

## **HIGH COURT CIVIL SUIT BETWEEN IDAMAN HARMONI SDN BHD AND INLAND REVENUE BOARD OF MALAYSIA**

This announcement was dated 16 October 2018.

Mega First Corporation Berhad (“MFCB”) wishes to announce that on 5 October 2018, Idaman Harmoni Sdn Bhd (“IHSB”) entered into a consent judgment (“Consent Judgment”) with the Inland Revenue Board of Malaysia (“IRBM”), which was sealed by the Shah Alam High Court (“High Court”) on 12 October 2018 and received by IHSB on 15 October 2018, to settle the civil suit filed by the IRBM at the High Court for the recovery of taxes for the Years of Assessment 2009 and 2010, upon the final determination of the same by the Special Commissioners of Income Tax and any appeal to the Courts therefrom. This means that the taxes for the Years of Assessment 2009 and 2010 will not be due and payable until the appeal by IHSB on the validity of the assessments have been properly and finally determined. There will no longer be a trial at the High Court.

As a consequence, on 8 October 2018, IRBM withdrew its appeal to the Court of Appeal against the decision of the High Court on 14 May 2018 to dismiss its application for summary judgment.

MFCB will make further announcement if there is any material update on the aforesaid matter.

This announcement was dated 13 June 2018.

Mega First Corporation Berhad (“MFCB”) wishes to announce that the Inland Revenue Board of Malaysia (“IRBM”) has on 7 June 2018 filed a Notice of Appeal to the Court of Appeal against the Order of the High Court dated 14 May 2018 dismissing the IRBM’s application for summary judgement.

Idaman Harmoni Sdn Bhd (“IHSB”) maintains its view that the assessments raised by the IRBM are statute barred and erroneous in law, and IHSB has reasonable grounds to challenge the claims.

MFCB will make further announcement if there is any material update on the aforesaid matter.

The announcement was dated 16 May 2018.

Mega First Corporation Berhad (“MFCB”) wishes to further announce as follows:

- 1) On 14 May 2018, the High Court dismissed the application of the Inland Revenue Board of Malaysia (“IRBM”) for summary judgment.
- 2) The High Court accepted the submissions of Idaman Harmoni Sdn Bhd (“IHSB”) and ordered for costs of RM3,000 to be paid by the IRBM to IHSB.
- 3) The High Court gave directions for both parties to file pre-trial documents by 29 June 2018 and has fixed the date for case management on 29 June 2018.

IHSB remains its view that the assessments raised by the IRBM are statute barred and erroneous in law, and IHSB has reasonable grounds to challenge the claims.

MFCB will make further announcement if there is any material update on the aforesaid matter.

This announcement was dated 28 September 2017.

Mega First Corporation Berhad (“MFCB”) wishes to further announce as follows:

- 1) The estimated potential liability to MFCB Group from the Writ of Summon and Statement of Claim is RM26.3 million (excluding interest, costs and other reliefs) if the High Court rules against Idaman Harmoni Sdn Bhd (“IHSB”).
- 2) IHSB is not a major subsidiary of MFCB.
- 3) IHSB has filed appeals against the Notices of Assessments to the Special Commissioners of Income Tax on 28 October 2016 and the appeals are currently pending before the Dispute Resolution Department of the Inland Revenue Board of Malaysia.

This announcement was dated 21 September 2017.

Mega First Corporation Berhad (“MFCB”) wishes to announce that Idaman Harmoni Sdn Bhd (“IHSB”), a subsidiary of MFCB, has been served on 20 September 2017 with a Writ of Summon and Statement of Claim dated 12 September 2017 by the Government of Malaysia (“the Plaintiff”).

The Writ of Summon was issued by the Inland Revenue Board of Malaysia (“IRBM”) for and on behalf of the Plaintiff. The claims pursuant to the Writ of Summon and Statement of Claim are as follows:

- a) The amount of RM26,329,278.35 as an Income Tax debt due to the Government for Years of Assessment 2009 – 2010;
- b) Interest of 5% per annum on RM26,329,278.35 from the date of judgement until the date of realisation;
- c) Costs; and
- d) Such further or other reliefs as the Honourable Court deems fit and proper to grant.

The Court has fixed the case for case management on 5 October 2017.

Based on the advice from both the tax consultants and solicitors, IHSB is of the view that the assessments raised by the IRBM are statute barred and erroneous in law, and IHSB have reasonable grounds to challenge the claims.

At this juncture, MFCB is not able to ascertain the financial impact arising from the claims. The claims, however, are not expected to have any material operational impact on the MFCB Group.

MFCB will make further announcement if there is any material update on the aforesaid matter.

The announcement was dated 16 February 2017.

Mega First Corporation Berhad (“MFCB”) wishes to announce that Idaman Harmoni Sdn Bhd (“IHSB”), a subsidiary of MFCB, has been served on 16 February 2017 with a Notification of Civil Proceedings by the Inland Revenue Board of Malaysia (“IRBM”) under Section 106 of the Income Tax Act 1967 (“ITA”).

In the Notification, the IRBM has informed IHSB that IRBM has commenced civil proceedings against IHSB for an amount of RM26,329,278.35 as an Income Tax debt due to the Government for Year of Assessment 2009 – 2010. The Notification further informed that the Summons and Statement of Claim will be served on IHSB in due course, and that IHSB will be liable, in addition for all costs incurred.

The abovementioned Income Tax debt relates to:

- a) The Notices of Assessments and penalties as stated in MFCB’s announcement on 5 October 2016; and
- b) Increases pursuant to section 103 of the ITA amounting to RM3,533,366.35 for non-payment of item (1) above.

Based on advice from both its tax consultants and solicitors, IHSB has filed appeals against the Notices of Assessments to the Special Commissioners of Income Tax on 28 October 2016 and the appeals are currently pending before the Dispute Resolution Department of the IRBM. IHSB is seeking advice from its tax consultants and solicitors.

MFCB will make further announcement if there is any material update on the aforesaid matter.

The announcement was dated 5 October 2016.

Idaman Harmoni Sdn Bhd ("IHSB"), a subsidiary of Mega First Corporation Berhad ("MFCB"), has been served with the following Notices of Assessment showing additional taxes and penalties totalling RM22,795,912.00:

- a) Notice of Assessment for the Year of Assessment 2009 dated 23 September 2016 for income tax (including 100% penalty) of RM22,793,577.50; and
- b) Notice of Additional Assessment dated 20 September 2016 and Notice of Reduced Assessment dated 23 September 2016 for Year of Assessment 2010 showing a net tax payable (including 100% penalty) of RM2,334.50.

The abovementioned tax and penalties imposed by the Inland Revenue Board of Malaysia ("IRBM") are in relation to a joint venture entered into by IHSB as the landowner with a property developer for the construction of an office and residential property known as PJ8 pursuant to an agreement dated 23 April, 2004. The IRBM has taken the view that there is a deemed disposal of the PJ8 property by IHSB which is subject to income tax. This transaction was treated by IHSB as a capital transaction which is liable to real property gains tax in year 2004. IHSB is a property investment company and has not disposed of any of its PJ8 properties since completion.

Based on advice from both its tax consultants and solicitors, IHSB is of the view that the assessments raised by the IRBM are statute barred and erroneous in law. IHSB will appeal against the assessments and undertake legal action against the IRBM, if necessary, to defend its rights.

MFCB will make further announcement if there is any material update on the aforesaid matter.