7.3 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 :-

(a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) Income and expenses for each statement presenting profit or loss and other comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(c) All resulting exchange differences are recognised in other comprehensive income and are accumulated in foreign currency translation reserve within equity.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.7 Foreign Currencies (cont'd)

2.7.3 Foreign operations (cont'd)

Exchange differences arising from monetary items that form part of the Company's net investment in a foreign operation and that are denominated in the functional currency of the Company or the foreign operation are recognised in profit or loss of the Company or of the foreign operation, as appropriate. In the Group's financial statements, such exchange differences are recognised initially in other comprehensive income and accumulated in equity under foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and taken to equity under foreign currency translation reserve will be reclassified to profit or loss.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.8 Investments in Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any accumulated impairment losses. The investments are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets as disclosed in Note 2.12. On disposal of such investments, the difference between the net disposal proceeds and the net carrying value of the investments is recognised as a gain or loss on disposal in the Company's profit or loss.

2.9 Property, Plant and Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Freehold land and capital work-in-progress are not depreciated. Leasehold lands classified as right-of-use assets are amortised on a straight-line basis over the period of their respective lease terms of between 50 years and 97 years. All other property, plant and equipment are depreciated on the straight-line basis so as to write off the cost of the assets to their residual values over their estimated useful lives. Depreciation on capital work-in-progress commences when the assets are ready for their intended use. The estimated useful lives of the Group's property, plant and equipment are as follows :-

Buildings	Over remaining useful lives of between 34 years and 50 years
Furniture, fittings and equipment	5 years
Motor vehicles	5 years
Plant and machinery	5 years
Renovation	5 years

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.9 Property, Plant and Equipment (cont'd)

The residual values and useful lives of assets are reviewed at each financial year end and adjusted prospectively, if appropriate, where expectations differ from previous estimates. Property, plant and equipment are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets as disclosed in Note 2.12.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

2.10 Investment Properties

Investment properties are land and/or buildings which are held for rental yields or for capital appreciation or for both or land held for a currently undetermined future use. The investment properties are initially measured at cost, including direct transaction costs and borrowing costs if the investment properties meet the definition of a qualifying asset.

The investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The depreciation policy adopted for investment properties is similar to property assets under property, plant and equipment as disclosed under Note 2.9. Investment in freehold land is stated at cost and is not depreciated. The Group's cost of investment in leasehold land is amortised on the straight-line basis over the remaining lease period of 95 years. Investment properties are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets.

An investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss in the period of the retirement or disposal.

2.11 Non-current Assets (or Disposal Groups) Classified as Held for Sale

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amounts 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 group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

On initial classification as held for sale, non-current assets or disposal groups (other than investment properties that are accounted for in accordance with fair value model, deferred tax assets, financial assets and inventories) are measured at the lower of their carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

2.12 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (other than inventories, contract assets and assets arising from costs to obtain or fulfil a contract, deferred tax assets, investment property that is measured at fair value and non-current assets or disposal groups held for sale) are reviewed for impairment at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill recognised in a business combination and that has an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated annually or more frequently when indicators of impairment are identified.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.12 Impairment of Non-Financial Assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or a cash generating unit ("CGU") exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment losses recognised in respect of CGUs (or groups of CGUs) are allocated first to reduce the carrying amount of any goodwill arising from a business combination allocated to the units (or groups of units) and then to reduce the carrying amount of the other assets in the units (or groups of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the higher of its fair value less costs of disposal 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 assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in profit or loss in the period in which it arises.

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 profit or loss.

2.13 Inventories

2.13.1 Property development costs

Property development costs comprise cost of land and related acquisition costs and all costs that are directly attributable to development activities less cumulative amount recognised as expense in the profit or loss. Cost includes interest on borrowings used to finance the property development projects and other direct expenditure and related overheads incurred in the process of development. Property development costs are stated at the lower of costs and net realisable value.

On completion of development, property development costs of unsold units are transferred to completed development units.

2.13.2 Completed development units held for sale

Inventories of completed development units and held for sale are stated at the lower of cost and net realisable value. Costs comprise cost of land and related development costs and are allocated to each unit based on the relative sale value of the properties.

2.13.3 Raw materials, work-in-progress and finished goods

These inventories comprised only ceramic products and are measured at the lower of cost and net realisable value.

Cost of raw material and finished goods is determined on the first-in, first out basis. In the case of work-in-progress and finished goods, cost include costs of materials, direct labour and attributable production overheads that are based on normal operating capacity.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.13 Inventories (cont'd)

2.13.4 Net realisable value

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

2.14 Contract Assets and Contract Liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date. Contract assets are reviewed for impairment in accordance with the Group's accounting policy on impairment of financial assets as disclosed in Note 2.17.4.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include down payments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

2.15 Contract Costs

Contract costs are recognised as an asset when the following criteria are met :-

(a) In relation to incremental costs of obtaining a contract, the Group recognises the costs as an asset if the Group expects to recover those costs.

(b) In relation to costs to fulfil a contract, the Group recognises the contract costs as an asset if (i) they relate directly to a contract or to an anticipated contract that the Group can specifically identify; (ii) when the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (iii) the costs are expected to be recovered.

These assets are initially measured at cost and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration expected to be received less the remaining costs expected to be incurred. A reversal of impairment loss is recognised in profit or loss when the impairment conditions no longer exist or have improved. The increased carrying amount does not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised previously.

2.16 Leases

2.16.1 The Group as a Lessee

On the adoption of MFRS 16 Leases from 1 July 2019, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any incentives received.

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

2.16 Leases (cont'd)

2.16.1 The Group as a Lessee (cont'd)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The depreciation rates are disclosed in Note 2.9.

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liability. The right-of-use assets of the Group are included under the line items property, plant and equipment (Note 4) and investment properties (Note 5) of the statement of financial position.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise :-

- fixed lease payments (including in-substance fixed payments), less lease incentives;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
- amount expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Variable lease payment that does not depend on an index or a rate is recognised as an expense in the period in which it is incurred.

The Group has elected not to recognise the right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Accounting policies applied until 30 June 2019

A lease was recognised as a finance lease if it transferred substantially to the Group all the risks and rewards incidental to ownership of the leased assets. All other leases were classified as operating leases.

Assets acquired under hire purchase arrangements were recognised and measured in a similar manner as finance leases.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.16 Leases (cont'd)

2.16.1 The Group as a Lessee (cont'd)

Assets acquired under hire purchase and finance lease arrangements

Assets acquired under hire purchase and finance lease arrangements were stated at the amounts equal at the inception of the arrangement to the lower of the fair values and the present values of the minimum hire purchase or lease payments.

The corresponding obligations were taken up as hire purchase or finance lease liabilities. Hire purchase or lease payments were apportioned between the outstanding liabilities and finance charges which were recognised in profit or loss over the period of the hire purchase/lease term so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period.

The depreciation policy of property, plant and equipment acquired under hire purchase and finance lease arrangements were consistent with the Group's depreciation policy as set out in Note 2.9 above.

Operating lease

Operating lease payments were recognised as expenses in profit or loss on a straight-line basis over the period of the relevant leases.

2.16.2 The Group as a Lessor

Leases for which the Group is a lessor are classified as finance leases or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. All other leases are classified as operating leases.

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. The finance income is recognised over the term of the lease based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred by the Group in obtaining an operating lease are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.17 Financial Assets

The Group recognises all financial assets in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

The Group recognises all financial assets in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.17 Financial Assets (cont'd)

All regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset that requires delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned. Trade date accounting refers to :-

- the recognition of an asset to be received and the liability to pay for it on the trade date which is the date the Group commits itself to purchase or sell an asset; and
- derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2.17.1 Classification

The Group classifies its financial assets into the following measurement categories depending on the business models used for managing the financial assets and the contractual cash flow characteristics of the financial assets :-

(a) at amortised cost;

(b) fair value through other comprehensive income; and

(c) fair value through profit or loss.

Financial assets are reclassified when and only when the Group changes its business model for managing the financial assets and the reclassification of all affected financial assets is applied prospectively from the reclassification date i.e. on the first day of the first reporting period following the change in business model.

2.17.2 Measurement

At initial recognition, trade receivables without a significant financing component are measured at their transaction price when they are originated.

Other financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business models for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group's debt instruments are categorised into the following measurement categories :-

(i) Amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met and it is not designated as at fair value through profit or loss at initial recognition :-

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.17 Financial Assets (cont'd)

2.17.2 Measurement (cont'd)

(a) Debt instruments (cont'd)

(i) Amortised cost (cont'd)

These financial assets are measured at amortised cost using the effective interest method less any impairment losses. Interest income, gains or losses on derecognition, foreign exchange gains or losses and impairment are recognised in profit or loss.

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

A financial asset is measured at FVOCI if both of the following conditions are met and it is not designated as FVTPL at initial recognition :-

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

Changes in fair value of these financial assets are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income calculated using the effective interest method, foreign exchange gains or losses and impairment are recognised in profit or loss.

(iii) Fair value through profit or loss ("FVTPL")

A financial asset is measured at FVTPL if it does not meet the criteria for amortised cost or FVOCI. This includes all derivative financial assets.

The Group may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL that otherwise meets the criteria for amortised cost or FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair value of financial assets at FVTPL and interest or dividend income are recognised in profit or loss.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value.

For equity investments at FVTPL, changes in fair value are recognised in profit or loss. Where the Group has elected to present the changes in fair value in other comprehensive income, the amounts presented are not subsequently transferred to profit or loss when the equity investments are derecognised. The cumulative gains or losses is transferred to retained profits instead. The election is made on an instrument-by-instrument basis and it is irrevocable. The amount presented in other comprehensive income includes the related foreign exchange gains or losses.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.17 Financial Assets (cont'd)

2.17.2 Measurement (cont'd)

(b) Equity instruments (cont'd)

Dividend income from equity investments at FVTPL and FVOCI is recognised in profit or loss as other income when the Group's right to receive payment has been established.

Changes in the fair value of equity investments at FVTPL are recognised in other income or expenses, as applicable, in the profit or loss. Impairment losses or reversal of impairment losses on equity instruments measured at FVOCI are recognised in other comprehensive income and are not reported separately from other changes in fair value.

2.17.3 Derecognition of financial assets

The Group derecognises a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset without retaining control or transfers substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

2.17.4 Impairment of financial assets and contract assets

The Group recognises loss allowance for expected credit losses ("ECLs") on contracts assets and the following financial assets :-

(a) financial assets measured at amortised cost; and

(b) debt instruments measured at fair value through other comprehensive income ("FVOCI").

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

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

For trade receivables, the Group applies a simplified approach in measuring ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The expected loss rates are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.17 Financial Assets (cont'd)

2.17.4 Impairment of financial assets and contract assets (cont'd)

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

An impairment loss in respect of financial assets measured at amortised cost and contract assets is recognised in the profit or loss and the carrying amount of the assets is reduced through the use of an allowance account.

An impairment loss in respect of debt instruments measured at FVOCI is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flow in its entirety or a portion thereof.

2.18 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, bank balances, deposits with licensed banks and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, reduced by bank overdrafts. The statements of cash flows are prepared using the indirect method.

2.19 Share Capital

2.19.1 Ordinary shares

Ordinary shares are classified as equity. Distributions to holders of ordinary shares are debited directly to equity and dividends declared on or before the end of the reporting period are recognised as liabilities. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

2.19.2 Preference shares

Redeemable preference shares are classified as financial liabilities as they bear non-discretionary dividends and are redeemable in cash by the holders. The non-discretionary dividends are recognised as interest expense in profit or loss as accrued.

Non-redeemable preference shares are classified as equity as they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Company's equity instruments. Discretionary dividends are recognised as distribution within equity.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.20 Financial Liabilities

The Group recognises all financial liabilities in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

2.20.1 Classification and measurement

Financial liabilities are initially measured at fair value minus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial liabilities at fair value through profit or loss are expensed to profit or loss when incurred.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost. The Group does not have any financial liabilities at fair value through profit or loss.

All financial liabilities of the Group are subsequently measured at amortised cost using the effective interest method and any gain or loss is recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2.20.2 Derecognition of financial liabilities

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished. When an existing financial liability is exchanged with the same lender on substantially different terms or the terms of an existing liability are substantially modified, they are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.21 Offsetting Financial Instruments

Financial assets and financial liabilities are offset when the Group has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.22 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 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 initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are measured at the higher of (i) the amount determined in accordance with the expected credit loss model; and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 Revenue from Contracts with Customers.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.23 Employee Benefits

2.23.1 Short-term employee benefits

Wages, salaries and social security contributions, paid annual and sick leave, bonuses and non-monetary benefits are recognised as an expense in profit or loss or included in the costs of assets, where applicable, in the period in which the associated services are rendered by employees of the Group.

2.23.2 Post-employment benefits

Defined contribution plans

The Group provides post-employment benefits by way of contribution to defined contribution plans operated by the relevant authorities at the prescribed rates.

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plans are recognised as an expense in profit or loss in the period to which the contributions relate or included in the costs of assets, where applicable.

2.23.3 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for those benefits. The Group recognises termination benefits at the earlier of (i) when the Group can no longer withdraw the offer of those benefits; and (ii) when the Group recognises costs for a restructuring.

Termination benefits falling over more than twelve (12) months after the end of the reporting period are discounted to present value.

2.24 Income Taxes

Tax expense is the aggregate amount of current and deferred taxes. Current and deferred taxes are recognised as income or expense in profit or loss except to the extent that the taxes relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity or a business combination.

Current tax is the expected tax payable on the taxable profit for the year and is calculated using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised, using the liability method, on temporary differences at end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and the amounts attributed to those assets and liabilities for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.24 Income Taxes (cont'd)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the temporary differences can be utilised and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Tax rates enacted or substantively enacted at the end of the reporting period are used to determine deferred tax.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.25 Provisions

Provisions are recognised when the Group has a present legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the amount of a provision due to passage of time is recognised as finance cost.

2.26 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of qualifying assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowings costs eligible for capitalisation.

2.27 Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss for the financial year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, net of any treasury shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, net of any treasury shares held, for the effects of all dilutive potential ordinary shares.

2.28 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors, who makes decision about resources to be allocated to the segments and to assess their performance and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.29 Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and leasing transactions, 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial assets, the fair value measurement 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.

When measuring fair value, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Fair value measurements are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows :-

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.30 Revenue from Contracts with Customers

The Company recognises revenue from a contract with customer when it satisfies a performance obligation by transferring control of a promised good or service to the customer. Depending on the terms of a contract with customer, control may transfer over time or at a point in time.

The Group satisfies a performance obligation over time and therefore transfers control of a good or service over time if the Group's performance :-

(i) does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date; 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 performs.

Revenue is measured based on the consideration specified in the contract which the Group expects to be entitled in exchange for transferring the good or service, excluding the amounts collected on behalf of third parties.

There is no significant financing component in contracts with customers as the payment terms is less than twelve (12) months from the date of billings. Therefore, no adjustment is made to the promised amount of consideration for the effects of time value of money.

The Group recognises revenue from the following business activities :-

(a) Manufacture and sales of pottery, ceramic, porcelain and related products

Revenue is recognised when control of the products has transferred, being when the products are delivered to the customers and there is no unfulfilled obligation that could affect the customers' acceptance of the products. The normal credit term is 30 to 90 days upon delivery. Revenue is recognised based on the amount specified in the contract, net of discounts, if any.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.30 Revenue from Contracts with Customers (cont'd)

The Group recognises revenue from the following business activities (cont'd) :-

(a) Manufacture and sales of pottery, ceramic, porcelain and related products (cont'd)

A receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Construction contracts

The Group constructs properties under long-term contracts with customers who are property developers. The constructions are on the land owned by the customers. Revenue from property construction is recognised over time using the input method which is based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The management considers that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under MFRS 15. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

The Group becomes entitled to invoice customers for construction of properties based on a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work certified by a third party assessor and a progress billing for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is billed to the customer. If the milestone payment exceeds the revenue recognised to date, then the Group recognises a contract liability for the difference. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue and the milestone payment is always less than one twelve (12) months.

(c) Property development

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time.

Revenue is measured at the fixed transaction price agreed under the sale and purchase agreements less variable considerations such as discounts, rebates and incentives, and consideration payable to customers.

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

The Group recognises revenue in respect of unit sold over time using the input method which is based the stage of completion determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.31 Revenue from Other Sources and Other Income

(a) Financing receivables

Interest income on financing receivables is recognised in profit or loss using the effective interest rate ("EIR") method.

EIR is a method of calculating the amortised cost of financing receivables and of allocating the corresponding interest income over the relevant period. EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financing receivables or, when appropriate, a shorter period to the net carrying amount of the financing receivables.

(b) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(c) Rental income

Rental income is recognised on an accrual basis over the period of tenancy.

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards requires management to exercise their judgement in the process of applying the Group's accounting policies and which may have significant effects on the amounts recognised in the financial statements. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results reported for the reporting period and that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Significant judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, the management are of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations which are dealt with below.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(a) Impairment of property, plant and equipment, right-of-use assets, investment properties and investments in subsidiaries

The Group assesses impairment of property, plant and equipment, right-of-use assets, investment properties and investments in subsidiaries when the events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. In assessing such impairment, the recoverable amount of the assets is estimated using the latest available fair value after taking into account the costs to sell or expected value in use of the relevant assets.

