



ANNUAL REPORT 2020



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CORPORATE INFORMATION

Board of Directors

Lai Fook Hoy

Independent Non-Executive Chairman

Teh Kiak Seng

Executive Deputy Chairman

Teh Deng Wei

Managing Director

Teh Theng Theng

Executive Director

Tsai Chia Ling

Non-Independent Non-Executive Director

Lam Voon Kean

Independent Non-Executive Director

Dato' Seri Mokhtar Bin Mohd Jait

Independent Non-Executive Director

Audit Committee

Lam Voon Kean

Chairman / Independent Non-Executive Director

Lai Fook Hoy

Member / Independent Non-Executive Director

Dato' Seri Mokhtar Bin Mohd Jait

Member / Independent Non-Executive Director

Remuneration Committee

Lai Fook Hoy

Chairman / Independent Non-Executive Director

Lam Voon Kean

Member / Independent Non-Executive Director

Dato' Seri Mokhtar Bin Mohd Jait

Member / Independent Non-Executive Director

Nominating Committee

Dato' Seri Mokhtar Bin Mohd Jait

Chairman / Independent Non-Executive Director

Lai Fook Hoy

Member / Independent Non-Executive Director

Lam Voon Kean

Member / Independent Non-Executive Director

Company Secretaries

Lee Peng Loon (MACS 01258)

SSM PC NO. 201908002340

P'ng Chiew Keem (MAICSA 7026443)

SSM PC NO. 201908002334

Registered Office

51-21-A Menara BHL Bank

Jalan Sultan Ahmad Shah

10050 Penang

Tel : 604-210 8833

Fax : 604-210 8831

Business Address

12-01 Penthouse Wisma Pantai

Jalan Wisma Pantai

Kampung Gajah

12200 Butterworth

Penang

Tel: 604-324 0088

Fax: 604-324 0090

Website: www.tambunindah.com

Auditors

BDO PLT (LLP0018825-LCA & AF 0206)

Chartered Accountants

51-21-F Menara BHL

Jalan Sultan Ahmad Shah

10050 Penang

Principal Bankers

OCBC Bank (Malaysia) Berhad

CIMB Bank Berhad

Malayan Banking Berhad

Share Registrar

Tricor Investor & Issuing House Services Sdn. Bhd.

Registration No. 197101000970 (11324-H)

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel No. 603-2783 9299

Fax No. 603-2783 9222

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
(Bursa Securities)

CORPORATE STRUCTURE



Tambun Indah Land Berhad

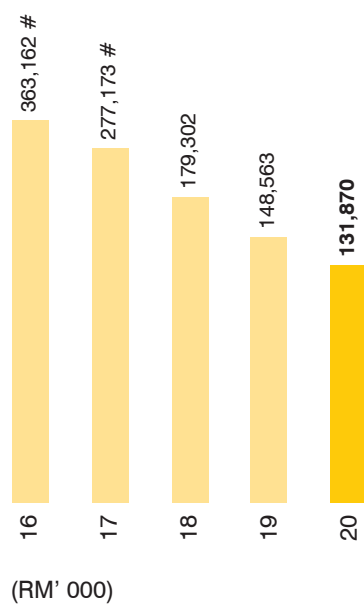
100%	❖	Cenderaman Development Sdn. Bhd.	Property Development
100%	❖	Denmas Sdn. Bhd.	Project & Construction Management
100%	❖	Denmas Development Sdn. Bhd.	Property Development
100%	❖	Epiland Properties Sdn. Bhd.	Property Management
100%	❖	Hong Hong Development Sdn. Bhd.	Property Development
100%	❖	Intanasia Development Sdn. Bhd.	Property Development
100%	❖	Jasniah Sdn. Bhd.	Property Development
100%	❖	Juru Heights Sdn. Bhd.	Property Development
100%	❖	Langstone Sdn. Bhd.	Investment Holding & Operation of Car Park
70%	❖	Mustiara Sdn. Bhd.	Property Development
100%	❖	Palmington Sdn. Bhd.	Property Development & Investment Holding
100%	❖	Novinia Sdn. Bhd.	Dormant
50%	❖	TNC Capital Sdn. Bhd. (Joint venture)	Building & Leasing of Properties
100%	❖	Perquest Sdn. Bhd.	Property Development
100%	❖	Premcourt Development Sdn. Bhd.	Property Development, Investment Holding & Operation of Car Park
100%	❖	Pridaman Sdn. Bhd.	Property Development
100%	❖	Tambun Indah Development Sdn. Bhd.	Property Development
100%	❖	Tambun Indah Sdn. Bhd.	Property Development
100%	❖	TID Development Sdn. Bhd.	Property Development
100%	❖	TKS Land Sdn. Bhd.	Investment Holding
50%	❖	Ascention Sdn. Bhd.	Property Development
50%	❖	CBD Land Sdn. Bhd.	Property Development
100%	❖	Tokoh Edaran Sdn. Bhd.	Construction Management
100%	❖	Zipac Development Sdn. Bhd.	Property Development
45%	❖	Ikhtiar Bitara Sdn. Bhd. (Associate)	Property Development