(b) Impairment of goodwill

The Group performs an annual assessment of the carrying value of its goodwill against the recoverable amount of the cash generating unit ("CGU") to which the goodwill has been allocated. The measurement of the recoverable amount of CGU is determined based on the value in use method which requires the management to estimate the future cash flows expected to arise from the CGU's ongoing operations, the growth rate that reflects the management's expected future performance and a suitable discount rate in order to calculate the present value. The relevant information and assumptions are disclosed in Note 8.

(c) Measurement of expected credit loss allowances on trade receivables

The Group applies a simplified approach in measuring loss allowances on expected credit losses ("ECLs") for trade receivables. The measurement requires the use of significant assumptions about risk of default and expected loss rate and the future economic conditions.

The expected loss rates are based on the payment profiles of its customers in relation to the invoices issued for sales of goods and services rendered over a period of (two) 2 years prior to the end of each reporting period and the corresponding historical credit loss experienced within those periods.

The historical loss rates are then adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. The Group has identified the Gross Domestic Product ("GDP") as a relevant factor and accordingly adjusts the expected loss rates based on expected changes in the factor.

At every reporting date, the historical observed loss rates are updated and changes in the forward-looking estimates are analysed. When the historical observed loss rates vary from the original estimates, such difference will impact the carrying value of trade receivables. The carrying amounts of trade receivables and the cumulative allowance for impairment losses are disclosed in Note 11.1.

(d) Measurement of expected credit loss allowances on financing receivables, other receivables and deposits and amount due from subsidiaries

The Group applies general approach in measuring loss allowances for financing receivables, other receivables and deposits. The methodology used to measure the loss allowance is based on whether there has been a significant increase in credit risk since initial recognition of the financing receivables, other receivables and deposits. In respect of the amount due from subsidiaries, the Company uses a similar methodology in measuring the loss allowance.

Where the credit risk varies from the original estimates, such difference will impact the carrying value of the financing receivables, other receivables and deposits and the amount due from subsidiaries. The carrying amounts of financing receivables, other receivables and deposits are disclosed in Notes 9, 11.2 and 11.3 respectively. The amount due from subsidiaries is disclosed in Note 12.

4. PROPERTY, PLANT AND EQUIPMENT

4.1 The movements of property, plant and equipment during the financial year are as follows :-

Group - 2020

	Freehold land RM	Leasehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and equipment RM	Capital work-in-progress RM	Right-of-use assets (Note 4.2) RM	Total RM
Costs										
At beginning of year	3,440,000	2,790,000	22,199,050	321,594	4,524,669	1,250,171	675,051	22,939	–	35,223,474
Effects on adoption of MFRS 16 (Note 4.2) :										
- transfer to right-of-use assets	–	(2,790,000)	(4,205,599)	–	–	–	–	–	6,995,599	–
- transfer from prepaid land lease payments (Note 6)	–	–	–	–	–	–	–	–	243,400	243,400
As restated	3,440,000	–	17,993,451	321,594	4,524,669	1,250,171	675,051	22,939	7,238,999	35,466,874
Additions	1,300,000	–	2,100,000	–	25,158	–	15,051	4,500,000	–	7,940,209
Disposals	–	–	–	–	–	(80,880)	–	–	–	(80,880)
Write-off	–	–	–	–	–	–	(6,999)	–	–	(6,999)
At end of year	4,740,000	–	20,093,451	321,594	4,549,827	1,169,291	683,103	4,522,939	7,238,999	43,319,204
Accumulated depreciation										
At beginning of year	–	361,324	4,753,720	238,993	3,819,230	1,060,595	593,444	–	–	10,827,306
Effects on adoption of MFRS 16 (Note 4.2) :										
- transfer to right-of-use assets	–	(361,324)	(878,168)	–	–	–	–	–	1,239,492	–
- transfer from prepaid land lease payments (Note 6)	–	–	–	–	–	–	–	–	42,392	42,392
As restated	–	–	3,875,552	238,993	3,819,230	1,060,595	593,444	–	1,281,884	10,869,698
Charge for the year	–	–	466,822	35,986	296,524	126,342	33,617	–	59,160	1,018,451
Disposals	–	–	–	–	–	(80,880)	–	–	–	(80,880)
Write-off	–	–	–	–	–		(1,400)	–	–	(1,400)
At end of year	–	–	4,342,374	274,979	4,115,754	1,106,057	625,661	–	1,341,044	11,805,869

4. PROPERTY, PLANT AND EQUIPMENT

4.1 The movements of property, plant and equipment during the financial year are as follows (cont'd) :-

Group - 2020 (cont'd)

	Freehold land RM	Leasehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and equipment RM	Capital work-in-progress RM	Right-of-use assets (Note 4.2) RM	Total RM
Accumulated impairment losses										
At beginning of year	–	–	1,345,928	–	213,831	10,170	–	22,939	–	1,592,868
Effects on adoption of MFRS 16 (Note 4.2) :										
- transfer to right-of-use assets	–	–	(751,388)	–	–	–	–	–	751,388	–
- transfer from prepaid land lease payments (Note 6)	–	–	–	–	–	–	–	–	201,008	201,008
As restated/Balance at end of year	–	–	594,540	–	213,831	10,170	–	22,939	952,396	1,793,876
Carrying amounts as at 30 June 2020	4,740,000	–	15,156,537	46,615	220,242	53,064	57,442	4,500,000	4,945,559	29,719,459

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

4.1 The movements of property, plant and equipment during the financial year are as follows (cont'd) :-

Group - 2019

	Freehold land RM	Leasehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
Costs									
At beginning of year	4,340,000	2,790,000	30,449,050	321,594	5,243,102	1,250,171	1,022,693	22,939	45,439,549
Disposal of a subsidiary (Note 7.5)	(900,000)	–	–	–	–	–	–	–	(900,000)
Additions	–	–	–	–	30,043	–	24,844	–	54,887
Disposals	–	–	(8,250,000)	–	–	–	(22,633)	–	(8,272,633)
Write-off	–	–	–	–	(748,476)	–	(349,853)	–	(1,098,329)
At end of year	3,440,000	2,790,000	22,199,050	321,594	4,524,669	1,250,171	675,051	22,939	35,223,474
Accumulated depreciation									
At beginning of year	–	240,517	4,300,918	192,292	4,271,010	873,790	924,014	–	10,802,541
Charge for the year	–	120,807	611,135	46,701	296,691	186,805	40,009	–	1,302,148
Disposals	–	–	(158,333)	–	–	–	(21,222)	–	(179,555)
Write-off	–	–	–	–	(748,471)	–	(349,357)	–	(1,097,828)
At end of year	–	361,324	4,753,720	238,993	3,819,230	1,060,595	593,444	–	10,827,306
Accumulated impairment losses									
At beginning and at end of year	–	–	1,345,928	–	213,831	10,170	–	22,939	1,592,868
Carrying amounts as at 30 June 2019	3,440,000	2,428,676	16,099,402	82,601	491,608	179,406	81,607	–	22,803,300

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

4.1 The movements of property, plant and equipment during the financial year are as follows (cont'd) :-

Company - 2020

	Freehold land RM	Buildings RM	Renovation RM	Furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
Costs						
At beginning of year	–	–	60,381	36,663	–	97,044
Additions	1,300,000	2,100,000	–	8,598	4,500,000	7,908,598
Write-off	–	–	–	(6,999)	–	(6,999)
At end of year	1,300,000	2,100,000	60,381	38,262	4,500,000	7,998,643
Accumulated depreciation						
At beginning of year	–	–	31,514	15,312	–	46,826
Charge for the year	–	7,000	12,076	6,974	–	26,050
Write-off	–	–	–	(1,400)	–	(1,400)
At end of year	–	7,000	43,590	20,886	–	71,476
Carrying amounts as at 30 June 2020	1,300,000	2,093,000	16,791	17,376	4,500,000	7,927,167

Company - 2019

	Buildings RM	Renovation RM	Furniture, fittings and equipment RM	Total RM
Costs				
At beginning of year	8,250,000	60,381	29,664	8,340,045
Additions	–	–	6,999	6,999
Disposals	(8,250,000)	–	–	(8,250,000)
At end of year	–	60,381	36,663	97,044
Accumulated depreciation				
At beginning of year	123,750	19,438	7,979	151,167
Charge for the year	34,583	12,076	7,333	53,992
Disposals	(158,333)	–	–	(158,333)
At end of year	–	31,514	15,312	46,826
Carrying amounts as at 30 June 2019	–	28,867	21,351	50,218

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

4.2 Right-of-use assets of the Group comprised the following :-

	Leasehold land RM	Land use rights (Note 6) RM	Leasehold buildings RM	Total RM
2020				
Costs				
At beginning of year	–	–	–	–
Effects on adoption of MFRS 16 (Note 4.1)	2,790,000	243,400	4,205,599	7,238,999
Reclassification	1,755,700	–	(1,755,700)	–
At end of year	4,545,700	243,400	2,449,899	7,238,999
Accumulated depreciation				
At beginning of year	–	–	–	–
Effects on adoption of MFRS 16 (Note 4.1)	361,324	42,392	878,168	1,281,884
Charge for the year	37,591	–	21,569	59,160
At end of year	398,915	42,392	899,737	1,341,044
Accumulated impairment losses				
At beginning of year	–	–	–	–
Effects on adoption of MFRS 16 (Note 4.1)	–	201,008	751,388	952,396
At end of year	–	201,008	751,388	952,396
Carrying amounts as at 30 June 2020	4,146,785	–	798,774	4,945,559

The Group's land use rights are located in the People's Republic of China and are not transferable. The land use rights with the original lease term of 50 years have a remaining tenure of 37 years (2019 : 38 years).

In the previous financial years, the cost of leasehold land amounting to RM1,755,700 was classified under the cost of leasehold buildings. A reclassification has been made during the current financial year to rectify this error.

The Group leases certain leasehold buildings to earn rental income. The Group classifies these leases as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the properties. The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is set out as follows :-

	Group 2020 RM
Less than 1 year	12,000

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

4.3 Property, plant and equipment include the following assets acquired under hire purchase arrangements :-

Group

	Cost RM	Accumulated depreciation RM	Carrying amount RM	Current depreciation RM
2020				
Motor vehicles	798,027	(744,976)	53,051	108,210
2019				
Motor vehicles	878,907	(717,647)	161,260	159,606

5. INVESTMENT PROPERTIES

Group

	Own assets	Right-of-use assets	
	Vacant freehold land RM	Vacant leasehold land RM	Total RM
2020			
Costs			
At beginning of year	800,000	–	800,000
Acquisition of a subsidiary (Note 7.3(a))	–	21,682,090	21,682,090
Additions	–	1,055,811	1,055,811
At end of year	800,000	22,737,901	23,537,901
Accumulated depreciation			
At beginning of year	–	–	–
Acquisition of a subsidiary (Note 7.3(a))	–	276,630	276,630
Charge for the year	–	117,111	117,111
At end of year	–	393,741	393,741
Carrying amounts as at 30 June 2020	800,000	22,344,160	23,144,160
Fair values as at 30 June 2020	800,000	21,387,000	22,187,000

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

5. INVESTMENT PROPERTIES (CONT'D)

Group

	Own assets	Right-of-use assets	
	Vacant freehold land RM	**Vacant leasehold land RM**	**Total RM**
2019			
Cost			
At beginning and at end of year	800,000	–	800,000
Fair value as at 30 June 2019	800,000	–	800,000

(a) For the purpose of disclosure, the fair value of the investment properties has been determined by an external independent property valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the property being valued.

The fair value is within Level 2 of the fair value hierarchy. The fair value has been generally derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

(b) Investment properties of the Group are non-income generating freehold and leasehold land and direct operating expenses recognised in profit or loss during the financial year in relation to the investment properties were RM146,106 (2019 : RM29,382).

6. PREPAID LAND LEASE PAYMENTS

	Group 2019 RM
Land use rights, at cost	
Balance at beginning and at end of year :	
- Cost	243,400
- Accumulated amortisation	(42,392)
- Accumulated impairment losses	(201,008)
Carrying amount at beginning and at end of year	–

In the financial year ended 30 June 2019, the Group's land use rights in the People's Republic of China were classified as prepaid land lease payments. Upon the adoption of MFRS 16 *Leases*, the prepaid land lease payments are classified as property, plant and equipment as disclosed in Notes 4.1 and 4.2.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

7. INVESTMENTS IN SUBSIDIARIES

	Company 2020 RM	Company 2019 RM
Unquoted shares, at cost	66,248,617	63,934,012
Accumulated impairment losses (Note 7.1)	(33,084,797)	(32,336,059)
Carrying amount	33,163,820	31,597,953

7.1 Accumulated impairment losses

Movements in the allowance for impairment losses on investments in subsidiaries are as follows :-

	Company 2020 RM	Company 2019 RM
Balance at beginning of year	32,336,059	28,033,054
Additions	1,248,738	5,483,000
Reversals	(500,000)	(1,179,995)
Balance at end of year	33,084,797	32,336,059

The Company carried out impairment assessments on subsidiaries with impairment indicators such as continuing operating losses and reduced shareholders' fund. The recoverable amount of the Company's investments in these subsidiaries is determined based on adjusted net tangible assets as a proxy to fair value less costs to sell and is within Level 3 of the fair value hierarchy. As a result of the impairment assessments, the Company has recognised an additional impairment loss of RM1,248,738 in respect of its investments in three (3) subsidiaries and a reversal of impairment loss of RM500,000 on its investment in one (1) subsidiary.

7.2 Details of the subsidiaries

Details of the subsidiaries are as follows :-

Name of company	Principal activities	Country of incorporation	Effective interest in equity 2020 %	Effective interest in equity 2019 %
Asian Pottery (Penang) Sdn. Bhd.	Marketing of pottery and porcelain products, ceramic wares and ornaments	Malaysia	100	100
Profit Sunland Sdn. Bhd.	Property construction and related businesses	Malaysia	100	100
Oriwina Sdn. Bhd.	Manufacturing and trading of ceramic wares	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

7.2 Details of the subsidiaries (cont'd)

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

Name of company	Principal activities	Country of incorporation	Effective interest in equity 2020 %	2019 %
Asia Pottery Home & Garden Sdn. Bhd.	Retail, trading and wholesale of all kinds of clay products such as pottery, ceramics and porcelain products	Malaysia	100	100
Sunmark Point Sdn. Bhd.	Investment holding	Malaysia	100	100
Asian Pottery Manufacturers Sdn. Bhd.	Dormant	Malaysia	100	100
Asian Earthernware Sdn. Bhd.	Dormant	Malaysia	100	100
Asiarise Holdings Sdn. Bhd.	Dormant	Malaysia	100	100
Asian Porcelain Sdn. Bhd.	Dormant	Malaysia	100	100
APPI Sdn. Bhd.	Dormant	Malaysia	100	100
Instant Initiative Sdn. Bhd.	Property investment	Malaysia	100	100
Million Rich Development Sdn. Bhd.	Property development and other related services	Malaysia	100	100
Guangxi Asian Pottery Co. Ltd.*	Dormant	The People's Republic of China	100	100
Klasik Ikhtiar Sdn. Bhd.	Property development	Malaysia	100	100
KTG Marine (M) Sdn. Bhd.	Marine construction and coastal reclamation works	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

7.2 Details of the subsidiaries (cont'd)

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

Name of company	Principal activities	Country of incorporation	Effective interest in equity 2020 %	2019 %
DWL Technologies Sdn. Bhd.**	ICT related services	Malaysia	100	–
Titanium Hallmark Sdn. Bhd.	Property development and other related services	Malaysia	100	–
MMAG Capital Sdn. Bhd.	Moneylending	Malaysia	100	–
Held through Asian Pottery Manufacturers Sdn. Bhd.				
Metro Craft Sdn. Bhd.	Dormant	Malaysia	100	100

* Not audited by Folks DFK & Co.
** Disposed on 28 August 2020 (Note 32)

7.3 Acquisitions of subsidiaries in the current financial year

(a) Acquisition of Titanium Hallmark Sdn. Bhd. ("THSB")

On 10 January 2020, the Company acquired the entire issued and paid-up share capital of THSB comprising 100 ordinary shares for a total cash consideration of RM267,100 The acquisition was completed on 13 January 2020. THSB is principally involved in the business of property development and other related services.

The acquisition has the following effects on the financial results of the Group in the current financial year :-

	THSB's amounts consolidated from the date of acquisition to 30.06.2020 RM
Revenue	–
Administrative expenses	(285,170)
Loss before taxation	(285,170)
Taxation	137
Loss for the period	(285,033)

If the acquisition had occurred at the beginning of the financial year, the Group's loss for the financial year would have increased by RM279,340.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

7.3 Acquisitions of subsidiaries in the current financial year (cont'd)

(a) Acquisition of Titanium Hallmark Sdn. Bhd. ("THSB") (cont'd)

The asset acquired and liabilities recognised as at the date of acquisition were as follows :-

	Fair value recognised on acquisition RM	THSB's carrying amount RM
Investment properties	21,405,460	21,108,784
Bank balance	240	240
Accruals	(2,800)	(2,800)
Amount due to directors of THSB	(3,151,908)	(3,151,908)
Deposit received	(17,966,407)	(17,966,407)
Deferred tax liabilities	(17,485)	(17,485)
Net identifiable asset/(liabilities) acquired	267,100	(29,576)
Goodwill on acquisition	–	
Total purchase consideration discharged by cash	267,100	
Cash and cash equivalents of subsidiary acquired	(240)	
Net cash outflow from acquisition	266,860	

The acquisition-related costs of RM8,000 have been charged to administrative expenses in the Group's and the Company's profit or loss for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

7.3 Acquisitions of subsidiaries in the current financial year (cont'd)

(b) Acquisition of MMAG Capital Sdn. Bhd. ("MMAG")

On 13 March 2020, the Company acquired the entire issued and paid-up share capital of MMAG comprising 2,000,000 ordinary shares for a total cash consideration of RM2,047,405. The acquisition was completed on 17 March 2020. MMAG is principally involved in the business of moneylending.

The acquisition has the following effects on the financial results of the Group in the current financial year :-

	MMAG's amount consolidated from the date of acquisition to 30.06.2020 RM
Revenue	587,016
Administrative expenses	(355,017)
Profit before taxation	231,999
Taxation	(57,240)
Profit for the period	174,759

If the acquisition had occurred at the beginning of the financial year, the Group's loss for the financial year would have increased by RM3,640.

The asset acquired and liabilities recognised as at the date of acquisition were as follows :-

	Fair value recognised on acquisition RM	**MMAG's carrying amount RM**
Cash and bank balances	1,034	1,034
Accruals	(2,432)	(2,432)
Amount due from immediate holding company	1,997,405	1,997,405
Net identifiable assets acquired	1,996,007	1,996,007
Goodwill on acquisition written off	51,398	
Total purchase consideration discharged by cash	2,047,405	
Cash and cash equivalents of subsidiary acquired	(1,034)	
Net cash outflow from acquisition	2,046,371	

The acquisition-related costs of RM5,000 have been charged to administrative expenses in the Group's and the Company's profit or loss for the current financial year.

The goodwill written off was not deductible for income tax purposes.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

7.4 Incorporation of DWL Technologies Sdn. Bhd. during the financial year

On 6 August 2019, the Company incorporated a new wholly-owned subsidiary, named DWL Technologies Sdn. Bhd. ("DTSB") with an issued and paid up capital of RM100 divided into 100 ordinary shares. DTSB will be principally involved in the business of providing ICT solutions including technology-based security systems, cross-border communications technology and management system solutions.

Subsequent to the financial year end however, DTSB was disposed of for a total cash consideration of RM100 as further explained in Note 32.

7.5 Disposal of Sama Restu Sdn. Bhd. ("SRSB") in the previous financial year

On 28 June 2019, Asian Pottery (Penang) Sdn. Bhd., a wholly-owned subsidiary of the Company disposed its entire equity interest in Sama Restu Sdn. Bhd. for a total cash consideration of RM750,000. The disposal had resulted in a gain of RM220,604 which was included under other income of the Group's profit or loss for the financial year ended 30 June 2019.

The effects of disposal on the financial position of the Group as at the date of disposal were as follows :-

	As at the date of disposal RM
Freehold land	900,000
Goodwill (Note 8)	95,357
Inventories	10,041,300
Other receivables	240
Cash and bank balances	132
Other payables	(10,501,563)
Amount due to a director	(6,070)
Net assets disposed	529,396
Disposal consideration	750,000
Gain on disposal	220,604
Cash flows arising from disposal :-	
Cash consideration received	750,000
Cash and bank balances of subsidiary disposed	(132)
Net cash inflow on disposal	749,868

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

8. GOODWILL

	Company	
	2020 **RM**	**2019** **RM**
Carrying amount		
Balance at beginning of year	3,520,381	3,775,709
Disposal of a subsidiary (Note 7.5)	–	(95,357)
	3,520,381	3,680,352
Impairment loss (Note 8.2)	–	(159,971)
Balance at end of year	3,520,381	3,520,381

8.1 Allocation of goodwill

The carrying amount of goodwill is attributable to the following subsidiary :-

		Group	
	Segment	**2020** **RM**	**2019** **RM**
Klasik Ikhtiar Sdn. Bhd.	Property development	3,520,381	3,520,381

8.2 Impairment loss on goodwill

An impairment loss of RM159,971 was recognised in the previous financial year on goodwill attributable to KTG Marine (M) Sdn. Bhd. due to the subsidiary's continuing losses.

8.3 Impairment assessment on goodwill

For the purpose of annual impairment assessment, goodwill has been allocated to the Group's cash-generating unit ("CGU") which is the subsidiary itself and the recoverable amount of this CGU is determined based on the value in use calculation. This calculation is based on a discounted future cash flow model using the cash flow forecast and projections covering a five-year period and approved by management. The key assumptions for the computation of value in use are further described in Note 8.4.

8.4 Key assumptions used for value in use calculation

(a) Discount rate

A pre-tax discount rate of 6.58% (2019 : 8.66%) has been applied in determining the recoverable amount of the CGU. The discount rate is determined based on the weighted average cost of capital of the CGU and reflects the management's estimate of the risks specific to the CGU and the economic environment in which the CGU operates.

(b) Projected revenue and gross margin

This has been estimated based on the management's business plan which reflects the expectation of achievable growth based on market development and industry outlook.

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8. GOODWILL (CONT'D)

8.5 Impact of possible changes in key assumptions

The management have considered and assessed reasonably possible changes of key assumptions and have not identified any instances that could cause the carrying amount of the goodwill to exceed its recoverable amount.

9. FINANCING RECEIVABLES

	Group	
	2020 **RM**	**2019** **RM**
Non-current		
Total gross financing receivables	9,147,562	–
Less : Unearned financing income	(1,648,349)	–
Financing receivables	7,499,213	–

Financing receivables as at the end of the reporting period are secured against stocks quoted on Bursa Malaysia Securities Berhad and are subject to interest at 12% (2019 : NIL) per annum.

10. INVENTORIES

	Group	
	2020 **RM**	**2019** **RM**
At cost		
Raw materials	254,037	259,386
Work-in-progress	75,999	57,941
Finished goods	467,490	337,372
Completed properties held for sales	11,583,000	11,583,000
Property development costs (Note 10.1)	15,375,471	14,688,031
	27,755,997	26,925,730
At net realisable value		
Finished goods	272,375	201,533
	28,028,372	27,127,263

The amount of inventories recognised as an expense during the financial year was RM6,292,243 (2019 : RM7,657,720) and this has been included in cost of sales in the Group's profit or loss.

The amount of inventories that has been recognised as an expense during the financial year includes a write down of RM51,545 (2019 : RM100,716).

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

10. INVENTORIES (CONT'D)

The Group leases certain completed properties held for sales to earn rental income while the Group seeking for prospective purchasers. The Group classifies these leases as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the properties. The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is set out as follows :-

	Group 2020 RM
Less than 1 year	163,780
Between 2-5 years	12,500
	176,280

10.1 Property development costs

	Group	
	2020 RM	2019 RM
Balance at beginning of year	14,688,031	5,158,187
Development costs incurred during the year	687,440	9,529,844
Balance at end of year	15,375,471	14,688,031

These relate to the expenditure incurred on the preliminary development stage in respect of a project undertaken by a subsidiary, namely Klasik Ikhtiar Sdn. Bhd. ("KISB") under the Perumahan Penjawat Awam Malaysia ("PPAM") programme. Further development work on this project is dependent upon the finalisation of a development agreement by the Ministry of Housing and Local Government.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-current				
Other receivables (Note 11.2)	–	8,224,575	–	8,224,575
Prepayments (Note 11.4)	–	38,000	–	38,000
	–	8,262,575	–	8,262,575
Current				
Trade receivables (Note 11.1)	1,202,459	1,012,655	–	–
Other receivables (Note 11.2)	3,392,788	1,960,710	2,767,686	1,306,037
Deposits (Note 11.3)	9,273,408	28,686,553	1,613,950	13,950
Prepayments (Note 11.4)	11,085	53,407	6,113	48,419
Goods and Services Tax recoverable	2,590	2,603	–	–
	13,882,330	31,715,928	4,387,749	1,368,406

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.1 Trade receivables

	Group 2020 RM	2019 RM
Trade receivables	1,233,196	1,043,392
Less : Allowance for impairment losses	(30,737)	(30,737)
	1,202,459	1,012,655

The Group's normal trade credit periods of trade receivables range from 14 to 60 days (2019 : 14 to 60 days). Other credit periods are assessed and approved on a case by case basis.

The Group's exposure to credit risk and loss allowance on expected credit losses ("ECLs") on trade receivables are summarised below :-

2020

	Gross carrying amount RM	Loss allowance RM	Net carrying amount RM
Not credit impaired			
Current - Not past due	1,048,026	–	1,048,026
0 to 30 days past due	154,375	–	154,375
31 to 60 days past due	–	–	–
61 to 90 days past due	–	–	–
91 to 120 days past due	–	–	–
More than 120 days past due	58	–	58
	1,202,459	–	1,202,459
Credit impaired			
Individually impaired	30,737	(30,737)	–
	1,233,196	(30,737)	1,202,459

2019

	Gross carrying amount RM	Loss allowance RM	Net carrying amount RM
Not credit impaired			
Current - Not past due	997,600	–	997,600
0 to 30 days past due	14,250	–	14,250
31 to 60 days past due	471	–	471
61 to 90 days past due	–	–	–
91 to 120 days past due	276	–	276
More than 120 days past due	58	–	58
	1,012,655	–	1,012,655
Credit impaired			
Individually impaired	30,737	(30,737)	–
	1,043,392	(30,737)	1,012,655

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.1 Trade receivables (cont'd)

The movements in the Group's loss allowance on ECLs during the financial year are as follows :-

	Lifetime ECLs RM	Credit impaired RM	Total RM
2020			
Balance at 1 July 2019/30June 2020	–	30,737	30,737
2019			
Balance at 1 July 2018	–	24,071	24,071
Net loss on remeasurement of loss allowance	–	6,666	6,666
Balance at 30 June 2019	–	30,737	30,737

The Group's trade receivables are denominated in the following currencies :-

	Group	
	2020 RM	**2019 RM**
Ringgit Malaysia	57	19,369
United States Dollar	1,202,402	993,286
	1,202,459	1,012,655

11.2 Other receivables

These comprised :-

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Non-current				
Amount receivable from disposal of a subsidiary (Note 11.2(a))	–	2,642,250	–	2,642,250
Amount receivable from disposal of freehold land and buildings (Note 11.2(b))	–	5,582,325	–	5,582,325
	–	8,224,575	–	8,224,575

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.2 Other receivables (cont'd)

These comprised (cont'd) :-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current				
Amount receivable from disposal of a subsidiary (Note 11.2(a))	2,765,286	–	2,765,286	–
Amount receivable from disposal of freehold land and buildings (Note 11.2(b))	–	1,303,037	–	1,303,037
Other receivables	667,502	697,673	42,400	43,000
Less : Allowance for impairment losses	(40,000)	(40,000)	(40,000)	(40,000)
	3,392,788	1,960,710	2,767,686	1,306,037
Total other receivables	3,392,788	10,185,285	2,767,686	9,530,612

There were no movements in allowance for impairment losses on other receivables during the current and previous financial years.

(a) Amount receivable from disposal of a subsidiary

The amount receivable arose from a settlement arrangement between the Company and the purchaser of Sama Restu Sdn. Bhd. ("SRSB"), a former subsidiary of the Group, of the amount owing by SRSB to the Company. Pursuant to the settlement arrangement, the amount owing by SRSB of RM2,872,183 is to be settled by the purchaser within twenty four (24) months from the unconditional date on 13 April 2019.

The amount receivable from the purchaser as reflected in the statement of financial positions as at 30 June 2020 and 30 June 2019 has been measured at amortised cost using the effective interest rate method.

(b) Amount receivable from disposal of land and buildings

On 9 April 2019, the Company entered into a five (5)-year lease-to-own agreement ("the LOA") with Smart Goldyear Sdn Bhd ("the Buyer") to dispose of its five (5) units of shop offices ("the Properties") for a total consideration of RM8,450,000. The disposal consideration was to be settled by way a first payment of RM500,000, which the Company received on 9 April 2019, and the remaining consideration of RM7,950,000 was to be settled by way of sixty (60) monthly instalments of RM132,500 each. The transaction had resulted in the derecognition of the Properties and a loss on disposal of RM405,532 had been recognised by Group and by the Company in the 30 June 2019 profit or loss.

In addition, in accordance with the terms of the LOA, the Buyer had the right to settle the consideration at any time during the term of the LOA. And the same time, the Company had been granted with a right to continue to occupy a designated part of the Properties ("the Premises") until the consideration was fully settled by the Buyer without any lease payment to the Buyer. The fair value of the right granted to the Company to occupy the Premises amounting to RM91,200 had been recognised in the financial year ended 30 June 2019 as property use right (Note 11.4) and was amortised over the period of twenty four (24) months, being the Company's expected occupancy of the Premises commencing from May 2019.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.2 Other receivables (cont'd)

(b) Amount receivable from disposal of land and buildings (cont'd)

On 10 April 2020 however, the Company entered into a Deed of Mutual Termination with the Buyer and both parties have agreed to terminate the LOA on the ground that the Buyer was unable to continue with the lease of the Properties. Following the termination, the Buyer returned the possession of the Properties to the Company on 12 May 2020 on "as is, where is" basis and thereafter each party releases the other party from the due performance and observance of all its obligations and covenants under the LOA. The Company has recognised the Properties at their fair value of RM7,900,000 at the date of return as freehold land and freehold buildings (Note 4.1) and correspondingly derecognised the amount receivable from the Buyer of RM6,581,220 and the remaining unamortised carrying amount of the property use right amounted RM49,400. The termination has resulted in a net gain of RM1,269,380 to the Group and to the Company and this has been recognised in the current year profit or loss (Note 22) under the line item other income.

11.3 Deposits

These comprised :-

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Deposits paid pursuant to Concept Masterplan Agreements (Note 11.3(a))	7,398,165	28,364,572	–	–
Earnest deposit paid for purchase of a property (Note 11.3(b))	206,000	206,000	–	–
Refundable deposit for acquisition of a subsidiary (Note 11.3(c))	1,600,000	–	1,600,000	–
Other deposits	69,243	115,981	13,950	13,950
	9,273,408	28,686,553	1,613,950	13,950

(a) Deposits paid pursuant to Concept Masterplan Agreements

These refundable security deposits ("the Deposits") were paid by a subsidiary, Million Rich Development Sdn. Bhd. ("MRDSB"), pursuant to Concept Masterplan Agreements entered into between MRDSB and Arena Progresif Sdn. Bhd. ("Arena") and Titanium Hallmark Sdn. Bhd. ("Titanium") on 4 July 2017 and 27 July 2017 respectively and as supplemented by Supplemental Agreements dated 15 December 2017 (hereinafter collectively referred to as "the CMPAs"). Upon the execution of the CMPAs, MRDSB is given the rights to carry out and complete the Concept Masterplan on the relevant parcels of lands ("the Development Lands") which shall be made available by Arena and Titanium. The CMPAs shall be effective for a period of sixty (60) months ("the Term") from the Unconditional Date on 15 December 2017.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.3 Deposits (cont'd)

(a) Deposits paid pursuant to Concept Masterplan Agreements (cont'd)

In consideration of MRDSB's payment of the Deposits :-

(i) MRDSB shall be granted the first right to carry out the development in accordance with the Concept Masterplan on the Development Land, upon which, the Deposits shall be applied as security towards the performance of MRDSB's obligations under the proposed development; or

(ii) MRDSB shall be granted the right to carry out the proposed collaboration for a proposed development of a theme park, upon which, the Deposits shall be refundable to MRDSB by way of offsetting the Deposits against the profit sharing under the proposed collaboration; or

(iii) MRDSB shall be granted the first right of refusal to acquire the Development Land, upon which if MRDSB agrees to acquire, the Deposits shall be treated as part payment towards the purchase price under the proposed acquisition; or

(iv) MRDSB shall be granted the right to sell the Development Land to any third party in accordance with the terms and conditions of the proposed disposal and the Deposits shall be refunded to MRDSB. In addition, 10% of the actual sales price from the proposed disposal shall be distributed to MRDSB.

In the event that MRDSB or Arena or Titanium, as the case may be, do not exercise any of their rights as provided under (i) to (iv) above before the expiry of the Term, then the CMPAs shall automatically be terminated and Arena or Titanium shall refund the Deposits free of interest to MRDSB within 14 days from the expiry of the Term.

The repayment of the Deposits is secured by way of a charge over all existing ordinary shares of Arena and Titanium ("Share Charge"), where MRDSB shall be entitled to sell the shares and apply the sale proceeds as repayment of the Deposits.

On 29 July 2019, MRDSB entered into a Letter of Termination with Titanium and both parties have mutually agreed to terminate the CMPA as the above-mentioned proposals may not be able to materialise based on the initial planned timeframe. Pursuant thereto, Titanium was required to refund the deposits to MRDSB in the sum of RM20,966,407. MRDSB had subsequently received a refund of RM3,000,000. The remaining deposits of RM17,966,407 was settled by way of MRDSB exercising its rights under the Share Charge and nominating the Company to acquire the entire 100 ordinary shares from the shareholders of Titanium for a total cash consideration of RM267,100. The effects of the acquisition of Titanium by the Company are disclosed in Note 7.3(a).