FINANCIAL HIGHLIGHTS

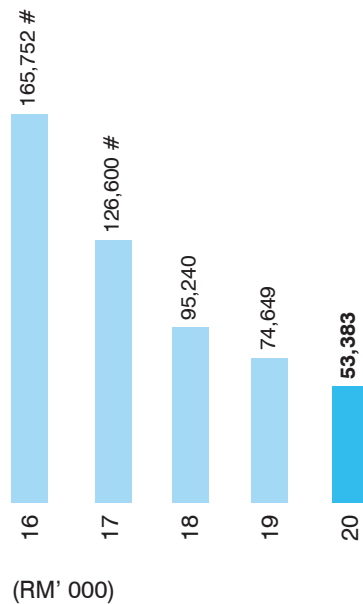
Revenue

RM131.9
million



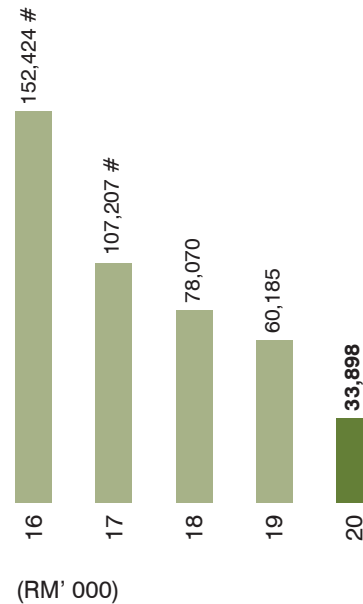
Gross Profit

RM53.4
million



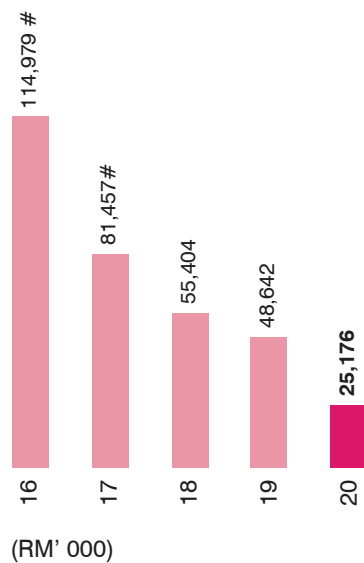
Profit Before Tax

RM33.9
million

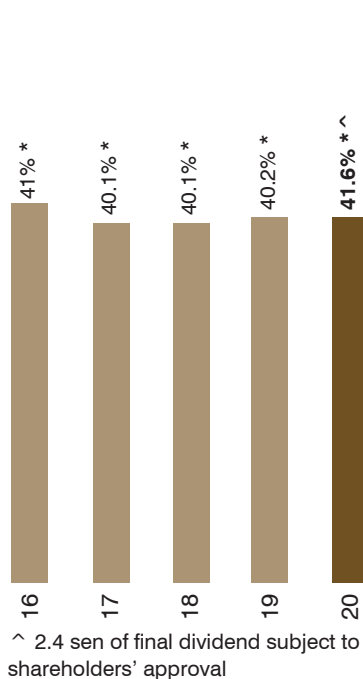


Net Profit Attributable to Owners of the Parent

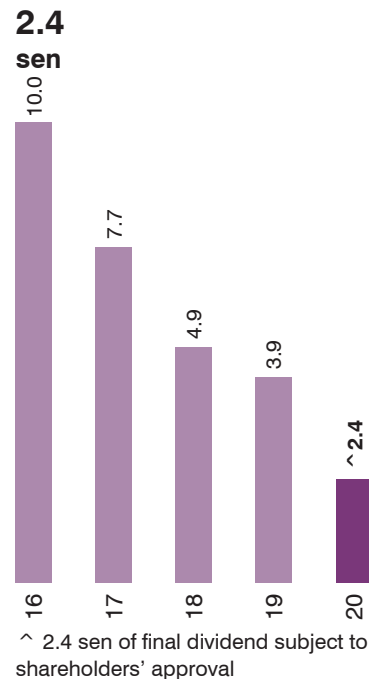
RM25.2
million



Dividend Payout



Dividend Per Share



* Dividend policy : 40% to 60% of Group's Net Profit excluding any valuation gain or loss on investment properties for the financial year

The figures have been restated following the adoption of MFRSs

FINANCIAL HIGHLIGHTS

(cont'd)

Summarised Group Statement of Profit or Loss and Other Comprehensive Income

	Financial Year Ended 31 December				
	Audited ¹ 2016	Audited ¹ 2017	Audited 2018	Audited 2019	Audited 2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	363,162	277,173	179,302	148,563	131,870
Gross Profit	165,752	126,600	95,240	74,649	53,383
Profit Before Tax	152,424	107,207	78,070	60,185	33,898
Net Profit Attributable to Owners of the Parent	114,979	81,457	55,404	48,642	25,176

Summarised Group Financial Position

	Audited ¹ 2016	Audited ¹ 2017	Audited 2018	Audited 2019	Audited 2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Total non-current assets	328,103	313,020	308,280	454,604	450,568
Total current assets	423,821	435,851	428,058	375,300	340,315
Total assets	751,924	748,871	736,338	829,904	790,883
Share capital	213,676	287,520	287,580	287,637	288,189
Share premium	69,135	-*	-	-	-
Other reserves	1,633	958*	890	998	1,216
Retained earnings	254,756	292,921	319,370	351,134	363,734
Shareholders' equity	539,200	581,399	607,840	639,769	653,139
Non-controlling interests	2,562	1,880	1,317	488	(1,798)
Total non-current liabilities	97,365	68,536	37,499	119,414	104,268
Total current liabilities	112,797	97,056	89,682	70,233	35,274
	751,924	748,871	736,338	829,904	790,883
Net assets per share (RM)	1.26	1.34	1.40	1.48	1.50

* The credits standing in share premium account and capital reserves account of RM69,290,235 and RM467,579 respectively have been transferred to the share capital account, pursuant to Companies Act 2016.

Financial Analysis

	2016 ¹	2017 ¹	2018	2019	2020
Gross Profit Margin	45.64%	45.68%	53.12%	50.25%	40.48%
Profit Before Tax Margin	41.97%	38.68%	43.54%	40.51%	25.71%
Net Profit Margin	31.66%	29.39%	30.90%	32.74%	19.09%
Short term funds and cash and bank balances (RM'000)	120,836	105,284	175,405	158,133	97,575
Total borrowings (RM'000)	138,155	106,425	95,821	159,973	116,459
Lease liabilities (RM'000)	-	-	-	518	408
Net Gearing	3.21%	0.20%	Net cash	0.37%	2.95%

Note :

¹ The figures have been restated following the adoption of MFRSs

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of Tambun Indah Land Berhad and its subsidiaries ("Tambun Indah" or "the Group") for the financial year ended 31 December 2020 (FY2020).

Aster Villa



Ambay Garden



Financial Overview

FY2020 was indeed a challenging year for corporates in light of the outbreak of COVID-19 pandemic which led to an unprecedented disruption to the global economy. Within the property sector, the industry continues to face a prevailing overhang of inventory due to a mismatch between supply and demand in certain segments of the market. The implementation of various phases of the Movement Control Order, to halt the spread of COVID-19, has further slowed down the property market in Malaysia. However, activity began picking up in second half of the year following the reinstatement of Home Ownership Campaign ("HOC") in June 2020.

Despite the challenging business environment, the Group managed to achieve revenue of RM132 million and net profit of RM25 million compared to the revenue of RM149 million and net profit of RM49 million in the previous financial year. The decline in the financial performance was mainly due to restricted activities on construction sites, and the sales gallery was temporary closed for months in compliance with the imposition of Movement Control Order. A more detailed analysis of the Group's financial performance can be found in the "Management Discussion and Analysis" section of this Annual Report.

Dividend

The Board will recommend a final single-tier dividend of 2.4 sen per ordinary share for shareholders' approval at the forthcoming Annual General Meeting. The total dividend of 2.4 sen (FY2019: 3.9 sen) per ordinary share for the year is equivalent to 42% of the Group's net profit, excluding valuation gain on investment properties.

Property Sector Outlook

Given the resurgence of COVID-19 cases in Malaysia, the property market is expected to remain challenging in FY2021. In an effort to stimulate the property market, the government has reintroduced HOC for homebuyers to benefit from stamp duty exemption. From our end, the Group will continue to be prudent in launching new projects, and focus on the affordable and mid-market landed developments to ensure that it caters for the current market demands.

Appreciation

On behalf of the Board, I would like to express our sincere appreciation to all Tambun Indah staff for their perseverance and commitment throughout the challenges faced in FY2020. Your dedication and hard work is a cornerstone to the Group's success.

Our appreciation is extended to our valued customers, shareholders and business partners for their continued trust and unwavering support.

Thank you.

Lai Fook Hoy
Chairman

15 April 2021

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Tambun Indah Land Berhad was founded in 1993 and listed on the Main Market of Bursa Malaysia Securities Berhad in 2011.

As one of the established property developers in Penang, Tambun Indah continues to strive to produce contemporary homes for sustainable communities through innovation and dedication. The Group's track record consists of township developments, mixed developments, landed residential homes, high rise residential condominiums, commercial premises and industrial factories.

At present, the Group will stay focused on developing new projects within its signature township, Bandar Tasek Mutiara ("Pearl City") which is strategically located at the Southern District of Mainland Penang and is surrounded by comprehensive amenities. Pearl City also enjoys excellent connectivity to the North-South Highway, Second Penang Bridge and Electrified Double Track Railway. In response to the challenging property market, the Management will be more cautious in launching new projects and focus on meeting real market demand.

Apart from property development, Tambun Indah's other business activities include property investment and property management, which contribute a steady revenue stream to the Group.