In relation to the CMPA with Arena, the management have expressed their intention to proceed with the arrangement as Arena has fulfilled the Conditions Precedent upon the issuance of the original issue document of title of the Development Land in the name of Arena by the relevant land office.

(b) Earnest deposit paid for purchase of a property

On 27 November 2018, a Letter of Intent to Purchase ("LOI") was executed by Instant Initiative Sdn. Bhd. ("IISB"), a wholly-owned subsidiary of the Company with Sunthara Orthopaedic Physio Centre Sdn. Bhd. ("the Vendor") to purchase a freehold commercial complex ("the Property") for a total purchase consideration of RM10,300,000 and an earnest deposit of RM206,000 was subsequently paid by IISB.

However, on 24 January 2019, the Vendor expressed its intention not to proceed with the sale of the Property as there was no consensus in regards to the terms of the proposed Sale and Purchase Agreement ("SPA") and forwarded a cheque as a refund of the earnest deposit, of which IISB refused to accept.

11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.3 Deposits (cont'd)

(b) Earnest deposit paid for purchase of a property (cont'd)

On 1 July 2019, IISB filed a Writ of Summons and Statement of Claim against the Vendor to claim for specific performance by directing the Vendor to continue with the sale of the Property to IISB.

Subsequent to the end of the current financial year, on 9 July 2020, both parties entered into a settlement letter and the deposit was refunded to IISB on the same date.

(c) Refundable deposit for acquisition of a subsidiary

This refundable deposit was paid by the Company to its solicitor as stakeholder to serve as a proof fund for the propose acquisition in accordance with a share sale agreement entered into by the Company for the acquisition of a subsidiary as further explained in Note 31.1.

11.4 Prepayments

Prepayments as at end of the financial year comprised :-

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Non-Current				
Property use right	–	38,000	–	38,000
Current				
Property use right	–	45,600	–	45,600
Other prepayments	11,085	7,807	6,113	2,819
	11,085	53,407	6,113	48,419
Total prepayments	11,085	91,407	6,113	86,419

The property use right represents the fair value of a right granted to the Company to occupy a designated premises under an arrangement as disclosed in Note 11.2(b) above.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

12. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company	
	2020 RM	**2019 RM**
Amount due from subsidiaries		
Non-Current		
Non-trade (Note 12(a))	49,645,131	36,297,870
Current		
Non-trade (Note 12(b))	12,253,026	23,590,751
Less : Allowance for impairment losses (Note 12(b))	(197,923)	(123,756)
	12,055,103	23,466,995
Total amount due from subsidiaries	61,700,234	59,764,865
Amount due to subsidiaries		
Current		
Non-trade (Note 12(b))	(3,274,482)	(3,143,279)

(a) The non-current portion of the amount due from subsidiaries is in respect of advances that are unsecured, interest-free and is not expected to be receivable within the next twelve (12) months.

(b) The current portion of the amount due from/(to) subsidiaries is in respect of advances that are unsecured, interest-free and are repayable on demand.

The movements in the allowance for impairment loss on amount due from subsidiaries during the financial year are as follows :-

	Company	
	2020 RM	**2019 RM**
Credit impaired		
Balance at beginning of year	123,756	3,329,117
Addition	74,167	24,855
Reversal	–	(3,230,216)
Balance at end of year	197,923	123,756

The addition and reversal of allowance for impairment have been included under the line items other expenses and other income respectively on the Company's profit or loss.

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(cont'd)

13. FIXED AND SHORT-TERM DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Fixed deposits with licensed banks	706,243	666,371	–	–
Short-term deposits with licensed banks	–	12,500,000	–	3,500,000
Cash and bank balances	15,962,814	12,325,583	2,380,947	5,953,271
	16,669,057	25,491,954	2,380,947	9,453,271

(a) The Group's fixed deposits as at the end of the financial year have effective interest rates ranging from 1.90% to 3.10% (2019 : 2.95% to 3.10%) per annum and original maturity period of between 1 and 12 months (2019 : 1 and 12 months).

The Group's and the Company's short-term deposits as at the end of the previous financial year had effective interest rates ranging from 2.20% to 2.50% per annum and original maturity period of 7 days.

(b) The Group's deposits with licensed banks include an amount of RM633,761 (2019 : RM596,038) which have been pledged for bank guarantee facilities granted to a subsidiary of the Company.

(c) The Group's and the Company's deposits, cash and bank balances are denominated in the following currencies :-

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Ringgit Malaysia	16,475,984	25,366,522	2,380,947	9,453,271
United States Dollar	192,089	124,462	–	–
Australian Dollar	798	787	–	–
Euro	186	183	–	–
	16,669,057	25,491,954	2,380,947	9,453,271

14. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares	**Amount RM**	**Number of shares**	**Amount RM**
Issued and fully paid-up ordinary shares (Note 14.1)	232,844,600	106,499,700	213,844,600	95,641,580
Irredeemable Convertible Preference Shares (Note 14.2)	391,998,200	12,340,818	410,998,200	12,938,938
	624,842,800	118,840,518	624,842,800	108,580,518

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

14. SHARE CAPITAL (CONT'D)

14.1 Issued and fully paid-up ordinary shares

	Group and Company			
	2020		2019	
	Number of shares	Amount RM	Number of shares	Amount RM
Balance at beginning of year	213,844,600	95,641,580	198,606,800	66,751,930
Transfer of share premium pursuant to the Companies Act 2016 (Note 15.3)	–	–	–	19,913,395
Shares issued pursuant to :				
- conversion of ICPS	19,000,000	10,858,120	8,801,000	4,972,565
- exercise of warrants	–	–	6,436,800	4,003,690
Balance at end of year	232,844,600	106,499,700	213,844,600	95,641,580

Ordinary shares of the Company have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company.

During the current financial year, the Company increased its issued and paid-up ordinary shares from RM95,641,580 comprising 213,844,600 shares to RM106,499,700 comprising 232,844,600 shares through the issuance of 19,000,000 new ordinary shares on the conversion of 19,000,000 Irredeemable Convertible Preference Shares ("ICPS") at the conversion ratio of one (1) ICPS and RM0.54 in cash for one (1) ordinary share.

In the previous financial year, the Company increased its issued and paid-up ordinary shares from RM66,751,930 comprising 198,606,800 shares to RM95,641,580 comprising 213,844,600 shares through the following :-

(i) Issuance of 8,801,000 new ordinary shares on the conversion of 8,801,000 ICPS at the conversion ratio of one (1) ICPS and RM0.54 in cash for one (1) ordinary share;

(ii) Issuance of 6,436,800 new ordinary shares pursuant to the exercise of 6,436,800 Warrants 2016/2021 at the exercise price of RM0.60 per ordinary share; and

(iii) A transfer of share premium amounted to RM19,913,395 to ordinary share capital account upon the expiration of twenty four (24) months transitional period as provided under Section 618(3) of the Companies Act 2016.

All the new ordinary shares issued during the current and previous financial years rank pari passu in all respects with the then existing issued ordinary shares of the Company.

14.2 Irredeemable Convertible Preference Shares ("ICPS")

	Group and Company			
	2020		2019	
	Number of shares	Amount RM	Number of shares	Amount RM
Balance at beginning of year	410,998,200	12,938,938	419,799,200	10,494,979
Transfer of share premium pursuant to the Companies Act 2016 (Note 15.3)	–	–	–	2,663,984
Converted to ordinary shares (Note 14.1)	(19,000,000)	(598,120)	(8,801,000)	(220,025)
Balance at end of year	391,998,200	12,340,818	410,998,200	12,938,938

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14. SHARE CAPITAL (CONT'D)

14.2 Irredeemable Convertible Preference Shares ("ICPS") (cont'd)

In the previous financial year, the Company transferred a share premium amounted to RM2,663,984 to ICPS account upon the expiration of twenty four (24) months transitional period as provided under Section 618(3) of the Companies Act 2016.

The ICPS were issued on 8 April 2016 at RM0.06 each and shall expire on 7 April 2021. The salient features of the ICPS are as follows :-

(a) The ICPS are not redeemable for cash and are convertible at any time within five (5) years commencing on and including the date of issue of the ICPS up to and including the maturity date. Any remaining ICPS that are not converted by the maturity date shall be automatically converted into new ordinary shares at the conversion ratio of ten (10) ICPS into one (1) new ordinary share.

(b) The Conversion Ratio and Conversion Price have been fixed at either ten (10) ICPS to be converted into one (1) new ordinary share or a combination of one (1) ICPS and RM0.54 in cash for one (1) new ordinary share.

(c) The Company has full discretion over the declaration of dividends, if any. Dividends declared and payable annually in arrears are non-cumulative and shall be in priority over the ordinary shares.

(d) The ICPS shall rank pari passu amongst themselves and shall rank in priority to any other class of shares in the capital of the Company. In the event of liquidation, dissolution, winding-up, reduction of capital or other repayment of capital :-

   (i) The ICPS holders have the rights to receive in priority to the holders of ordinary shares, cash repayment in full of the amount of non-cumulative preferential dividend that has been declared and remaining in arrears;

   (ii) After the payment of any dividends to the ICPS holders, the remaining assets shall be distributed first to the ICPS holders in full of the amount which is equal to the issue price of each ICPS, provided that there shall be no further right to participate in any surplus capital or surplus profits of the Company; and

   (iii) In the event that the Company has insufficient assets to permit the full payment of the issue price, the Company's assets shall be distributed pro rata on an equal priority to the ICPS holders in proportion to the amount that each ICPS holder would otherwise be entitled to receive.

(e) The ICPS holders are not entitled to any voting right or participation in any rights, allotments and/or other distribution in the Company, except on resolutions which vary or is deemed to vary the rights and privileges attaching to the ICPS, until and unless such holders convert their ICPS into new ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
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15. OTHER RESERVES

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Non-distributable				
Warrants reserve (Note 15.1)	1,003,710	1,003,710	1,003,710	1,003,710
Exchange translation reserve (Note 15.2)	227,684	231,492	–	–
Share premium (Note 15.3)	–	–	–	–
	1,231,394	1,235,202	1,003,710	1,003,710

15.1 Warrants reserve

The warrants reserve arose from the allocation of the proceeds received from the issuance of Warrants 2016/2021 ("the Warrants") by reference to the fair value of the Warrants net of discount, amounting to RM0.022 per Warrant and net of expenses incurred in relation to the Rights Issue completed on 19 April 2016.

The movements of the warrant reserve during the financial year are as follows :-

	Group and Company	
	2020 RM	**2019 RM**
Balance at beginning of year	1,003,710	1,145,320
Exercise of Warrants	–	(141,610)
Balance at end of year	1,003,710	1,003,710

The Warrants were issued on 8 April 2016 in conjunction with the rights issue of the Company's Irredeemable Convertible Preference Shares. The Warrants were constituted under the Deed Poll dated 7 March 2016 ("the Deed Poll") and may be exercised at any time within five (5) years commencing on and including the date of issuance and expiring on 7 April 2021. Any Warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

Each Warrant entitles the registered holder, at any time during the exercise period, to subscribe for one (1) new ordinary share at an exercise price of RM0.60 per Warrant. The new ordinary shares allotted and issued upon the exercise of the Warrants shall rank pari passu in all respects with the existing ordinary shares of the Company, save and expect that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary share arising from exercise of the Warrants.

As at 30 June 2020, the total number of Warrants that remain unexercised were 45,623,200 (2019 : 45,623,200).

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

15. OTHER RESERVES (CONT'D)

15.2 Exchange translation reserve

	Group 2020 RM	Group 2019 RM
Balance at beginning of year	231,492	222,429
Foreign currency translation (loss)/gain	(3,808)	9,063
Balance at end of year	227,684	231,492

15.3 Share premium

	Group and Company 2020 RM	Group and Company 2019 RM
Balance at beginning of year	–	22,577,379
Transferred pursuant to the Companies Act 2016 :		
- to ordinary shares (Note 14.1)	–	(19,913,395)
- to ICPS (Note 14.2)	–	(2,663,984)
Balance at end of year	–	–

16. HIRE PURCHASE PAYABLES

	Group 2020 RM	Group 2019 RM
Future minimum payments :		
- Within 1 year	34,550	105,525
- Between 2 to 5 years	44,447	71,147
	78,997	176,672
Future finance charges on hire purchase	(6,200)	(13,210)
Present value	72,797	163,462
Payable within 1 year (included under current liabilities)	(30,795)	(98,463)
Payable between 2 to 5 years (included under non-current liabilities)	42,002	64,999

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

17. DEFERRED TAX LIABILITIES

	Group	
	2020 RM	**2019 RM**
Balance at beginning of year	2,230,079	2,293,473
Acquisition of a subsidiary (Note 7.3(a))	17,485	–
Recognised in profit or loss (Note 23)	(63,531)	(63,394)
Balance at end of year	2,184,033	2,230,079

17.1 The deferred tax liabilities as at the reporting period are attributable to the revaluation of the land and buildings upon acquisition of subsidiaries.

17.2 As at the end of the financial year, the amounts of unabsorbed tax losses, unutilised capital allowances and unutilised reinvestment allowances for which deferred tax assets have not been recognised in the financial statements are as follows :-

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Unabsorbed tax losses	8,785,125	7,671,173	800,016	800,016
Unutilised capital allowances	1,140,258	1,052,000	13,528	13,528
Unutilised reinvestment allowances	2,117,547	2,817,199	–	–
Other deductible temporary difference	230,478	235,240	–	–
	12,273,408	11,775,612	813,544	813,544

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Trade payables	9,087,550	10,096,531	–	–
Other payables and accruals	1,825,478	3,210,209	252,709	2,186,311
Goods and Services Tax payable	112	112	–	–
	10,913,140	13,306,852	252,709	2,186,311

The normal credit periods of trade payables range from 30 to 90 days (2019 : 30 to 90 days).

Included in other payables of the Group and of the Company as at the end of the previous financial year was a consideration of RM2,000,000 received by the Company for the disposal of a subsidiary namely, Profit Sunland Sdn. Bhd. An amount of RM500,000 has been forfeited and the balance of RM1,500,000 has been refunded during the current financial as a result of the termination as further explained in Note 31.2.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

19. AMOUNT DUE TO DIRECTORS

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

20. REVENUE

Analyses of the Group's revenue disaggregated by business segments, primary geographical markets and timing of revenue recognition are as follows :-

	2020 RM	2019 RM
Analysis by business segments		
Revenue from contract with customers		
Ceramic - Sales of pottery, ceramic, porcelain and related products	8,261,248	7,538,816
Construction - Sales of completed properties	–	1,835,000
	8,261,248	9,373,816
Revenue from other sources		
Interest income from moneylending activities	587,016	–
	8,848,264	9,373,816
Geographical markets		
Malaysia	7,462,147	6,926,289
Europe	772,611	1,556,667
United States	563,058	328,905
Australia	–	457,152
Others	50,448	104,803
	8,848,264	9,373,816
Timing of recognition for revenue from contracts with customers		
At a point in time	8,261,248	9,373,816

21. FINANCE COSTS

These comprised :-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest implicit on financial assets measured at amortised costs :				
- other receivables	–	229,933	–	229,933
- amount due from subsidiaries	–	–	6,292,160	1,711,425
Interest on hire purchase	7,246	13,635	–	–
	7,246	243,568	6,292,160	1,941,358

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

22. LOSS BEFORE TAXATION

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
This is stated after charging :-				
Amortisation of investment properties	117,111	–	–	–
Auditors' remuneration :				
- Annual statutory audit				
Current year	197,500	167,028	60,000	60,000
Under provided in prior year	20,072	61,000	–	51,500
- Non-audit fees				
Current year	3,000	3,000	3,000	3,000
Depreciation of property, plant and equipment	1,018,451	1,302,148	26,050	53,992
Impairment losses on :				
- Investments in subsidiaries	–	–	1,248,738	5,483,000
- Goodwill	–	159,971	–	–
- Trade receivables	–	6,666	–	–
- Amount due from subsidiaries	–	–	74,167	24,855
Bad debts written off	–	144	–	–
Deposit written off	267	2,300	–	–
Directors' remuneration :				
- Executive Directors of the Company				
Fees	355,000	197,500	355,000	197,500
Salaries and other remuneration	787,150	555,700	682,430	555,700
- Non-executive Directors of the Company				
Fees	175,000	175,000	175,000	175,000
- Directors of subsidiaries				
Fees	40,000	65,000	–	–
Salaries and other remuneration	573,907	1,212,328	–	–
Goodwill written off (Note 7.3(b))	51,398	–	–	–
Inventories written down	51,545	100,716	–	–
Inventories written off	117	–	–	–
Property, plant and equipment written off	5,599	502	5,599	–
Expenses relating to leases of low-value assets	95,719	–	2,664	–
Expenses relating to short-term leases	287,759	–	276,959	–
Rental of equipment	–	101,856	–	1,584
Rental of premises	–	197,200	–	7,600
Net loss on disposal of property, plant and equipment	–	402,783	–	405,532
Loss on foreign exchange :				
- Realised	63,406	32,838	–	–
- Unrealised	3,379	22,598	–	–

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

22. LOSS BEFORE TAXATION (CONT'D)

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
and crediting :-				
Gain on disposal of a subsidiary	–	220,604	–	–
Gain on disposal of property, plant and equipment	7,700	–	–	–
Gain on termination of lease-to-own agreement (Note 11.2(b))	1,269,380	–	1,269,380	–
Interest income from fixed and short-term deposits placed with licensed banks	151,944	115,798	96,250	22,346
Deposit forfeited (Note 31.2)	500,000	–	500,000	–
Rental income	386,905	172,277	1,890	7,000
Reversal of impairment losses on investment in a subsidiary	–	–	500,000	1,179,995
Reversal of impairment losses on amount due from a subsidiary	–	–	–	3,230,216
Unwinding of discount on amount owing by subsidiaries measured at amortised cost	–	–	713,913	–
Unwinding of discount on other receivables measured at amortised cost	348,894	55,428	348,894	55,428
Waiver of debts on amount due to payables	13,586	289,957	–	289,957

23. TAXATION

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Current year Malaysian income tax	130,238	24,921	–	–
Deferred tax income resulting from the origination and reversal of temporary differences (Note 17)	(63,531)	(63,394)	–	–
Real Property Gains Tax	–	55,230	–	55,230
	66,707	16,757	–	55,230
(Over)/Under provided in prior years :				
- Income tax	845	14,041	–	–
- Real Property Gains Tax	–	(12,120)	–	–
	67,552	18,678	–	55,230

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

23. TAXATION (CONT'D)

23.1 The general income tax rate in Malaysia for the financial year under review is 24% (2019 : 24%) of taxable income.

A reconciliation of tax expense applicable to the loss before taxation at the applicable statutory tax rate to the tax expense at the effective tax rate of the Group and of the Company is as follows :-

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Loss before taxation	(4,956,592)	(6,777,882)	(9,593,242)	(6,589,945)
Taxation at the statutory tax rate of 24% (2019 : 24%)	(1,189,582)	(1,626,692)	(2,302,378)	(1,581,587)
Tax effects in respect of :-				
Expenses not deductible for taxation purposes	2,157,390	1,583,262	2,301,848	1,636,817
Income not subject to tax	(1,041,526)	(80,035)	–	–
Current year deferred tax assets not recognised	282,382	384,902	530	–
Double deduction to expenses	(15,657)	–	–	–
Tax savings arising from the utilisation of previously unrecognised deferred tax assets	(126,300)	(244,680)	–	–
Taxation (over)/under provided in prior years :				
- Income tax	845	14,041	–	–
- Real Property Gains Tax	–	(12,120)	–	–
Total tax expense	67,552	18,678	–	55,230

23.2 Subject to the agreement with the Inland Revenue Board, the Group and the Company have the following estimated unabsorbed tax losses, unutilised capital allowances and other deductible temporary differences which are available for set-off against future taxable income :-

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Unabsorbed tax losses :				
- expiring in 2025	7,663,272	7,671,173	800,016	800,016
- expiring in 2026	1,121,853	–	–	–
Unutilised capital allowances	1,140,258	1,052,000	13,528	13,528
Unutilised reinvestment allowances	2,117,547	2,817,199	–	–
Other deductible temporary difference	230,478	235,240	–	–
	12,273,408	11,775,612	813,544	813,544

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

24. LOSS PER SHARE

24.1 Basic

The basic loss per ordinary share is calculated based on the Group's loss for the financial year attributable to owners of the Company and on the weighted average number of shares in issue during the financial year as follows :-

	Group	
	2020 RM	**2019 RM**
Loss attribute to owners of the Company (RM)	(5,024,144)	(6,796,560)
Weighted average number of ordinary shares in issue at beginning of year	213,844,600	198,606,800
Effect of conversion of ICPS to ordinary shares	16,725,336	866,740
Effect of exercise of Warrants	–	926,316
Weighted average number of ordinary shares in issue at end of year	230,569,936	200,399,856
Basic loss per ordinary share (Sen)	(2.18)	(3.39)

24.2 Diluted

The diluted loss per ordinary share is the same with the basic loss per ordinary share as there is an anti-dilutive effect arising from the assumed conversion of the ICPS and assumed exercise of the Warrants.

25. NOTES TO STATEMENTS OF CASH FLOWS

25.1 Purchase of property, plant and equipment

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Cash purchase	40,209	54,887	8,598	6,999
Properties derived from termination of lease-to-own agreement (Note 11.2(b))	7,900,000	–	7,900,000	–
	7,940,209	54,887	7,908,598	6,999

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

25. NOTES TO STATEMENTS OF CASH FLOWS (CONT'D)

25.2 Liabilities arising from financing activities

Changes in the Group's and in the Company's liabilities arising from financing activities, including both cash and non-cash changes, during the financial year are analysed in the tables below.

2020

	As at 01.07.2019 RM	Net cash flows RM	As at 30.06.2020 RM
Group			
Amount due to directors (Note 19)	263,025	(255,191)	7,834
Hire purchase financing (Note 16)	163,462	(90,665)	72,797
	426,487	(345,856)	80,631
Company			
Amount due to subsidiaries	3,143,279	131,203	3,274,482

2019

	As at 01.07.2018 RM	Net cash flows RM	Disposal of a subsidiary (Note 7.5) RM	As at 30.06.2019 RM
Group				
Amount due to directors (Note 19)	253,299	15,796	(6,070)	263,025
Hire purchase financing (Note 16)	297,991	(134,529)	–	163,462
	551,290	(118,733)	(6,070)	426,487
Company				
Amount due to subsidiaries	2,346,726	796,553	–	3,143,279

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

25. NOTES TO STATEMENTS OF CASH FLOWS (CONT'D)

25.3 Cash and cash equivalents at end of year

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
As presented in the statement of financial position				
Fixed deposits with licensed banks (Note 13)	706,243	666,371	–	–
Short-term deposits with licensed banks (Note 13)	–	12,500,000	–	3,500,000
Cash and bank balances (Note 13)	15,962,814	12,325,583	2,380,947	5,953,271
	16,669,057	25,491,954	2,380,947	9,453,271
Less : Fixed deposits pledged with a licensed bank	(633,761)	(596,038)	–	–
Cash and cash equivalents at end of year	16,035,296	24,895,916	2,380,947	9,453,271

A comparative figure has been reclassified to conform with the current year presentation.

26. STAFF COSTS AND EMPLOYEES INFORMATION

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Staff costs comprised :-				
Salaries, wages and bonuses	5,939,113	6,198,021	2,995,844	2,284,211
Amount contributed under defined contribution plan :				
- Employees Provident Fund	612,910	646,560	298,002	229,792
Others	256,434	293,495	31,477	18,970
	6,808,457	7,138,076	3,325,323	2,532,973

The number of employees of the Group and of the Company at end of the financial year was 80 and 14 (2019 : 93 and 24) respectively. Employees include 9 and 9 (2019 : 10 and 7) Directors of the Group and of the Company respectively.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

27. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party or when both parties are under the common control of another party.

Other than those already disclosed elsewhere in these financial statements, the transactions carried out with related parties during the financial year and balances at end of financial year were as follows :-

27.1 Transactions with related parties

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Transactions with companies in which certain Directors of the Company have substantial interests :				
- Subscription fees	14,150	14,150	5,660	5,660
- Professional services rendered	14,000	–	14,000	–
- Rental received for office premises	(15,500)	(6,000)	–	–

27.2 The year-end outstanding balances with related parties

The year-end outstanding balances with related parties and their terms and conditions are disclosed in Notes 12 and 19 respectively. The movements of impairment losses in respect of the amount due by related parties are disclosed in Note 12(b).

27.3 Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel of the Group are the Directors of the Company and executive directors of major subsidiaries and their remuneration for the financial year were as follows :-

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Short-term employee benefits	1,761,800	1,989,400	1,230,800	867,400
Post-employment benefits				
- contribution to Employees Provident Fund	165,280	210,840	83,560	58,800
Others	3,976	5,288	2,770	2,000
	1,931,056	2,205,528	1,317,130	928,200

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

27. RELATED PARTY TRANSACTIONS (CONT'D)

27.3 Key management personnel compensation (cont'd)

The year-end outstanding balance in relation to key management personnel compensation is :-

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Included under other payables and accruals	140,891	119,840	140,891	106,447

28. SEGMENT REPORTING

28.1 Operating Segments

The Group has five reportable segments which comprised its major business segments and are based on their products and services. The reportable segments are as follows :-

(a) Ceramic — Involved in the retail, trading, manufacturing, exporting and marketing of pottery, porcelain products and ceramics wares and ornaments.

(b) Construction — Involved in property construction and other related businesses.

(c) Property investment — Involved in property investment.

(d) Property development — Involved in property development and other related services.

(e) Moneylending — Involved in moneylending business.

The manufacturing and trading of pottery and porcelain products are managed by two different operating segments within the Group. These operating segments are aggregated to form a reportable segment known as ceramic segment due to the nature and economic characteristics of the products which are similar and inter-related.

The management monitors the performance of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. The performance of each business segment is evaluated based on the segment's profit or loss which is measured on a basis not significantly different from the profit or loss included in the consolidated financial statements.

Inter-segment transactions have been accounted for on a basis that is consistent with the Group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

28. SEGMENT REPORTING (CONT'D)

28.1 Operating Segments (cont'd)

2020

	Investment Holding RM	Ceramic RM	Construction RM	Property Investment RM	Property Development RM	Money-lending RM	Consolidated RM
Revenue							
Total revenue	–	8,789,742	–	–	–	587,016	9,376,758
Inter-segment revenue	–	(528,494)	–	–	–	–	(528,494)
External sales	–	8,261,248	–	–	–	587,016	8,848,264
Results							
Segment results	(5,406,008)	(157,544)	(291,876)	(14,093)	(292,055)	231,999	(5,929,577)
Interest income	96,250	38,354	2,150	15,190	–	–	151,944
Depreciation and amortisation	(26,050)	(980,332)	(10,548)	–	(118,632)	–	(1,135,562)
Other non-cash items	2,061,277	(111,014)	–	–	13,586	–	1,963,849
Operating loss	(3,274,531)	(1,210,536)	(300,274)	1,097	(397,101)	231,999	(4,949,346)
Finance costs	–	(7,246)	–	–	–	–	(7,246)
Loss before taxation	(3,274,531)	(1,217,782)	(300,274)	1,097	(397,101)	231,999	(4,956,592)
Taxation	63,394	(168)	(70,241)	(3,434)	137	(57,240)	(67,552)
(Loss)/profit for the year	(3,211,137)	(1,217,950)	(370,515)	(2,337)	(396,964)	174,759	(5,024,144)
Assets							
Segment assets	19,017,637	23,164,362	15,052,278	915,791	45,129,227	19,183,677	122,462,972
Unallocated assets							154,257
Consolidated total assets							122,617,229
Liabilities							
Segment liabilities	267,377	1,613,713	155,615	6,000	8,885,326	65,740	10,993,771
Unallocated liabilities							2,251,490
Consolidated total liabilities							13,245,261

28. SEGMENT REPORTING (CONT'D)

28.1 Operating Segments (cont'd)

2020 (Cont'd)

	Investment Holding RM	Ceramic RM	Construction RM	Property Investment RM	Property Development RM	Money-lending RM	Consolidated RM
Other Information							
Depreciation and amortisation	26,050	980,332	10,548	–	118,632	–	1,135,562
Non cash items other than depreciation and amortisation :							
- Deposit written off	–	267	–	–	–	–	267
- Goodwill written off	51,398	–	–	–	–	–	51,398
- Inventories written down	–	51,545	–	–	–	–	51,545
- Inventories written off	–	117	–	–	–	–	117
- Property, plant and equipment written off	5,599	–	–	–	–	–	5,599
- Net loss on foreign exchange :							
- Realised	–	63,406	–	–	–	–	63,406
- Unrealised	–	3,379	–	–	–	–	3,379
- Gain on disposal of property, plant and equipment	–	(7,700)	–	–	–	–	(7,700)
- Gain on termination of lease-to-own agreement	(1,269,380)	–	–	–	–	–	(1,269,380)
- Deposit forfeited	(500,000)	–	–	–	–	–	(500,000)
- Unwinding of discount on other receivables measured at amortised cost	(348,894)	–	–	–	–	–	(348,894)
- Waiver of debts on amount due to payables	–	–	–	–	(13,586)	–	(13,586)

28. SEGMENT REPORTING (CONT'D)

28.1 Operating Segments (cont'd)

2019

	Investment Holding RM	Ceramic RM	Construction RM	Property Investment RM	Property Development RM	Consolidated RM
Revenue						
Total revenue	–	8,343,005	1,835,000	–	–	10,178,005
Inter-segment revenue	–	(804,189)	–	–	–	(804,189)
External sales	–	7,538,816	1,835,000	–	–	9,373,816
Results						
Segment results	(3,483,121)	(105,633)	(363,370)	(12,413)	(1,220,898)	(5,185,435)
Interest income	22,347	3,246	78,814	11,391	–	115,798
Depreciation and amortisation	(53,992)	(1,056,211)	(190,678)	–	(1,267)	(1,302,148)
Other non-cash items	(220,118)	57,590	(1)	–	–	(162,529)
Operating loss	(3,734,884)	(1,101,008)	(475,235)	(1,022)	(1,222,165)	(6,534,314)
Finance costs	(229,933)	(13,635)	–	–	–	(243,568)
Loss before taxation	(3,964,817)	(1,114,643)	(475,235)	(1,022)	(1,222,165)	(6,777,882)
Taxation	8,164	1,353	(25,195)	(3,000)	–	(18,678)
Loss for the year	(3,956,653)	(1,113,290)	(500,430)	(4,022)	(1,222,165)	(6,796,560)
Assets						
Segment assets	23,456,261	24,248,716	14,945,750	13,965,684	43,104,990	119,721,401
Unallocated assets						396,938
Consolidated total assets						120,118,339
Liabilities						
Segment liabilities	2,196,311	1,394,537	381,003	5,000	9,756,488	13,733,339
Unallocated liabilities						2,245,080
Consolidated total liabilities						15,978,419

28. SEGMENT REPORTING (CONT'D)

28.1 Operating Segments (cont'd)

2019 (Cont'd)

	Investment Holding RM	Ceramic RM	Construction RM	Property Investment RM	Property Development RM	Consolidated RM
Other Information						
Depreciation and amortisation	53,992	1,056,211	190,678	–	1,267	1,302,148
Non cash items other than depreciation and amortisation :						
- Impairment losses on goodwill	159,971	–	–	–	–	159,971
- Impairment losses on trade receivables	–	6,666	–	–	–	6,666
- Bad debts written off	–	144	–	–	–	144
- Deposits written off	–	2,300	–	–	–	2,300
- Inventories written down	–	100,716	–	–	–	100,716
- Property, plant and equipment written off	–	501	1	–	–	502
- Net loss/(gain) on disposal of property, plant and equipment	405,532	(2,749)	–	–	–	402,783
- Net loss on foreign exchange :						
- Realised	–	32,838	–	–	–	32,838
- Unrealised	–	22,598	–	–	–	22,598
- Gain on disposal of a subsidiary	–	(220,604)	–	–	–	(220,604)
- Unwinding of discount on other receivables measured at amortised cost	(55,428)	–	–	–	–	(55,428)
- Waiver of debts on amount due to payables	(289,957)	–	–	–	–	(289,957)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

28. SEGMENT REPORTING (CONT'D)

28.2 Geographical Segments

In determining geographical segments of the Group, revenue is based on the geographical location of customers and non-current assets are based on the geographical location of the assets. The non-current assets do not include financial instruments and deferred tax assets.

	2020 Revenue RM	2020 Non-current assets RM	2019 Revenue RM	2019 Non-current assets RM
Malaysia	7,462,147	56,384,000	6,926,289	27,123,681
Europe	772,611	–	1,556,667	–
United States	563,058	–	328,905	–
Australia	–	–	457,152	–
Others	50,448	–	104,803	–
	8,848,264	56,384,000	9,373,816	27,123,681

28.3 Major Customers

The following is the major customer with revenue 10% equal or more than ten percent of Group's revenue :-

	Group 2020 RM	Group 2019 RM	Segment
Customer 1	5,669,710	4,178,463	Ceramic
Customer 2	–	1,835,000	Construction

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Financial assets of the Group include financing receivables, trade and other receivables, fixed and short-term deposits with licensed banks, cash and bank balances.

Financial liabilities of the Group include trade and other payables, amount due to directors and hire purchase payables.

In respect of the Company, financial assets and financial liabilities also include the amounts due from and due to subsidiaries respectively.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

29.1 Categories of Financial Instruments

The Group's and the Company's financial instruments are categorised as follows :-

(a) Financial assets as per statement of financial position

	2020 Carrying amount RM	2020 Amortised cost RM	2019 Carrying amount RM	2019 Amortised cost RM
Group				
Financing receivables	7,499,213	7,499,213	–	–
Trade receivables	1,202,459	1,202,459	1,012,655	1,012,655
Other receivables and deposits	12,666,196	12,666,196	38,871,838	38,871,838
Fixed and short-term deposits, cash and bank balances	16,669,057	16,669,057	25,491,954	25,491,954
	38,036,925	38,036,925	65,376,447	65,376,447
Company				
Other receivables and deposits	4,381,636	4,381,636	9,544,562	9,544,562
Amount due by subsidiaries	61,700,234	61,700,234	59,764,865	59,764,865
Fixed and short-term deposits, cash and bank balances	2,380,947	2,380,947	9,453,271	9,453,271
	68,462,817	68,462,817	78,762,698	78,762,698

(b) Financial liabilities as per statement of financial position

	2020 Carrying amount RM	2020 Amortised cost RM	2019 Carrying amount RM	2019 Amortised cost RM
Group				
Trade payables	9,087,550	9,087,550	10,096,531	10,096,531
Other payables and accruals	1,825,478	1,825,478	3,210,209	3,210,209
Amount due to directors	7,834	7,834	263,025	263,025
Hire purchase payables	72,797	72,797	163,462	163,462
	10,993,659	10,993,659	13,733,227	13,733,227
Company				
Other payables and accruals	252,709	252,709	2,186,311	2,186,311
Amount due to subsidiaries	3,274,482	3,274,482	3,143,279	3,143,279
	3,527,191	3,527,191	5,329,590	5,329,590

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial Risk Management

The Group's financial instruments are subject to a variety of financial risks including credit risk, liquidity and cash flow risks and market risks.