FINANCIAL PERFORMANCE

REVENUE

In the financial year ended 31 December 2020 ("FY2020"), the Group recorded a revenue of RM132 million, lower by 11% compared to RM149 million reported in the financial year ended 31 December 2019 ("FY2019").

Business Division	FY 2020 (RM'000)	FY 2019 (RM'000)	Difference (%)
Property Development & Management	127,620	143,580	-11%
Investment Holding	4,250	4,983	-15%
TOTAL	131,870	148,563	-11%

The property development segment reported lower revenue due to lower new property sales as well as lower revenue recognition of the on-going projects as a result of

the implementation of Movement Order Control ("MCO") by the government in response to COVID-19 pandemic. In compliance with the MCO, the Group's offices and construction sites were closed temporarily from 18 March 2020 to 7 May 2020. This affected new property sales and also slowed down the progress of the development of projects.

The Group's other business segment of investment holding, where the revenue is from rental income from its investment properties and the operation of car parks, recorded lower revenue as rent concessions were granted to tenants whose businesses were affected by the MCO.

PROFIT BEFORE TAX

In FY2020, the Group's profit before tax ("PBT") was RM34 million, lower as compared to RM60 million in FY2019. The decrease was mainly attributed to the decline in revenue as explained above. The Group recorded lower other income of RM3 million in FY2020 compared to RM10 million in FY2019 mainly due to a lower net fair value gain. In FY2019, a one-off revaluation gain of RM6 million was recognized following the completion of a sports complex in Pearl City. In addition, lower interest was earned from the money market funds due to the decline in interest rates in FY2020.

The decrease in sales and marketing expenses and administrative expenses were in line with the decline in revenue, representing 4% (FY2019: 4%) and 10% (FY2019: 10%) of total revenue respectively. However, finance cost was higher at RM5 million compared to RM4 million in FY2019, mainly due to realization of a full year interest costs that were charged in FY2020 as compared to 5 months in FY2019 for a term loan to finance the acquisition of land of which the purchase was completed in mid-FY2019.

ASSETS AND LIABILITIES

The Group's financial position remained healthy with a total equity attributable to owners of RM653 million compared to RM640 million in FY2019. The Group's total assets and total liabilities decreased by RM39 million and RM50 million respectively mainly due to the repayment of the borrowings.

Given that there were no additional term loans drawn during FY2020, the repayment brought the total borrowings down by RM44 million from RM160 million to RM116 million. The Group maintained its healthy financial position with a net gearing ratio of 0.03 times. The sound financial position will provide flexibility in funding future land banking and business expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

OPERATIONS REVIEW

PROPERTY DEVELOPMENT

In FY2020, the Group achieved new property sales of 422 units, a 20% decrease from 529 units in FY2019. The total transaction value of RM168 million was 9% lower from RM185 million in FY2019. The lower new property sales were mainly due to a challenging property market compounded by the COVID-19 pandemic. The Group launched one project, Ambay Park in FY2020 compared to three projects in FY2019.

On-Going Projects

Project Name	Type of Development	No. of Units	GDV RM' mil
Mutiara Indah	Low Cost Flats and Shops	302	15.7
Palma Residency	Gated and Guarded Landed Homes	90	51.8
Palm Garden	Serviced Apartments	335	120.0
Begonia Villa	Gated and Guarded Landed Homes	187	85.6
Residency Permai	Gated and Guarded Landed Homes	92	59.2
Ambay Park	Terrace Homes	254	121.2

Four (4) of its on-going projects are within the Pearl City township, whereas two (2) other projects, namely Palma Residency and Residency Permai are located in Bukit Mertajam, Seberang Perai Tengah. The average take-up rate of the on-going projects was 55% (FY2019: 31%) and unbilled sales stood at RM93 million (FY2019: RM59 million) as at the end of the financial year.

The Group had been prudent in launching new projects in view of challenging market conditions, with only one new project, Ambay Park launched in FY2020. Ambay Park consists of 254 units of double storey terrace homes in Pearl City and has a Gross Development Value ("GDV") of RM121 million.

Bandar Tasek Mutiara ("Pearl City") Township, Penang



Pearl City is a well-planned lifestyle township development, ideally located at the Southern District of Mainland Penang. The freehold township offers a wide range of residential homes to cater to different needs, including gated and guarded landed properties with common facilities, double storey terrace homes and serviced apartments. Pearl City is surrounded by various amenities, including Pearl City Mall, Jesselball Sports Centre, a variety of food outlets and various schools, including Mainland Penang's first international school (GEMS International School). Its close proximity to Batu Kawan Industrial Park is an added advantage as it presents residents with numerous job opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

On-Going Projects (Cont'd)

Bandar Tasek Mutiara ("Pearl City"), Penang



Ambay Park

Ambay Park is an ideal choice for buyers who wish to own an entry level property. Due to its mid-range pricing, it saw the highest new property sales among the Group's on-going projects. Comprising 254 units of double storey terrace homes, Ambay Park is complete with a children's playground and garden.



Begonia Villa

Begonia Villa is a gated and guarded landed project with modern facilities such as lush landscaping features, walkways, jogging track, indoor gym and barbecue pits. It comprises 95 units of double storey terrace homes and 92 units of duplex villas with a townhouse living concept.



Palm Garden

Palm Garden offers scenic views of the hill and city and is enhanced with a host of facilities featuring a swimming pool, wading pool, indoor & outdoor gym, sky garden and many more. It comprises an 18-storey building offering 335 units with size ranging from 828 sq. ft. onwards.

Bukit Mertajam, Penang



Residency Permai

Residency Permai is meant for families seeking a private and relaxing lifestyle in a secured environment. It comprises 92 units of gated and guarded terrace homes. It is strategically located at the bustling hub and commercial center in Kota Permai, Bukit Mertajam.



Palma Residency

Palma Residency is a premier housing project near to Lotuss Stores and Aeon Mall at Alma, Bukit Mertajam. It comprises 90 units of gated and guarded terrace homes. Every unit of Palma Residency comes with a spacious balcony that allows you to enjoy your time with your family outdoors.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

PROPERTY INVESTMENT

The Group's portfolio of investment properties consists primarily of GEMS International School (Penang), Straits Garden Commercial Shops, Wisma Pantai Office Lots, Jesselball Sports Centre (Pearl City), as well as the joint venture investment in Pearl City Mall. The property investment segment continues to contribute a steady revenue stream to the Group.

GEMS International School (Penang)



GEMS International School is part of GEMS Education, one of the largest global education providers. It offers a British curriculum education to students from the age of 3 to 18. Based on the British international curriculum, the student-centred programmes are made up of equal parts of academic knowledge and qualifications to meet international academic standards, and enrichment and extracurricular activities to develop 21st century personal skills and competencies to help the students to achieve their dreams.

Pearl City Mall



Pearl City Mall is strategically located in the heart of Pearl City. The anchor tenant of Pearl City Mall is C Mart Premium Hypermarket ("C Mart"). Other tenants include Mr. DIY, Watsons, 7-Eleven, Kopitan Classic and so on. The newly renovated C Mart has now moved to ground floor and stocked up more essential needs to ensure that its customers can shop for their daily needs under one roof. C Mart also runs an official online store in Shopee, wherein its customers can shop conveniently and safely without going physically to C Mart during the MCO period.