The Group's overall financial risk management objective is to seek to address and control the risks to which the Group is exposed and to minimise or avoid the incidence of loss that may result from its exposure to such risks and to enhance returns where appropriate.

The Board is primarily responsible for the management of these risks and to formulate policies and procedures for the management thereof. The risks are managed by regular risk reviews, internal control systems, on-going formulation and adherence to financial risk policies and mitigated by insurance coverage where appropriate.

(a) Credit risk

Risk management

Credit risk is the risk of financial loss attributable to default on obligations by parties contracting with the Group. The Group's main exposure to credit risk is in respect of its financing receivables, trade and other receivables, fixed deposits placed with licensed banks and bank balances. The Company's exposure to credit risk includes the amount due from subsidiaries.

Credit risk is addressed by the application of credit evaluation and close monitoring procedures by the management. New customers are subject to a credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal actions are taken to attempt recoveries and mitigate losses. Collateral is required for the business of financing activities.

The Group's deposits and bank balances are only placed with licensed banks and the management considers the risk of material loss in the event of non-performance by the financial counterparty to be unlikely.

The Group's fixed deposits and bank balances are only placed with licensed banks and the management considers the risk of material loss in the event of non-performance by the financial counterparty to be unlikely.

Measurement of expected credit loss allowances

The Group has three types of financial assets which are subject to the expected credit losses ("ECLs") impairment model and they are :-

- Financing receivables;
- Trade receivables;
- Other receivables and deposits; and
- Fixed and short-term deposits, cash and bank balances.

In respect of the Company, this includes the amount due from subsidiaries.

Fixed and short-term deposits and bank balances have a low credit risk as they are placed with reputable banks with high quality external credit ratings. Consequently, no allowance for impairment loss has been provided for in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial Risk Management (cont'd)

(a) Credit risk (cont'd)

Measurement of expected credit loss allowances (cont'd)

Financing receivables

Impairment of financing receivables are recognised on the general approach within MFRS 9 using the forward-looking ECL model. Financing receivables are generally collateralised against stocks quoted on Bursa Malaysia Securities Berhad and Singapore Stock Exchange, properties, and fixed and/or floating charges over the assets a business. In respect unsecured lendings, customers are required to provide individual and/or corporate guarantee and indemnity to the Group. When measuring ECLs, the assessment is performed on individual customer and the Group takes into account of the cash flows expected from the realisation of the collaterals and the customer's financial strength.

In respect of financing receivables as at the end of the financial year, the market values of the collaterals as at 30 June 2020 are higher than the amount outstanding and hence, no loss allowance has been recognised in the financial statements.

Trade receivables using the simplified approach

The Group applies the MFRS 9 simplified approach in measuring ECLs which estimates a lifetime expected credit loss allowance for all trade receivables.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of its customers in relation to the billings and invoices issued to customers over a period of two (2) years prior to the end of each reporting period and the corresponding historical credit loss experienced within that period.

The historical loss rates are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle their debts. The Group has identified the Gross Domestic Product ("GDP") as a relevant factor and accordingly adjusts the expected loss rates based on expected changes in the factor.

Where the credit risk of a debtor has increased significantly and past due more than one (1) year, its ECLs are assessed individually by considering historical payment trends and financial strength of the debtor.

The gross carrying amounts of credit impaired trade receivables are written off when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor is having significant financial difficulty and does not have sufficient cash flows to repay its debts. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The Group's exposure to credit risk and allowance on ECLs for trade receivables are disclosed in Note 11.1.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial Risk Management (cont'd)

(a) Credit risk (cont'd)

Measurement of expected credit loss allowances (cont'd)

Other receivables

Impairment of other receivables are recognised on the general approach within MFRS 9 using the forward-looking ECL model. The methodology used to determine the amount of impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial assets.

Other than those disclosed in Note 11.2, based on the management's assessment, the probability of default by the remaining other receivables is low and hence, no loss allowance has been recognised in the financial statements.

Deposits paid pursuant to the Concept Masterplan Agreements (Note 11.3(a))

The refundable deposits are secured by way of a personal guarantee by the directors and shareholders of the counterparties and charges over all existing ordinary shares of those corporations. Hence, the management considered the deposits to have low credit risk and the management do not expect that the counterparties to fail in meeting their obligations. In addition, as at the end of the reporting period, there was no indication that the deposits were not recoverable. Consequently, no loss allowance has been recognised in the financial statements on these deposits.

Amount due from subsidiaries

The Company provides unsecured advances to subsidiaries and the Company monitors the results from their operations regularly.

The Company considers that the advances to subsidiaries to have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. Since the Company is able determine the timing of repayments of the advances, the Company considers the advances to be in default if the subsidiaries are not able to pay when demanded. This is normally evidenced by the subsidiaries' continuing losses and having a deficit in shareholders' fund.

The Company determines that the probability of default for the amount due from subsidiaries individually using internal information. The Company's exposure to credit risk and loss allowance on amount due from subsidiaries are disclosed in Note 12(b). Other than those already impaired, no loss allowance has been recognised on the remaining amount due from subsidiaries as the Company considers them as low credit risk.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial Risk Management (cont'd)

(a) Credit risk (cont'd)

<u>Credit risk concentration profile</u>

As at the end of the reporting period, the Group has significant concentration of credit risk arising from the exposure as disclosed below :-

(i) Amount due from a customer representing 100% (2019 : NIL) of the total financing receivables. In addition to the collateral obtained by the Group, the repayments from the customer are closely monitored by the management to ensure that the terms agreed with the customer are complied with.

(ii) Amount due from a major customer representing approximately 92% (2019 : three (3) major customers representing approximately 99%) of the total trade receivables. The amounts due and repayments from these customers are closely monitored by the management to ensure that the credit limits and terms agreed with the customers are complied with.

(iii) Deposits paid pursuant to the Concept Masterplan Agreements ("CMPAs") representing 80% (2019 : 99%) of total deposits. In addition to the security obtained by the Group, the obligations by the counterparties under the CMPAs are closely monitored by the management to ensure that they are appropriately fulfilled.

(b) Liquidity and cash flow risks

Liquidity or funding risk is the risk of the inability to meet commitments associated with financial instruments while cash flow risk is the risk of uncertainty of future cash flow amount associated with a monetary financial instrument.

Liquidity and cash flow risks are addressed by annual and continuous review and forward planning of cash flow in relation to business plans to ensure a balanced and prudent portfolio of cash and other liquid assets and credit facilities is maintained. The proper management of credit risks has the effect of further minimising the incidence and effects of liquidity and cash flow risks.

Maturity analysis

The maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments are as follows :-

	Maturity Profile				
	Less than 1 year RM	**Between 1 year to 5 years RM**	**More than 5 years RM**	**Total RM**	**Effective interest rate**
Group					
2020					
Trade payables	9,087,550	–	–	9,087,550	–
Other payables	1,825,478	–	–	1,825,478	–
Amount due to directors	7,834	–	–	7,834	–
Hire purchase payables	34,550	44,447	–	78,997	4.61% to 4.86%

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial Risk Management (cont'd)

(b) Liquidity and cash flow risks (cont'd)

Maturity analysis (cont'd)

The maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments are as follows (cont'd) :-

Group (Cont'd)

	Maturity Profile				
	Less than 1 year RM	**Between 1 year to 5 years RM**	**More than 5 years RM**	**Total RM**	**Effective interest rate**
2019					
Trade payables	10,096,531	–	–	10,096,531	–
Other payables	3,210,209	–	–	3,210,209	–
Amount due to directors	263,025	–	–	263,025	–
Hire purchase payables	105,525	71,147	–	176,672	4.61% to 7.07%

Company

	Less than 1 year RM	Between 1 year to 5 years RM	More than 5 years RM	Total RM	Effective interest rate
2020					
Other payables	252,709	–	–	252,709	–
Amount due to subsidiaries	3,274,482	–	–	3,274,482	–
2019					
Other payables	2,186,311	–	–	2,186,311	–
Amount due to subsidiaries	3,143,279	–	–	3,143,279	–

(c) Market risk

Market risk is the risk that the value of the financial instruments will fluctuate due to changes in market prices.

The Group's main market risk exposure are currency and interest rate fluctuations and which are discussed under the respective risk headings.

(d) Currency risk

The Group operates internationally and is exposed to foreign currency risk arising form transactions denominated in currencies other than functional currencies of the entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Australian Dollar ("AUD") and European Union Euro ("EURO"). Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level.

The Group does not speculate in foreign currency derivatives.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial Risk Management (cont'd)

(d) Currency risk (cont'd)

Exposure to currency risk

The foreign currency exposure profile of the Group's financial assets as at the end of the reporting period is as follows :-

	Denominated in foreign currency			
	USD RM	**AUD RM**	**EURO RM**	**Total RM**
2020				
Fixed and short-term deposits, cash and bank balances	192,089	798	186	193,073
2019				
Fixed and short-term deposits, cash and bank balances	124,462	787	183	125,432

The Group does not have any exposure in foreign currencies in respect of its financial liabilities as at the end of the reporting period (2019 : NIL).

Currency risk sensitivity analysis

A 10 percent strengthening or weakening of the foreign currency against the functional currencies at the end of the reporting period would have increased or decreased profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group	
	2020 RM	**2019 RM**
USD	19,209	12,446
AUD	80	79
EURO	19	18

(e) Interest rate risk

The Group has interest rate risk in respect of its hire purchase payables, financing receivables and fixed and short-term deposits with licensed banks.

The Group's hire purchase payables, financing receivables, fixed and short-term deposits with licensed banks are subject to interest based on fixed rates.

Market interest rate movements are monitored with a view to ensuring that the most competitive rates are secured and where appropriate borrowing arrangements and interest bearing deposits are restructured and reduced.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL RISK MANAGEMENT (CONT'D)

29.2 Financial Risk Management (cont'd)

(e) Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

As the Group's hire purchase payables, financing receivables, fixed and short-term deposits with licensed banks are based on fixed rates, a change in interest rate at the end of the reporting period would not affect profit or loss or equity.

29.3 Fair value of financial instruments

(a) The fair value of financing receivables are estimated based on discounted cash flows using prevailing rates of loans of similar credit profile.

(b) The fair values of hire purchase payables approximate their carrying amounts.

(c) The carrying amount of non-current receivables which are based on principal amounts outstanding representing approximately the cash flow receivables discounted at their effective interest rates, closely approximate their fair values.

(d) The carrying amounts of the Group's and of the Company's other financial assets and financial liabilities are reasonable approximation of their fair values, either due to their short-term nature or that they are priced to market interest rates.

There were no transfer in between fair value levels during the financial year ended 30 June 2020 and 30 June 2019.

30. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors capital using debt-to-equity ratio. The Group's policy to maintain a prudent level of debt-to-equity ratio that complies with regulatory requirements and debt covenants, if any.

There were no changes in the Group's approach to capital management during the financial year.

31. MATERIAL EVENTS DURING THE FINANCIAL YEAR END

31.1 On 22 January 2020, the Company entered into a Shares Sale Agreement ("the SSA") with two (2) individuals (collectively referred to as "the Vendors") for the acquisition of the entire issued and paid-up share capital comprising 1,000,000 ordinary shares in Four Seasons Seafood Sdn. Bhd. ("FSS") for a total cash consideration of RM98,209 ("the Purchase Consideration"). In addition to the Purchase Consideration, the Company is also required to settle the amount owing by FSS to one of the Vendors in the sum of RM4,280,696. FSS is principally involved in a restaurant business and food catering services.

The SSA is conditional upon the completion and satisfactory results of a due diligence exercise on FSS, which is yet to be completed as at the date of issuance of these financial statements. Upon the execution of the SSA, the Company has paid a refundable deposit of RM1,600,000 to the Company's solicitor as stakeholder to serve as a proof of fund (Notes 11.3 and 11.3(c)).

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

31. MATERIAL EVENTS DURING THE FINANCIAL YEAR END (CONT'D)

31.2 On 10 April 2019, the Company entered into a Shares Sale Agreement ("SSA") with Avermax Capital (M) Sdn. Bhd. ("the Purchaser") for the disposal of its entire equity interest in Profit Sunland Sdn. Bhd. ("PSSB") comprising 2,000,000 ordinary shares for a total cash consideration of RM2,000,000 ("the Disposal Consideration"). In addition to the Disposal Consideration, the Purchaser was also required to settle the amount owing by PSSB to the Company amounted to RM10,318,427 ("the Principal Indebtedness") in accordance with the terms and conditions stated in the SSA.

The Disposal Consideration had been fully settled by the Purchaser during the financial year ended 30 June 2019. However, as for the payment of the Principal Indebtedness, the Company had granted an extension of time for the Purchaser to remit the payment in three (3) tranches with the final tranche to be settled on or before 30 April 2020.

The Purchaser however, was not able to remit any payment for the Principal Indebtedness to the Company. Consequently, on 11 March 2020, the Company terminated the SSA via a Notice of Termination issued to the Purchaser. Pursuant thereto, the Company forfeited RM500,000 of the Disposal Consideration received in the previous financial year and the remaining amount of RM1,500,000 has been fully refunded to the Purchaser, free of interest.

31.3 On 10 January 2020, a subsidiary of the Company, Million Rich Development Sdn. Bhd. ("MRDSB") entered into a settlement agreement with Titanium Hallmark Sdn. Bhd. ("THSB") to settle the balance deposit owing by THSB to MRDSB pursuant to the termination of CMPA. As disclosed in Notes 7.3(a) and 11.3(a), the settlement agreement has been completed on 13 January 2020 and THSB has become a wholly-owned subsidiary of the Company.

31.4 On 13 March 2020, the Company had entered into a shares sale agreement with MMAG Holdings Berhad to acquire the entire equity interest in MMAG Capital Sdn. Bhd. ("MCSB"). As disclosed in Note 7.3(b), the acquisition has been completed on 17 March 2020 and MCSB has become a wholly-owned subsidiary of the Company.

31.5 On 10 April 2020, the Company entered into a deed of mutual termination with Smart Goldyear Sdn. Bhd. ("SGSB") and both parties have mutually agreed to terminate the lease-to-own agreement on the ground that SGSB is unable to continue the lease of the properties. The details have been disclosed in Note 11.2(b).

31.6 On 5 June 2020, the Company proposed to diversify the existing businesses of the Group to include moneylending business of which shareholder's approval at an Extraordinary General Meeting held on 24 July 2020 had been obtained.

31.7 Prior to the financial year end, on 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a global health pandemic. To contain the spread of COVID-19 in Malaysia, the Malaysian Government has issued the Movement Control Order ("MCO") effective from 18 March 2020 and subsequently the Recovery MCO effective from 10 June 2020. Many countries have also imposed various forms of restrictions on movements and these restrictions have a disruptive impact on the global and domestic operations of most entities including those of the Group.

As the outbreak is still on-going as at the date of issuance of these financial statements, it is not practicable to estimate the magnitude of the financial impact that COVID-19 might have on the Group's financial performance subsequent to the current reporting period. The Group is monitoring the COVID-19 situation as it unfolds and will continually assess and revise, where appropriate, the estimates and assumptions used in the preparation of the Group's financial statements to reflect the financial effects that COVID-19 has on its activities.

32. MATERIAL EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

On 18 August 2020, the Company entered into a Shares Sale Agreement ("SSA") with Bestinet Technology Sdn. Bhd. ("BTSB") ("the Purchaser") for the disposal of the entire equity interest in DWL Technologies Sdn. Bhd. ("DTSB"), comprising 100 ordinary shares for a total cash consideration of RM100. The disposal was completed on 28 August 2020. As at the date of the SSA, DTSB was still a dormant company.

STATEMENT BY DIRECTORS

We, LIM MUN SHUNG and SIM CHIUN WEE, being the two of the Directors of KTG BERHAD (formerly known as DWL Resources Berhad), do hereby state that, in the opinion of the Directors, the financial statements set out on pages 49 to 129 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Board of Directors dated 15 October 2020

LIM MUN SHUNG
Director

SIM CHIUN WEE
Director

Date : 15 October 2020

STATUTORY DECLARATION

I, THAM CHOI KUEN, being the Officer primarily responsible for the financial management of KTG BERHAD (formerly known as DWL Resources Berhad), do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 49 to 129 are 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)
THAM CHOI KUEN at Cheras Selangor)
on this 15 October 2020)

THAM CHOI KUEN
(MIA MEMBERSHIP NO. : CA 24276

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KTG BERHAD
(FORMERLY KNOWN AS DWL RESOURCES BERHAD)
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of KTG BERHAD (formerly known as DWL Resources Berhad), which comprise the statements of financial position as at 30 June 2020 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 49 to 129.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and their cash flows for the financial 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.

Independence and Other Ethical Responsibilities

We are independent 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial 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.

INDEPENDENT AUDITORS' REPORT
(cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Key audit matters	How our audit addressed the key audit matters
1. Measurement of expected credit losses on receivables and deposits As disclosed in Notes 9 and 11 to the financial statements, the aggregate carrying amount of the Group's receivables comprising financing receivables, trade receivables, other receivables and deposits as at 30 June 2020 amounted to RM21,367,868 and this represents 17% of the total assets of the Group. For other disclosures, refer to the following notes to the financial statements : • Note 2.17.4 – Accounting policy for measurement of expected credit losses • Notes 3.2(c) and (d) – Key sources of estimation uncertainty on measurement of expected credit loss allowances on trade receivables and on financing receivables, other receivables and deposits, respectively • Note 29.2(a) - Disclosures about credit risk management in respect of financing receivables, trade receivables, other receivables and deposits The measurement of expected credit loss ("ECL") requires the application of significant judgement and the estimation of the effects of uncertain future events such as risk of default and changes in macroeconomic conditions. In view of the significance of the carrying amount and the high level of subjectivity involved in the estimation of the ECL, we considered that this area as a key audit matter.	Our procedures include the following :- • We assessed the management's internal control for monitoring the debts and collections thereon. • In respect of trade receivables, we checked the appropriateness of the historical data used in assessing the historical loss rates. We also evaluated the reasonableness of forward-looking macroeconomic factor used in determining the expected loss rates. • Where applicable, we checked to security held by the Group and collections from receivables subsequent to the financial year end. • With respect to the deposits paid pursuant to the Concept Masterplan Agreements ("CMPAs") amounted to RM7,398,165 as disclosed in Note 11.3(a) to the financial statements, we performed inquiries of the management about the status and the viability of the proposed projects. We have also reviewed the management's assessment on the ability of the debtors refunding the deposits in accordance with the terms stated in the CMPAs.

INDEPENDENT AUDITORS' REPORT
(cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Key audit matters	How our audit addressed the key audit matters
2. Assessment of impairment on goodwill As disclosed in Note 8 to the financial statements, the Group has a goodwill of RM3,520,381 which arose from the acquisition of a subsidiary. The goodwill has been allocated to the subsidiary as the cash generating unit ("CGU"). This CGU has been tested for impairment before the end of the financial year to assess the recoverability of the carrying amount of the goodwill. The management assessed the recoverable amount of the goodwill by determining the CGU's value in use using the discounted future cash flows method. For other disclosures, refer to the following notes to the financial statements : • Note 2.12 – Accounting policy for impairment of non-financial assets including goodwill • Note 3.2(b) – Key sources of estimation uncertainty on assessment of impairment on goodwill The determination of value in use is highly subjective as significant judgement is required to determine the appropriate future cash flow forecast and projections, discount rate and projected revenue and gross profit margin. Accordingly, due to the high estimation uncertainty, the impairment assessment of the CGU is considered to be a key audit matter.	Our procedures include the following :- • We evaluated whether the cash flow forecast and projections prepared by the management are in accordance with the requirements of MFRS 136 Impairment of Assets. • We assessed the reasonableness of the projected revenue and gross profit margin used by the management in forecasting and projecting the future cash flows by comparing them against the management business plans and industry outlook. • We assessed the management's determination of discount rate by evaluating the appropriateness of the models used and the reasonableness of inputs thereon. • We have performed sensitivity analyses around the key assumptions within the cash flow forecast and projections.

INDEPENDENT AUDITORS' REPORT
(cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Key audit matters	How our audit addressed the key audit matters
3. Measurement of expected credit losses on amount due from subsidiaries As disclosed in Note 12 to the financial statements, the Company has an exposure to credit risk in respect of the amount due from its subsidiaries amounted to RM61,700,234 as at 30 June 2020 and this represents 56% of the Company's total assets. For other disclosures, refer to the following notes to the financial statements : • Note 2.17.4 – Accounting policy for measurement of expected credit losses • Notes 3.2(d) – Key sources of estimation uncertainty on measurement of expected credit loss allowances on amount due from subsidiaries • Note 29.2(a) - Disclosures about credit risk management in respect of amount due from subsidiaries The amount due comprised unsecured advances provided to the subsidiaries which were utilised for the purpose of their respective business activities. The assessment for the collectability of these advances was made in accordance forward-looking ECL model which requires the application of significant judgement and the estimation of the effects of uncertain future events such as achievability of the results expected from operations and changes in macroeconomic conditions. In view of the significance of the carrying amount and the high level of subjectivity involved in the estimation of the ECL, we considered that this area as a key audit matter.	Our procedures include the following :- • We obtained an understanding about the management's internal control for provision of advances to subsidiaries and monitoring of results from their business operations to ensure collectability thereon. • For the measurement of ECL, we evaluated and tested the reasonableness of the management's assessment by comparing the expected quantum and timing of repayment to historical repayment trend. • We discussed with the management to understand the status of the on-going projects undertaken by the subsidiaries and corroborated the key assumptions included in the ECL model such as the expected quantum and timing of payment. • We also assessed whether the disclosures in the financial statements were adequate and appropriately reflect the Company's exposure to credit risk.

INDEPENDENT AUDITORS' REPORT
(cont'd)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism 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.

INDEPENDENT AUDITORS' REPORT
(cont'd)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial 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 7.2 to the financial statements.

INDEPENDENT AUDITORS' REPORT
(cont'd)

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.

FOLKS DFK & CO.
NO. : AF 0502
CHARTERED ACCOUNTANTS

SAM SIOW CHENG
NO. : 03306/06/2021 J
CHARTERED ACCOUNTANT

Kuala Lumpur

Date : 15 October 2020

LIST OF GROUP PROPERTIES
AS AT 30 JUNE 2020

Location	Description and existing usage	Land Area (sq. ft.)	Built-Up Area (sq. ft.)	Tenure	Approximate Age Of Building	Net Book Value as at 30 June 2020 (RM)	Date of Revaluation/ Acquisition
No. 547-P, Jalan Wee Hein Tze, 11200 Tanjung Bungah, Penang (Lot No. 999, Geran No. 3768, Town Of Tanjung Bungah, North East District, Penang)	Office	6,594	3,959	Freehold	41 Years	2,360,292	04.06.2020
Lot 906, Jalan Jalong, 31100 Sungai Siput (U), Perak (GM816/Lot 906, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak)	Vacant land	115,527		Freehold	N/A	400,000	24.07.2020
Lot 907, Jalan Jalong, 31100 Sungai Siput (U), Perak (GM1367/Lot 907, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak)	Vacant land	128,502		Freehold	N/A	400,000	24.07.2020
Lot 947, Jalan Jalong, 31100 Sungai Siput (U), Perak (GM1342, Lot 947, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak)	Warehouse	133,947	48,000	Freehold	22 Years	2,387,566	24.07.2020
Lot 948, Jalan Jalong, 31100 Sungai Siput (U), Perak (EMR105/Lot 948, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak)	Warehouse	136,669	60,000	Freehold	19 Years	3,316,500	24.07.2020
Lot 949, Jalan Jalong, 31100 Sungai Siput (U), Perak (GM678/Lot 949, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak)	Warehouse	139,123	54,000	Freehold	15 Years	2,850,115	24.07.2020
Plot 57, Jalan Logam 3, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (HS(D) LM 11471, PT No. 11515, Mukim Asam Kumbang, Daerah Larut and Matang, Perak	Factory	43,562	23,400	Leasehold (99 years) expiring on 7.12.2097	22 Years	1,423,602	24.07.2020
Plot 58, Jalan Logam 3, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (HS (D) LM 11472, PT No. 11516, Mukim Asam Kumbang, Daerah Larut and Matang, Perak)	Factory	43,562	23,400	Leasehold (99 years) expiring on 7.12.2097	22 Years	1,530,345	24.07.2020
Plot 55, Jalan Logam 3, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (HS (D) LM 11469, PT No. 11513, Mukim Asam Kumbang, Daerah Larut and Matang, Perak)	Factory and a single storey hostel	44,358	24,000	Leasehold (99 years) expiring on 7.12.2097	22 Years	1,346,212	24.07.2020
Plot 56, Jalan Logam 3, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (HS (D) LM 11470, PT No. 11514, Mukim Asam Kumbang, Daerah Larut and Matang, Perak)	Factory	43,562	29,000	Leasehold (99 years) expiring on 7.12.2097	22 Years	1,537,051	24.07.2020

LIST OF GROUP PROPERTIES
(cont'd)

Location	Description and existing usage	Land Area (sq. ft.)	Built-Up Area (sq. ft.)	Tenure	Approximate Age Of Building	Net Book Value as at 30 June 2020 (RM)	Date of Revaluation/ Acquisition
Plot 53 & 54, Jalan Logam 2, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (HS (D) LM 11467 & 11468, LOT No. 20786 & 20787, Mukim Asam Kumbang, Daerah Larut and Matang, Perak)	Warehouse	87,920	33,900	Leasehold (99 years) expiring on 7.12.2097	22 Years	1,547,475	24.07.2020
*Wu Tang Gang, Daxin, Pingnan County, Guangxi Province, The People Republic of China	Factory	120,000	37,700	Leasehold (50 years) expiring on 14.02.2056	15 Years	–	15.02.2006
Unit No. C-10-3A, Block C, Flora Green Condominium, Jalan Sungai Long, Bandar Sungai Long, 43000 Kajang, Selangor Darul Ehsan. Geran 54185/M2-B/11/140, Parcel No. 140, Floor No. 11, Building No. M2-B, Parent Lot No. 27737, Section 5, Town of Cheras, District of Hulu Langat, Selangor Darul Ehsan.	Hostel	1,787	1,787	Freehold	15 Years	681,571	24.07.2020
Unit Nos. D-11, Building No. Block D, Klebang Busines Centre, Section II, Pekan Klebang, District of Melaka Tengah, Melaka Darul Azim. (Nos. 99, 99-1 & 99-2, Jalan KU 2, Taman Klebang Utama, 75200 Melaka Darul Azim)	Office	4,620	4,620	Leasehold (99 years) expiring on 24.11.2109	5 Years	1,045,109	24.07.2020
Unit Nos. D-12, Building No. Block D, Klebang Busines Centre, Section II, Pekan Klebang, District of Melaka Tengah, Melaka Darul Azim. (Nos. 101, 101-1 & 101-2, Jalan KU 2, Taman Klebang Utama, 75200 Melaka Darul Azim)	Office	6,719	6,719	Leasehold (99 years) expiring on 24.11.2109	5 Years	1,423,255	24.07.2020
No. 2, Jalan Panglima, Off Persiaran Mahkota, Bandar Mahkota Cheras, 43200 Cheras, Selangor. (Geran Mukim 5022, Lot No. 45196, ,Mukim Ceras, Daerah Hulu Langat, Negeri Selangor)	Office	1,367	4,101	Freehold	10 Years	1,500,000	12.05.2020
No. 3, Jalan Panglima, Off Persiaran Mahkota, Bandar Mahkota Cheras, 43200 Cheras, Selangor. (Geran Mukim 5021, Lot No. 45195, ,Mukim Ceras, Daerah Hulu Langat, Negeri Selangor)	Office	1,432	4,295	Freehold	10 Years	1,500,000	12.05.2020

LIST OF GROUP PROPERTIES
(cont'd)

Location	Description and existing usage	Land Area (sq. ft.)	Built-Up Area (sq. ft.)	Tenure	Approximate Age Of Building	Net Book Value as at 30 June 2020 (RM)	Date of Revaluation/ Acquisition
No. 3A, Jalan Panglima, Off Persiaran Mahkota, Bandar, Mahkota Cheras, 43200 Cheras, Selangor. (Geran Mukim 5020, Lot No. 45194, ,Mukim Ceras, Daerah Hulu Langat, Negeri Selangor)	Office	1,475	4,424	Freehold	10 Years	1,500,000	12.05.2020
No. 5, Jalan Panglima, Off Persiaran Mahkota, Bandar, Mahkota Cheras, 43200 Cheras, Selangor. (Geran Mukim 5019, Lot No. 45193, ,Mukim Ceras, Daerah Hulu Langat, Negeri Selangor)	Office	1,507	4,521	Freehold	10 Years	1,696,500	12.05.2020
No. 6, Jalan Panglima, Off Persiaran Mahkota, Bandar, Mahkota Cheras, 43200 Cheras, Selangor. (Geran Mukim 5018, Lot No. 45192, ,Mukim Ceras, Daerah Hulu Langat, Negeri Selangor)	Office	1,528	4,585	Freehold	10 Years	1,696,500	12.05.2020
Lot 12168, Title PN 65672, Kawasan Bandar XLV, District of Melaka Tengah, Melaka Darul Azim	Vacant land	246,601		Leasehold (99 years) expiring on 20.04.2115	N/A	11,076,316	03.08.2020
Lot 12175, Title PN 65681, Kawasan Bandar XLV, District of Melaka Tengah, Melaka Darul Azim	Vacant land	250,799		Leasehold (99 years) expiring on 20.04.2115	N/A	11,267,844	03.08.2020

* In the prior financial years, the Company had recognised a full impairment loss on the property to its recoverable amounts.

ANALYSIS OF SHAREHOLDINGS
AS AT 2 OCTOBER 2020

Class of Securities	**:**	**Ordinary Shares**
Total Number of Holders	**:**	**2,274**
Voting Rights	**:**	**One (1) vote per ordinary share**

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	22	0.97	599	0.00
100 – 1,000	225	9.89	154,007	0.07
1,001 – 10,000	818	35.97	5,124,646	2.20
10,001 – 100,000	966	42.48	38,071,800	16.35
100,001 – less than 5% of issued shares	240	10.56	86,843,548	37.30
5% and above of issued shares	3	0.13	102,650,000	44.08
TOTAL	**2,274**	**100.00**	**232,844,600**	**100.00**

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The names of the substantial shareholders of the Company and their respective shareholdings based on the Register of Substantial Shareholders of the Company as at 2 October 2020 are as follows:-

	Direct Interest		Deemed Interest	
Size of Shareholdings	No. of Shares Held	%	No. of Shares Held	%
Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Greenfield Hills Sdn. Bhd.	59,650,000	25.62	–	–
Valhalla Capital Sdn. Bhd. pledged securities account for KTG Marketing Sdn. Bhd.	23,000,000	9.88	–	–
Gadang Holdings Berhad	20,000,000	8.59	–	–
Muhammad Qhailiz Norman Bin Aminul Islam	–	–	59,650,000	25.62
Sim Chiun Wee	–	–	23,000,000	9.88
Tan Sri Dato' Kok Onn	–	–	20,000,000	8.59

ANALYSIS OF SHAREHOLDINGS
(cont'd)

DIRECTORS' SHAREHOLDINGS

The Directors' shareholdings based on the Register of Directors' Shareholdings of the Company as at 2 October 2020 are as follows:-

	Direct Interest		Deemed Interest	
Directors	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
Dato' Rathakrishnan A/L Vellaisamy	–	–	–	–
Lim Mun Shung (Melvin)	–	–	–	–
Tan Ooi Jin	–	–	–	–
Sim Chiun Wee*	–	–	23,000,000	9.88
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	–	–	–	–
Lim Peng Tong	–	–	–	–
Ng Keok Chai	–	–	–	–

* *Deemed interested by virtue of his shareholding in KTG Marketing Sdn. Bhd. (formerly known as Montagna Management Sdn. Bhd.) pursuant to Section 8 of the Companies Act 2016.*

LIST OF TOP 30 SHAREHOLDERS

No.	Name	Shareholdings	%
1.	Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Greenfield Hills Sdn. Bhd.	59,650,000	25.62
2.	Valhalla Capital Sdn. Bhd. pledged securities account for KTG Marketing Sdn. Bhd.	23,000,000	9.88
3.	Gadang Holdings Berhad	20,000,000	8.59
4.	Wong Chong Sen	3,745,000	1.61
5.	Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Masnawi Bin Aton	3,575,500	1.54
6.	Ang Swee Kim	3,446,200	1.48
7.	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Phua Sin Mo	1,630,000	0.70
8.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Lim Chee Sing (R01-Margin)	1,600,000	0.69
9.	Eik Chu Yew	1,500,000	0.64
10.	Cheah Sun Chuang	1,342,800	0.58
11.	Boey Tak Kong	1,080,000	0.46
12.	Lee Mee Kuen	1,000,000	0.43
13.	Chuah Wan Chee @ Chuah Wan Pin	1,000,000	0.43
14.	Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Wong Seng Chan	1,000,000	0.43
15.	Mohammed Feroz Bin Mohammed Ilyas	1,000,000	0.43
16.	Foo See Thong	943,600	0.41
17.	Ong Eng An	900,000	0.39
18.	Yong Chun Meng	900,000	0.39
19.	Sum Kwan Fatt	898,000	0.39
20.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. exempt an for UOB Kay Hian Pte. Ltd. (A/C Clients)	892,600	0.38