Jesselball Sports Centre (Pearl City)



Jesselball Sports Centre is an appropriate indoor space for various sport activities such as badminton and futsal. A fully equipped gym centre and a café serving western and Hainanese dishes will be opened once the MCO is lifted.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

OPERATIONAL AND FINANCIAL RISKS

The Group acknowledges that its businesses are exposed to various risks that could have material impact to the Group's reputation and financial performance. The implementation of a robust and comprehensive risk management system has enabled the Group to identify exposure to risks and to mitigate the risks that are inherent to the Group's activities on a timely basis. The risk management system of the Group is in the Statement on Risk Management and Internal Control section of this Annual Report. A summary of the identified risks in FY2020 is stated as follows:

External factors that affect the business environment

External factors such as changes in raw material prices, uncertainty affecting the country's economy due to the COVID-19 pandemic and an oversupply in property market may directly affect the financial performance of the Group. To mitigate these risks, the Group will continue to strengthen its cost management practices to avoid any cost overruns and constantly review its property project launches in order to meet the market demand.

Changes in government regulations

Changes in regulations and guidelines by governing bodies and authorities may affect the Group's business operations, cost of doing business and market outlook. The Group constantly keeps abreast with the new regulations and plans ahead for its ongoing and upcoming projects.

Stringent lending environment

The lending guidelines for property buyers remain stringent. Higher loan rejection rate or lower approved financing limits may affect the property sales of the Group as the majority of our customers require housing loans. The sales team will continue to liaise with the panel banks in order to assist potential buyers in obtaining loan facilities. Besides, the Group will continue to focus on affordable and mid-market landed developments for its upcoming project launches.

Market Competition

The Group is mindful of other property players offering innovative products with competitive sales packages in Mainland Penang which may affect the Group performance. Since 1993, the Group has been committed to ensure timely delivery and distinguishable quality in its products. Given the Group's track record, the Group has steadily grown from strength to strength to become a reputable real estate and property developer in the northern region. While being mindful of the competition, the Group constantly seeks to be innovative in its products and to enhance its marketing strategy so as to stay competitive in the property market.

GROWTH STRATEGIES

Moving forward, the outlook for the property market is expected to remain challenging with uncertainties affecting the local and global economy due to the resurgence of COVID-19 cases. However, with the COVID-19 vaccines being rolled out to the public, the global economy outlook is anticipated to improve.

With the support of various economic recovery measures announced by the Government such as the reintroduction of HOC coupled with the low interest rate environment, the Group expects to achieve a moderate performance in FY2021.

Under the new normal environment, the Group is now taking a more digital driven approach by utilizing various social media platforms and offering virtual showroom tours instead of relying on conventional practices such as roadshows and exhibitions to ensure the continuity and sustainability of sales operations.

In FY2021, the Group plans to launch two new projects, namely Aster Villa and Ambay Garden, which have a total GDV of approximately RM244 million.

Aster Villa



Aster Villa is a gated and guarded residential development comprising 255 units of double storey terrace houses, semi-detached houses and a bungalow in Pearl City. It has up to 18 modern facilities that bring out one of the best in Pearl City homes.

Ambay Garden



Ambay Garden is the latest addition of landed residential development to Pearl City, comprising 178 units of double storey terrace houses and semi-detached houses. A recreational park with approximately 2 acres is nearby which includes jogging track and playground for the residents to enjoy a healthy lifestyle.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

GROWTH STRATEGIES (CONT'D)

As for the long-term growth of the Group, leveraging on our pipeline projects estimated at a GDV of approximately RM3.5 billion, it is anticipated that we will be able to sustain project launches for at least the next ten years or more depending on prevailing market conditions.

During the financial year, the Group had entered into a Memorandum of Understanding ("MOU") with Show Chwan Medical Care Corporation ("Show Chwan") to collaborate efforts for the proposed establishment of a private specialist hospital at Pearl City. Both parties had mutually agreed to extend the duration of the MOU to 27 July 2021 due to the unprecedented circumstances caused by the COVID-19 pandemic. If realized, the proposed hospital will further enhance the amenities in Pearl City township.

The Group's healthy financial position allows us to be in a position to look out for strategic development lands for future development, in line with our strategy to ensure sustainable continuity of business in the long term.

DIVIDENDS

The Board proposed a final single-tier dividend of 2.4 sen per ordinary share, representing a dividend payout of approximately RM10 million, for shareholders' approval at the forthcoming Annual General Meeting.

The Group will continue to maintain its dividend policy that pays 40% to 60% of net profit, excluding valuation gain or loss on investment properties.

CONCLUSION

Amid the challenges faced in property market, the Group is confident that with its reputable brand name, strategically-placed established developments and market-oriented strategy, we will continue to strive towards building a sustainable corporation through innovation and dedication.

We would like to convey our sincere appreciation to our shareholders, business partners, staff, stakeholders and most importantly our valued customers for their continued support and confidence in the Group.

SUSTAINABILITY STATEMENT

SUSTAINABILITY AT TAMBUN INDAH

At Tambun Indah Land Berhad (“Tambun Indah” or “The Group”), we consider our sustainability approach to be an integral part of our way of conducting business as it determines the long-term success of the Group. Notwithstanding the ongoing plight of a global pandemic and its cascading effect on the property sector, the Group has intensified its efforts in aligning corporate aims with better management of our everyday operations as we continue to earnestly support our people.

Implementation of our sustainability strategies in our economic activities without causing strain on our environment, resources and communities continues to be imperative. In emphasising a holistic approach, we emulate our commitment towards reinforcing sound financial performance across our property development projects by upholding quality in all of our deliverables to various stakeholders while fostering close community engagements in the places we operate.

Adhering to this, we have persistently built our resilience on continuous improvements within the economic, social and environmental contexts of sustainable planning and development as follows:-



REPORTING PERIOD AND SCOPE

Aligned with our Annual Report, this Sustainability Statement (hereinafter referred to as “Statement”) discloses the Group’s new and ongoing sustainability initiatives, which covers the period from 1 January 2020 until 31 December 2020, unless otherwise stated.

Essentially, our reporting scope covers all subsidiaries which the Group has operational controls over their activities. Accordingly, all outsourced activities and joint ventures within its supply chain shall be excluded from the statement as we do not have administrative controls over these entities. Moving forward, we endeavour to introduce some of our sustainability efforts to inspire and invite our business associates to contribute further in developing a sustainable business culture in unison.

REPORTING FRAMEWORK

The principal guidance used in the preparation of Tambun Indah’s Sustainability Statement is the Sustainability Reporting Guide (2nd edition) issued by Bursa Malaysia Securities Berhad (“Bursa”). Likewise, we refer to the predominant sustainability matters relating to the three (3) sustainability pillars identified in our operations – Economic, Environmental and Social (“EES”) aspects.

At Tambun Indah, we aspire to promote a transparent reporting structure to all of our stakeholders. As such, we strongly encourage all our stakeholders to read this statement conjointly with the Management Discussion and Analysis (“MD&A”) section of this Annual Report. MD&A outlines the Group’s financial and operational performance for the reporting year.

FEEDBACK

We are fully committed to attending feedbacks and comments from our stakeholders as we regard these as an opportunity to learn and improve ourselves. If you have any suggestions, kindly email us at tambunindah@investor.net.my.



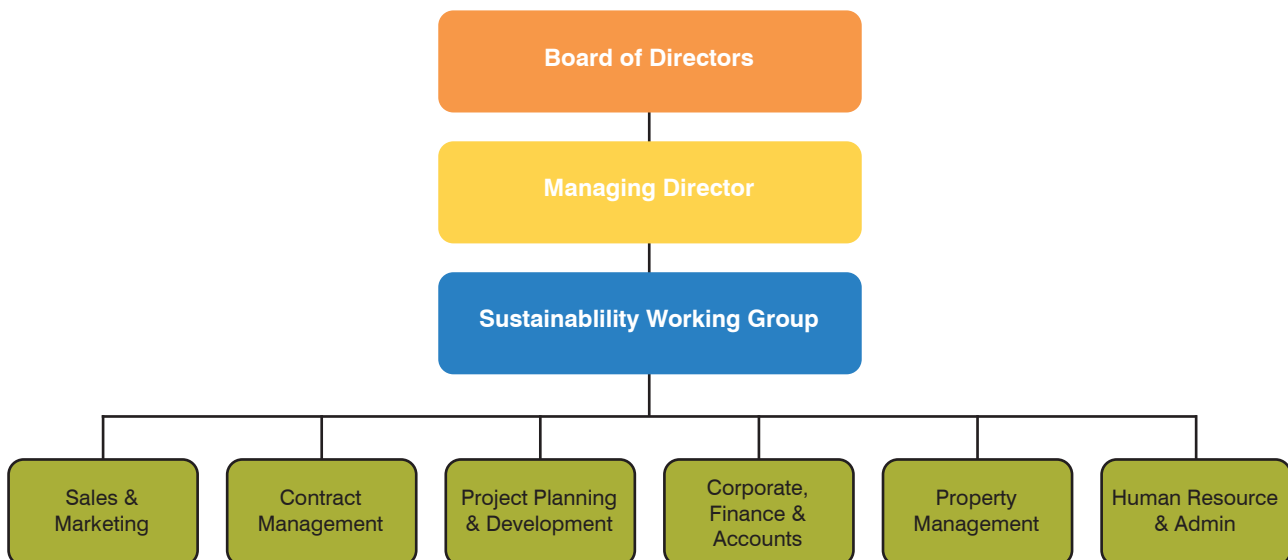
SUSTAINABILITY STATEMENT (CONT'D)

OUR GOVERNANCE STRUCTURE

We acknowledge that a clear governance and management structure are important in driving sustainability initiatives and monitoring of Tambun Indah's performance. Fundamentally, our Board of Directors ("Board") oversees and provides guidance in the development of the corporate directives and strategies to promote excellent corporate governance and ethical practices, which protect the interest of the stakeholders and safeguard the sustainability of the Group.

All pivotal economic, environmental and social aspects shall be taken into consideration in determining the Group's business strategies and directions within the foreseeable future. As such, the Sustainability Working Group ("SWG"), made up from key management team across the main departments is chaired by the Managing Director and is responsible to implement and monitor the sustainable development of the Group, as well as reports the progress and performance to the Board.

To ensure consistency in the execution of our sustainability initiatives, the Group has maintained the following governance structure for the reporting year:-



During the year, the members of SWG have conducted both formal and informal meetings to discuss the issues concerning EES which may impact the Group and its stakeholders, and to ensure reasonable approaches are taken to address the identified concerns. Additionally, new sustainability initiatives and reporting approaches on the upcoming years also form part of the discussion in SWG.

OUR ENGAGEMENT WITH STAKEHOLDERS

As a public listed company in Malaysia, we recognise that we are holding a greater accountability towards the EES matters which may be impacting the stakeholders and local communities where we operate. Any business decision we made may influence the perception of relevant parties who have an interest in the way we conduct our business, which may impact the Group's sustainability, whether in a positive or negative term. Hence, understanding our stakeholder's areas of concerns on the EES matters and maintaining our relationship with them are essential to ensure our sustainability strategies and goals are effective, and aligned to the expectation of the concerned parties.

As such, we have been actively and regularly engaged with our stakeholders throughout the year to allow the Group to relate and respond to its stakeholder's expectation in a proactive and collaborative manner. Tambun Indah empowers its respective departments with the responsibility to determine their respective stakeholder groups, and decide on the appropriate means of engagement with them.

SUSTAINABILITY STATEMENT (CONT'D)

OUR ENGAGEMENT WITH STAKEHOLDERS (CONT'D)

Our engagements with the identified key stakeholders are conducted through an array of mechanism, including:



For the purpose of this statement, we define our key stakeholders as the individuals or groups that influence or are being influenced by our business. Stakeholder groups are mapped according to two (2) key considerations –

1. Level of influence; and
2. Materiality to the Group.

We believe that the engagement channels enable us to receive insightful feedback from our stakeholders which are essential to the development and sustainability of the Group in long run.

With constant and systematic engagement models, we envisage to identify, understand, assess and prioritise the material subject matters as raised by the relevant stakeholders.

Our main stakeholder groups, engagement platforms and frequencies are illustrated below:-



Employees

Engagement Platform	Frequency
➤ Performance Appraisal System	Annually
➤ Trainings / Workshop / Forum	On-going
➤ Staff Engagement Events	On-going
➤ Briefing	On-going
➤ Formal and Informal Meeting and Discussion	On-going



Customers

Engagement Platform	Frequency
➤ After Sales Services	On-going
➤ Marketing Campaign and Advertisement	On-going
➤ Social Media	On-going
➤ Company Website	On-going
➤ Emails	On-going



Contractors /
Consultants / Suppliers

Engagement Platform	Frequency
➤ Site Meetings/ Client and Consultant Meeting	Fortnightly
➤ Site Inspection Exercise	On-going
➤ Vendor Registration and Evaluation	Ad-hoc
➤ Contract Negotiation / Tender Discussion	Ad-hoc

SUSTAINABILITY STATEMENT (CONT'D)

OUR ENGAGEMENT WITH STAKEHOLDERS (CONT'D)



Government/ Authorities

Engagement Platform	Frequency
➤ Financial reports	Quarterly / Annually
➤ Company Website	On-going
➤ Discussion / Meeting	Ad-hoc
➤ Engagement Forum	Ad-hoc
➤ Official Circulars	Ad-hoc
➤ Front Desk Consultation	Ad-hoc



Shareholders

Engagement Platform	Frequency
➤ Annual General Meeting	Annually
➤ Annual Report	Annually
➤ Company Website	On-going
➤ Site Visit Request/Tele-conference Call	Ad-hoc
➤ Investors Briefing	Ad-hoc
➤ Press Release	Ad-hoc



Public Communities

Engagement Platform	Frequency
➤ CSR Programmes	On-Going
➤ Social Media	On-Going
➤ Dialogue sessions with Resident Associations and Local Authorities	Ad-Hoc