ANALYSIS OF SHAREHOLDINGS
(cont'd)

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

No.	Name	Shareholdings	%
21.	Intraco Holdings Sdn. Bhd.	864,100	0.37
22.	Citigroup Nominees (Tempatan) Sdn. Bhd. exempt an for Bank Of Singapore Limited (Local)	863,500	0.37
23.	Sim Boon Hiong	830,000	0.36
24.	Ng Wei Li	800,000	0.34
25.	Public Nominees (Tempatan) Sdn. Bhd. pledged securities account for Johnson Hii Chang Hium (E-PDG)	751,000	0.32
26.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. pledged securities account for Chow Yee Chin (Kebun Teh-CL)	746,000	0.32
27.	Chai Chee Cheong	735,000	0.32
28.	Heng Yong Piow	719,400	0.31
29.	Intraco Holdings Sdn. Bhd.	718,500	0.31
30.	PM Nominees (Tempatan) Sdn. Bhd. pledged securities account for Koh Peck Guan (B)	706,100	0.30
	TOTAL	**136,837,300**	**58.77**

ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES SHAREHOLDINGS
AS AT 2 OCTOBER 2020

Class of Securities	:	**Irredeemable Convertible Preference Shares ("ICPS")**
Total Number of Holders	:	**247**
Voting Rights	:	**The holders of ICPS are not entitled to any voting right except in circumstances set out in the Company's Constitution**

ANALYSIS OF ICPS HOLDINGS

Size of ICPS Holdings	No. of ICPS Holders	%	No. of ICPS Held	%
Less than 100	2	0.81	100	0.00
100 – 1,000	17	6.88	10,700	0.00
1,001 – 10,000	59	23.89	376,500	0.10
10,001 – 100,000	106	42.92	4,199,200	1.07
100,001 – less than 5% of issued shares	60	24.29	103,871,400	26.50
5% and above of issued shares	3	1.21	283,540,300	72.33
TOTAL	**247**	**100.00**	**391,998,200**	**100.00**

DIRECTORS' ICPS HOLDINGS

The Directors' ICPS holdings as at 2 October 2020 are as follows:-

	Direct Interest		Deemed Interest	
Directors	**No. of ICPS Held**	**%**	**No. of ICPS Held**	**%**
Dato' Rathakrishnan A/L Vellaisamy	–	–	–	–
Lim Mun Shung (Melvin)	–	–	–	–
Tan Ooi Jin	–	–	–	–
Sim Chiun Wee	–	–	–	–
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	–	–	–	–
Lim Peng Tong	–	–	–	–
Ng Keok Chai	–	–	–	–

LIST OF TOP 30 ICPS HOLDERS

No.	Name	ICPS holdings	%
1.	Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Greenfield Hills Sdn. Bhd.	187,450,400	47.82
2.	Grandstead Sdn. Bhd. for Chin Boon Long	55,089,900	14.05
3.	Fountainberry Sdn. Bhd.	41,000,000	10.46
4.	Grandstead Sdn. Bhd. pledged securities account for Fountainberry Sdn. Bhd.	15,950,000	4.07
5.	Grandstead Sdn. Bhd. pledged securities account for Total Sejati Sdn. Bhd.	15,000,000	3.83
6.	Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Chan Swee Ying	10,580,700	2.70
7.	Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Loh Lee Yin	10,500,000	2.68

ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES SHAREHOLDINGS
(cont'd)

LIST OF TOP 30 ICPS HOLDERS (CONT'D)

No.	Name	ICPS holdings	%
8.	Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Chua Bean Hong	10,350,000	2.64
9.	Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Master Knowledge Sdn. Bhd.	10,000,000	2.55
10.	Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Kon Tek Yoong	5,165,600	1.32
11.	Chan Chooi Teng	2,185,000	0.56
12.	Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Tan Chong Swee	2,095,900	0.53
13.	Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Chin Loy Shin	2,000,000	0.51
14.	Chan Mee Lang	1,545,000	0.39
15.	Chuah Men Sin	1,389,900	0.35
16.	Lee Choon Teng	839,000	0.21
17.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. pledged securities account for Ng Chee Moy	810,000	0.21
18.	CGS-CIMB Nominees (Asing) Sdn. Bhd. exempt an for CGS-CIMB Securities (Singapore) Pte. Ltd. (House Account)	784,000	0.20
19.	Tan Kheng Shen	755,800	0.19
20.	Total Sejati Sdn. Bhd.	750,000	0.19
21.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. pledged securities account for Chu Mei Foong (MY2551)	715,000	0.18
22.	Chin Boon Long	684,000	0.17
23.	Benchmark Vista Sdn. Bhd.	603,400	0.15
24.	Kenanga Nominees (Asing) Sdn. Bhd. exempt an for Phillip Securities Pte. Ltd. (Client Account)	490,500	0.13
25.	Oh Gaik Im	480,000	0.12
26.	Landasan Simfoni Sdn. Bhd.	453,500	0.12
27.	Chang Kiong Foong	451,500	0.12
28.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. pledged securities account for Chin Boon Long (7002618)	448,600	0.11
29.	Ng Tiong Sew	430,000	0.11
30.	Yap Kean Fatt	403,400	0.10
	TOTAL	**379,401,100**	**96.79**

ANALYSIS OF WARRANT HOLDINGS
AS AT 2 OCTOBER 2020

Class of Securities	**:**	**Warrants 2016/2021 ("Warrants")**
Total Number of Holders	**:**	**569**
Voting Rights	**:**	**None**

ANALYSIS OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants Held	%
Less than 100	21	3.69	1,013	0.00
100 – 1,000	43	7.56	23,743	0.05
1,001 – 10,000	172	30.23	1,142,294	2.50
10,001 – 100,000	268	47.10	10,397,450	22.79
100,001 – less than 5% of issued warrants	62	10.89	25,114,200	55.05
5% and above of issued warrants	3	0.53	8,944,500	19.61
TOTAL	**569**	**100.00**	**45,623,200**	**100.00**

DIRECTORS' WARRANT HOLDINGS

The Directors' warrant holdings as at 2 October 2020 are as follows:-

	Direct Interest		Deemed Interest	
Directors	**No. of Warrants Held**	**%**	**No. of Warrants Held**	**%**
Dato' Rathakrishnan A/L Vellaisamy	–	–	–	–
Lim Mun Shung (Melvin)	–	–	–	–
Tan Ooi Jin	–	–	–	–
Sim Chiun Wee	–	–	–	–
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	–	–	–	–
Lim Peng Tong	–	–	–	–
Ng Keok Chai	–	–	–	–

LIST OF TOP 30 WARRANT HOLDERS

No.	Name	Warrant holdings	%
1.	Heng Ding Ding	3,394,500	7.44
2.	Wong Chong Sen	3,150,000	6.90
3.	CIMB Group Nominees (Asing) Sdn. Bhd. exempt an for DBS Bank Ltd. (SFS-PB)	2,400,000	5.26
4.	Heng Ding Ding	1,917,000	4.20
5.	Citigroup Nominees (Asing) Sdn. Bhd. exempt an for Bank of Singapore Limited (Foreign)	1,661,600	3.64
6.	Fong Kok Sang	1,608,000	3.52
7.	Wong Nga Yang	1,388,000	3.04
8.	Gurmit Singh A/L Shamir Singh	1,000,000	2.19
9.	Maybank Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Kok Sang	988,800	2.17
10.	Ng Faai @ Ng Yoke Pei	933,000	2.05

ANALYSIS OF WARRANT HOLDINGS
(cont'd)

LIST OF TOP 30 WARRANT HOLDERS (CONT'D)

No.	Name	Warrant holdings	%
11.	Ashokkumar Shah	805,000	1.76
12.	Sum Kwan Fatt	725,600	1.59
13.	Maybank Nominees (Tempatan) Sdn. Bhd. - Chen Swee Kong	662,200	1.45
14.	Saw Thean Soo	650,000	1.42
15.	Lo Foh Yot	600,000	1.32
16.	Heng Ding Ding	527,000	1.16
17.	Mohd Shafei Bin Abdullah	500,000	1.10
18.	Saw Kok Wah	500,000	1.10
19.	Yeo Eck Liong	450,000	0.99
20.	JF Apex Nominees (Tempatan) Sdn. Bhd. pledged securities account for Tee Jen Tong (STA1)	416,000	0.91
21.	Jeffrey Joseph Sim Mong Kiat	414,200	0.91
22.	Rohina Binti Abdullah	400,000	0.88
23.	Tay Pooi Woon	374,100	0.82
24.	Ihsan Bin Mohd Zain	354,000	0.78
25.	Goh Chin Ex	350,000	0.77
26.	TA Nominees (Tempatan) Sdn. Bhd. pledged securities account for Foo See Yoon	333,000	0.73
27.	Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Low Weng Lung (EM1-P88)	330,000	0.72
28.	Ahmad Hafiz Bin Abdullah	317,900	0.70
29.	Chan Seng Yip	310,600	0.68
30.	Leong Chee Kit	310,000	0.68
	TOTAL	**27,770,500**	**60.87**

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth ("**20th**") Annual General Meeting ("**AGM**") of the Company will be held on a fully virtual basis at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekututan on Friday, 27 November 2020 at 9:00 a.m. for the following purposes :-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Explanatory Note No. 1)**

2. To approve the payment of Directors' fees of up to RM350,000.00 for the financial year ending 30 June 2021 and thereafter, which is payable quarterly in arrears. **(Resolution 1)**

3. To approve the payment of Directors' benefits of up to RM40,000.00 from 28 November 2020 until the next AGM of the Company. **(Resolution 2)**

4. To re-elect Mr. Sim Chiun Wee who is due to retire in accordance with Clause 120 of the Company's Constitution and being eligible, has offered himself for re-election. **(Resolution 3)**

5. To re-elect the following Directors who are due to retire in accordance with Clause 121 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (a) Encik Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria; and **(Resolution 4)**
   (b) Mr. Lim Mun Shung (Melvin). **(Resolution 5)**

6. To re-appoint Messrs. Folks DFK & Co as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **(Resolution 6)**

As Special Business

To consider and, if thought fit, with or without any modification, to pass the following resolution as Ordinary Resolution : -

7. **ORDINARY RESOLUTION :**
   - <u>AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016</u> **(Resolution 7) (Please refer to Explanatory Note No. 2)**

   "**THAT** subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") and any other relevant governmental and/or regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised and empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed twenty percent (20%) 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 for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities; **AND FURTHER THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. To transact any other ordinary business of which due notice has been given.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING
(cont'd)

By Order of the Board

CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)
YEOW SZE MIN (SSM PC NO. 201908003120) (MAICSA 7065735)
Company Secretaries

Kuala Lumpur
28 October 2020

Explanatory Notes-

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

The Company had been granted a general mandate on the authority to issue shares pursuant to the Companies Act 2016 by its shareholders at the Nineteenth Annual General Meeting of the Company held on 26 November 2019 (hereinafter referred to as the "**Previous Mandate**"). The Company wishes to renew the Previous Mandate at the 20th AGM of the Company (hereinafter referred to as the "**New Mandate**").

The Previous Mandate granted by the shareholders had not been utilised and hence, no proceed was raised therefrom.

Bursa Malaysia Securities has via their letter dated 16 April 2020 granted several additional temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being ("**20% General Mandate**").

The Board of Directors would like to procure approval for the 20% General Mandate from its shareholders at the 20th AGM of the Company. The 20% General Mandate, unless revoked or varied at general meeting, will expire at the next AGM.

The purpose to seek the 20% General Mandate is to provide flexibility to the Company for allotment of shares for any possible fund raising activities for the purpose of funding working capital without convening a general meeting as it would be both time and cost-consuming to organise a general meeting.

After having considered all aspects of the 20% General Mandate, the Board of Directors is of the opinion that the adoption of the 20% General Mandate would be in the best interest of the Company and its shareholders, on the following basis :-

- The interest of the Company as well as its long term shareholders should be in congruence on the issue of long term sustainability of the Company as only a business operation with healthy and sufficient working capital could generate positive returns to the Company and its shareholders.

- Given the outbreak of the Coronavirus Disease (Covid-19) pandemic and the subsequent imposition of the Movement Control Order by the Malaysian Government to contain the Covid-19, the economy of the Country has been severely affected. The additional fund raising flexibility through the 20% General Mandate will enable the Company, should it be required to do so, to meet its funding requirements for working capital and operational expenditure, expeditiously and efficiently, without burdening the shareholders with a separate general meeting during this challenging period.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING
(cont'd)

2. AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 (CONT'D)

- The utilisation period of the 20% General Mandate accorded by Bursa Malaysia Securities Berhad has eased the cash flow planning of the Company should the Company require additional bridge funding for the execution of its business plan or business contingency plan to mitigate against the financial impact of Covid-19, without burdening the shareholders with additional fund raising exercise.

Notes to the Notice of the 20th AGM :-

1. In respect of deposited securities, only ordinary shareholders/Irredeemable Convertible Preference Share ("**ICPS**") holders whose names appear in the Record of Depositors on 20 November 2020 shall be eligible to attend the Meeting.

2. An ordinary shareholder of the Company shall be entitled to appoint not more than two (2) persons as his proxies to exercise all or any of his rights to attend, participate, speak and vote at a meeting of members of the Company. There shall be no restriction as to the qualification of the proxy.

3. An ICPS holder of the Company shall be entitled to appoint not more than two (2) persons as his proxies to attend a meeting of members of the Company.

4. Where an ordinary shareholder/ICPS holder appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy appointed to attend the Meeting of the Company shall have the same rights as the ordinary shareholder/ICPS holder.

5. The instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney; and in the case of a corporation shall be executed under its common seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

6. Where an ordinary shareholder/ICPS holder is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The proportion of shareholdings to be represented by each proxy must be specified in the Proxy Form.

7. Appointment of proxy and registration for remote participation and voting

   The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Poll Administrator appointed for the 20th AGM at SS E Solutions Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for taking of the poll, and in default the instrument of proxy shall not be treated as valid. The proxy appointment may also be lodged electronically via Securities Services e-Portal at https://www.sshsb.net.my/. All resolutions set out in this notice of meeting are to be voted by poll.

   Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at https://www.sshsb.net.my/ by the registration cut-off date and time.

   Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting for further details.

KTG BERHAD

CDS Account No.

No. of ordinary shares held	No. of ICPS held

KTG BERHAD

(FORMERLY KNOWN AS DWL RESOURCES BERHAD)
[Registration No. 200001002113 (504718-U)]
(Incorporated in Malaysia)

FORM OF PROXY

*I/We (full name in block), ______________________________

bearing *NRIC No./Passport No./Company No. ______________________________

of (full address) ______________________________

being *ordinary shareholder(s) and/or ICPS holder(s) of KTG Berhad (formerly known as DWL Resources Berhad) ("**the Company**") hereby appoint :-

First Proxy "A"

Full Name (in block)	NRIC/ Passport No.	Proportion of Shareholdings Represented		Proportion of ICPS Holdings Represented	
		No. of Shares	%	No. of ICPS	%
Full Address					

and/or failing *him/her,

Second Proxy "B"

Full Name (in block)	NRIC/ Passport No.	Proportion of Shareholdings Represented		Proportion of ICPS Holdings Represented	
		No. of Shares	%	No. of ICPS	%
Full Address					

or failing *him/her, the *Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Twentieth ("**20th**") Annual General Meeting ("**AGM**") of the Company to be held on a fully virtual basis at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Friday, 27 November 2020 at 9:00 a.m. or at any adjournment thereof.

For Ordinary Shareholders only

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

No.	Agenda
1.	To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of the Directors and the Auditors thereon.

		Resolution	For	Against
2.	To approve the payment of Directors' fees of up to RM350,000.00 for the financial year ending 30 June 2021 and thereafter, which is payable quarterly in arrears.	1		
3.	To approve the payment of Directors' benefits of up to RM40,000.00 from 28 November 2020 until the next AGM of the Company.	2		
4.	To re-elect Mr. Sim Chiun Wee who is due to retire in accordance with Clause 120 of the Company's Constitution and being eligible, had offered himself for re-election.	3		
5.	To re-elect Encik Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria who is due to retire in accordance with Clause 121 of the Company's Constitution and being eligible, had offered himself for re-election.	4		
6.	To re-elect Mr. Lim Mun Shung (Melvin) who is due to retire in accordance with Clause 121 of the Company's Constitution and being eligible, had offered himself for re-election.	5		
7.	To re-appoint Messrs. Folks DFK & Co as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.	6		
Special Business				
8.	**Ordinary Resolution**: Authority to Issue Shares pursuant to the Companies Act 2016	7		

As witness my/our hand(s) this day __________ of ____________________ 2020.

____
*Signature/Common Seal of Ordinary Shareholder(s) and/or ICPS Holder(s)

*Strike out whichever not applicable

Fold this flap for sealing

Notes to the Notice of the 20th AGM:-

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AFFIX
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Poll Administrator of Twentieth
Annual General Meeting

BERHAD

KTG BERHAD

(Formerly Known As DWL Resources Berhad)

[Registration No. 200001002113 (504718-U)]

SS E SOLUTIONS SDN. BHD.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

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KTG BERHAD
(Formerly Known As DWL Resources Berhad)
[Registration No. 200001002113 (504718-U)]

No. 5-G, Jalan Panglima, Persiaran Mahkota, Bandar Mahkota Cheras
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