IDENTIFYING AND PRIORITISING MATERIAL ASPECTS

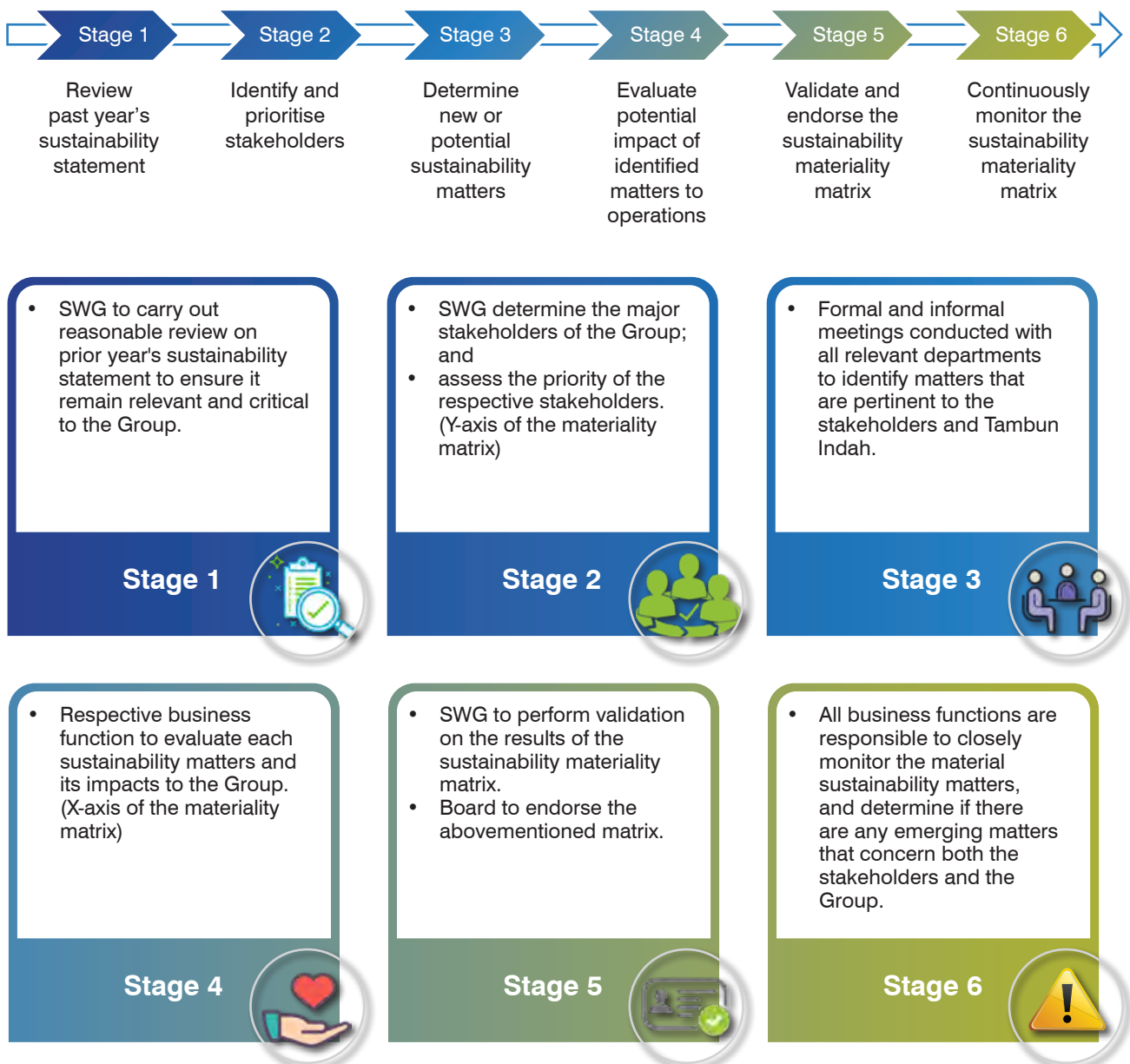
Furtherance to the meaningful dialogue conducted between the Group with the key stakeholders, the Group stays committed in delivering sustainable strategies that are in line with the expectation of the relevant stakeholders. The Group's approach in reviewing the materiality assessment is generally guided by the Bursa's Sustainability Reporting Guide which allows the management to apply a structured approach in determining sustainability matters.

Fundamentally, a subject matter is considered as material when it may greatly impact the Group's ability in attaining a sustainable economic growth, social value, stakeholder's relationship, as well as our ability to stay competitive in this dynamic business environment. All sustainability matters are re-assessed by SWG on an annual basis as it is intrinsic in ensuring the matters remain relevant and consistent to the development of the Group, whilst assuring that any new and emerging issues are considerably addressed.

SUSTAINABILITY STATEMENT (CONT'D)

IDENTIFYING AND PRIORITISING MATERIAL ASPECTS (CONT'D)

In line with the guided principle issued by Bursa, our materiality sustainability matters are gauged based on the ground of – the degree of significance to the stakeholders, and the level of impact or importance of the said matter to Tambun Indah. Summarily, our methodologies on materiality assessment are indicated in the following table:-



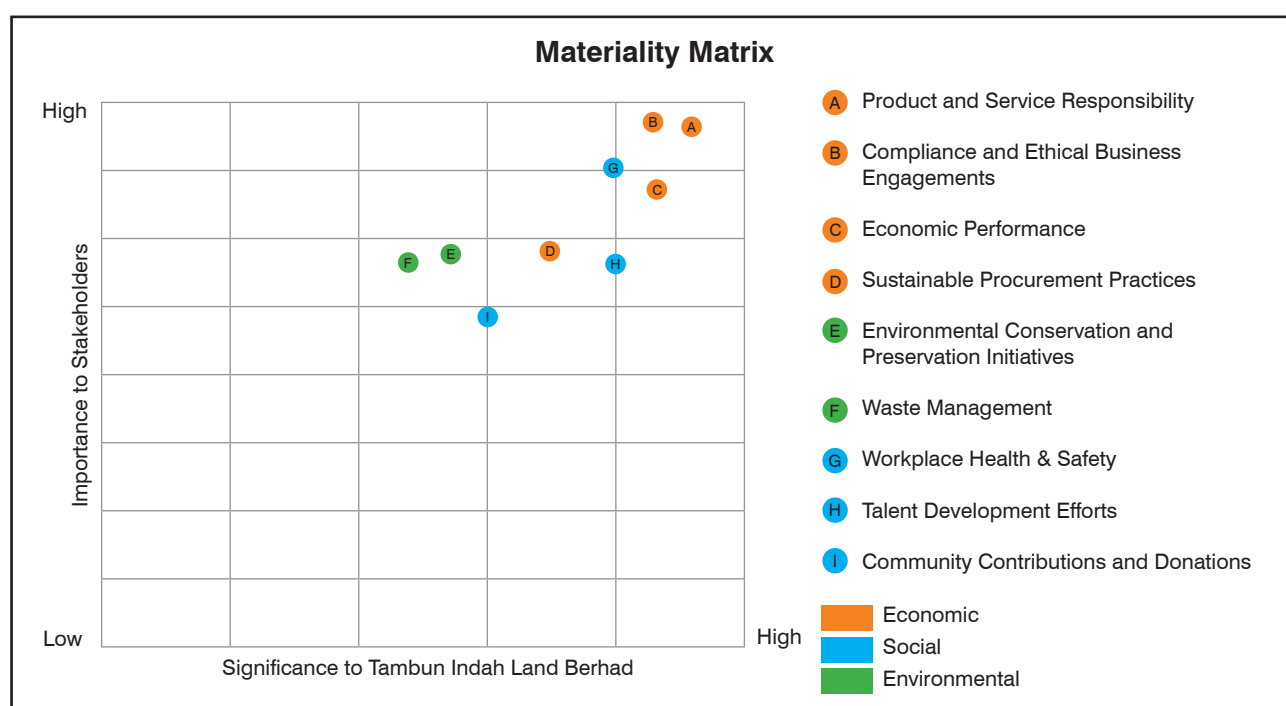


SUSTAINABILITY STATEMENT (CONT'D)

IDENTIFYING AND PRIORITISING MATERIAL ASPECTS (CONT'D)

Based on the re-evaluation of our materiality assessment which was conducted in the previous reporting year, we believe that the said assessment had adequately covered all material sustainability matters, and they remain relevant and admissible to our current year's business priorities. Accordingly, for the financial year ended 31 December 2020, we have disclosed a total of nine (9) sustainability matters that are deemed material to the Group and its stakeholders. Details of our initiatives and relevant achievement are reported under the respective sections of Economic, Environment and Social.

The following graph represents the results of our sustainability matrix:-



OUR SUSTAINABILITY APPROACH

ECONOMIC – BUSINESS CONTINUITY AND FINANCIAL STABILITY

Product and Service Responsibility

Tambun Indah upholds its commitment of delivering a brand promise of quality excellence in products and services that meet customer expectations. We aspire to continuously explore, learn and exercise laudable practices in ensuring the Group maintains its competitiveness and long-term sustainability.

Likewise, we acknowledge that maintaining quality standards requires us to develop long-term relationships with our stakeholders, primarily our customers in understanding, meeting their expectations and honour the trust that is given to us. On account of this, we strive to adopt high standards in our product and service quality including sourcing the best cost-effective materials whilst not compromising on the quality of workmanship to uphold our reputation and positive branding.

Principally at Tambun Indah, we have a strong management team to implement, supervise, manage, improvise and provide professional guidance on the product and services quality, which commences at the project conceptualisation and ends at the post-development stage. Throughout the property development cycle, we ensure that stringent, precise and exacting product quality management and controls are in place.

SUSTAINABILITY STATEMENT

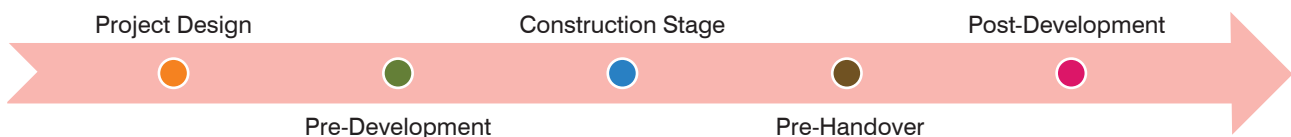
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OUR SUSTAINABILITY APPROACH (CONT'D)

ECONOMIC – BUSINESS CONTINUITY AND FINANCIAL STABILITY (CONT'D)

Product and Service Responsibility (Cont'd)

In brief, our overall product quality management practices are delineated in the following table:-



● **Project Design**

Customers' expectations and needs are delicately taken into consideration while planning for the designing concepts to ensure that the designs fulfil the needs and functions desired by customers and communities.

● **Pre-Development**

Our dedicated Project Planning and Development Team incorporates the specific project quality requirements and ensures all efforts are consolidated in rendering high-quality products and services.

● **Construction Stage**

One of the pillars of project delivery process is instilling rigorous quality control measures to ensure the product quality fulfilled its pre-determined needs and requirements. Fundamentally, our experienced Quality Control ("QC") team is responsible in managing and monitoring the quality control of the workmanship through: -

- Regular on-site inspection.
- Auditing contractor's performance through a defined standards and quality assessment procedure.
- Ongoing meetings and discussions with contractors to address potential or emerging issues.

● **Pre-Handover**

Prior to handover, a series of quality checks and comprehensive inspections are carried out by our team to ensure that our products meet the stipulated guidelines and associate with our intended outcome as well as compliance with the relevant laws and regulations.

● **Post-Development**

Tambun Indah strives to meet customer expectations at all times. Accordingly, we are committed to proactively engage with the customers to collect valuable feedbacks and opinions. Our efforts include:-

- Requesting our customers to fill in a Property Survey Form upon booking confirmation as a reference for continuous enhancement and future development.
- Maintaining close client-relationship by our dedicated sales and marketing team with the aim of obtaining a better overview of customer satisfaction in the aspect of product design, environment, affordability, promotion packages and customer service.



SUSTAINABILITY STATEMENT

(CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

ECONOMIC – BUSINESS CONTINUITY AND FINANCIAL STABILITY (CONT'D)

Product and Service Responsibility (Cont'd)

Our commitment towards attaining quality competency does not halt at the project completion stage. Upon delivering of vacant possession (VP), we provide a defect liability period (“DLP”) of up to 24 months to all our customers, which is in line with the requirement set by the local authorities. During the DLP, customers are encouraged to lodge any defect, omission or substandard workmanship to us via a Handing Over Form (“HOF”). Our dedicated Quality Control (“QC”) Team, together with our appointed contractors, shall work jointly to ensure the defect rectification work is carried out accordingly and adequately satisfied. To ensure we provide a timely response to our customers in addressing their concerns, we have set an internal benchmark of 21 days with our appointed contractors, whereby all rectification request shall be duly completed within the defined time frame.

Customers will be notified by our QC Team upon completion of the rectification work. A scheduled joint inspection will be carried out between the team and the customer to obtain an acknowledgement of completion of rectification work.

During the year, we continued to monitor and manage the complaints lodged by our customers of Pearl Saujana Permai project located at Simpang Ampat, Pulau Pinang, which vacant possession was first handed over to the customers in February 2019. Majority of the complaints raised by the customers were addressed and rectified within 21 days, which is aligned to the internal benchmark set by our team.

Compliance and Ethical Business Engagements

Since Tambun Indah was founded in the year of 1993, the Group conducts its business with utmost integrity, adhering to common business ethics and observing all relevant laws and regulations in the market which we operate. It is of paramount importance to Tambun Indah in instilling an ethical business environment with the aim to safeguard the Group's reputation and interests of its stakeholders. At Tambun Indah, we believe that practising and implementing sound governance and high ethical standards in all our business activities are the bedrock to the Group's success, which ultimately lead to having a sustainable business.

Today, the principles of business ethics and integrity are embedded into our culture, and governed under several policies and control procedures which our employees shall adhered to at all times, whilst representing us in the market.

Concisely, our integrity related policies include the following:-

- Code of Business Conducts and Ethics (“COBCE”)
- Anti-Bribery and Corruption Policy (“ABC Policy”)
- Whistleblowing Policy

COBCE

Integrity and ethics are regarded as an elementary principle in Tambun Indah as it carries considerable degree on our reputation in the market. Our strong commitments towards shaping an ethical work culture are translated in our COBCE, which defines the expectations we have towards our Directors, employees as well as business associates. It serves as a guidance to our related internal and external parties in performing their duties and responsibilities for or on behalf of the Group. In general, the COBCE encompasses the following core elements:-

Fair Dealing	Working with local communities in a socially responsible manner	An open, trustable and mutually respect work environment	Compliance with laws and regulations	Engaging in outside employment	Maintaining safe and healthy working environment
Reporting conflicts of interest	Anti-Bribery and Corruption Practices	Partipation of political activities	Whistle-blowing procedures	Proprietary and confidential information	Protecting group assets

In light of the new Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act which addresses corporate liability, the Group has reviewed and made updates to the existing policies and procedures, including COBCE to ensure our conformity with the requirements. All of our employees are required to read and understand the contents of the COBCE. It is accessible by all stakeholders via our Company's website.

SUSTAINABILITY STATEMENT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

ECONOMIC – BUSINESS CONTINUITY AND FINANCIAL STABILITY (CONT'D)

Compliance and Ethical Business Engagements (Cont'd)

ABC Policy

In conformity with the enforcement of the amended MACC Act in June 2020, we have established an Anti-Bribery Management System (“ABMS”) which is applied across the Group. In general, our ABMS includes the following key elements:-

Milestone 1
Bribery risk assessment

➤

Milestone 2
Conduct a gap analysis with reference to ISO 37001 - Anti-bribery management system

➤

Milestone 3
Establish an ABC Policy and implementation across the Group

➤

Milestone 4
Provide briefing to relevant parties

➤

Milestone 5
Continuous monitoring of the ABMS performance and recommend for improvements

The ABC Policy governs our stance on creating and maintaining a corruption-free environment and prohibits any forms of bribery and corrupt practices within the Group. The said Policy provides reasonable guidance on matters concerning potential improper solicitation, bribery and other corrupt conducts which shall be observed by our Directors, employees and business associates throughout the course of business activities. The Policy stipulates the following principles that the Group uphold:-

Gifts, entertainment and corporate hospitality

Dealing with third parties and public officials

Facilitation payments

Corporate Social Responsibility, Donations, Sponsorships and Political Contribution

Reporting of Policy Violations

For further information regarding this Policy, please refer to our website.

Training was conducted in March 2020 to create greater awareness on Corporate Liability under MACC Act 2009 among our Directors and employees and upon the adoption of our ABC Policy, the Group conducted awareness sessions in July 2020 which were attended by a total of 101 employees and business associates.

Whistleblowing Policy

As part of our commitment to developing a transparent culture within the Group, we have an established whistleblowing mechanism which encourages both internal and external stakeholders to raise any concerns that they may have observed without the fear of retaliation. This Policy provides guidance to all concerned parties to raise a report on misconduct by our employees, including the members of our senior management. We pledge to protect the whistleblower and to make sure that all reports submitted will be treated with highest level of confidentiality, timely investigated and addressed by our Anti-Bribery Compliance Team.

We are proud to announce that there were no cases reported through the whistleblowing platform in this reporting year.

In furtherance to the abovementioned governing policies, the Group refers to the Malaysian Code on Corporate Governance (“MCCG” or “the Code”) as the fundamental guidance to implement, apply and maintain sound corporate governance and industrial best practices in all our business activities, at the same time adhering to the requirements stipulated under the Code. Our management team works closely with the Board of Directors and Company Secretary to execute measures that safeguard our compliance towards the relevant best practices as defined under the MCCG. Information and details of our corporate governance framework are disclosed in the “Corporate Governance Overview Statement” section of this Annual Report.

Beyond this, our team has actively engaged with and seek advice from the relevant governance bodies to ensure the Group is keeping abreast with the latest rules and regulations.



SUSTAINABILITY STATEMENT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

ECONOMIC – BUSINESS CONTINUITY AND FINANCIAL STABILITY (CONT'D)

Economic Performance

To provide, create and optimise enduring shareholder value – this vital objective is firmly embedded in our Group's business model, directing and gearing our initiatives towards generating economic gains for our investors during the financial year. With this in mind, we continuously review the health of our capital structure and cash flows to ensure that the apportionment of our funds is consistent and aligned to our long-term organisational goals that ultimately involve creating tangible benefits for our shareholders.

Despite the challenges we faced amidst navigating our business through the global COVID-19 crisis, the Group remained resolute in creating and maximising shareholder wealth. In this regard, we have committed to uphold our dividend policy at an equitable 40 to 60 percent distribution of net profits, excluding any valuation gains or losses on investment properties. The Group's net profit attributable to equity holders and dividend pay-out over the last 5 years are disclosed in "Financial Highlights" section of this Annual Report.

In addition to this, the Group has promoted indirect mutual economic benefits in the following:-



Sustainable Procurement Practices

Building an effective working relationship with our business partners that has been fostered over the years, we have preserved an integral organisational practice of sourcing responsibly. Our sourcing and procurement management process focus on the collaboration with local businesses as they provide greater accessibility and cost efficiency to our business activities.

In 2020, we continued to actively engage with domestic contractors, consultants and suppliers who shared the same professional values and performance standards. As such, the Group plays its role in contributing to the economic well-being within the regional network of businesses by engaging 100% local businesses in 2020. This is equivalent to the percentage of local engagements in the preceding year.

Moreover, to deliver our commitment as a housing and property developer of contemporary homes, we regularly monitor and assess the capabilities of our existing business counterparties and at the same time look out for prospective businesses which operate fully within the regulatory framework, ensure on-site health and safety is safeguarded and committed to reduce pollutants and other adverse impacts on surrounding communities.

Prior to awarding a contract of engagement, we methodically assess the qualifications of our contractors whereby our trusted consultants involved in the tendering process conduct the requisite due diligence checks and to assess the capabilities of all tenderers. Right from the start and leading up to the finalisation of a project, close monitoring throughout the construction stage is executed by our experienced Quality Control team with oversight of our consultants and management.

SUSTAINABILITY STATEMENT

(CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

ENVIRONMENTAL- ADDRESING GLOBAL CHALLENGES

Environmental Conservation and Preservation Initiatives

Amidst the backdrop of uncertainty and unprecedented challenges this year, climate change and environmental degradation continues to be a global concern. In our capacity as a long-established real estate developer, we at Tambun Indah recognise that our organisation has a role in addressing the pace of climate change and global warming.

To reiterate on the Group's commitment towards environmental sustainability, our people have unitedly worked on minimising negligence and strain on our environment. This involves being cooperative and responsible in reducing greenhouse gas emissions, conserving water and electricity, and safeguarding ecosystems. In these areas, we commit to keep abreast of the latest development of relevant environmental rules and regulations and ensure that we comply with them.

Culture of conservation in our workplace

In our corporate offices, a culture of conservation and preservation has become a routine in our daily activities as our employees continue to strive in reducing the carbon footprint by ensuring air-conditioning and lighting units are switched off when not in use.

In the same manner, workplace recycling and minimal use of papers are encouraged through adding recycling bins at our offices as well as reinforcing group-wide measures in reusing paper and practising digital storage and communication of information amongst the employees.

Green initiatives and building materials

Under the relevant regulations and guidelines as well as the Group's own initiatives, we are cognisant to adopt eco-friendly methods, in addition to incorporating green building materials in construction without compromising its quality:-

Raufusion PP-R Plumbing System

Selection of polypropylene piping system in our on-going projects that is reliable and certified by the Standard and Industrial Research Institute of Malaysia (SIRIM) and other international quality and compliance standards

Use of Surge Protection Device to prevent electrical devices from voltage spikes in alignment with the Malaysia Energy Commission regulations that keep our customers and the environment safe

Surge Protection Device (SPD)

Acotec Concrete Wall Panels

Fixture of environmentally safe and recyclable hollow core panels certified with Industrialised Building System (IBS) status from the Construction Industry Development Board (CIDB)

Highest standards of environmental compliance

During the year, we are pleased to inform that the Group has not incurred any fines or penalties arising from breaches on environmental rules and regulations. Moving forward, we will keep abreast with the latest environmental standards and carry out operations and construction activities in full compliance with by-laws and guidelines issued by our local authorities.



SUSTAINABILITY STATEMENT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

ENVIRONMENTAL- ADDRESSING GLOBAL CHALLENGES (CONT'D)

Waste Management

In the course of developing realistic and sustainable practices at Tambun Indah, we recognise that how proficient we are in our construction process naturally interrelates with how well we manage our wastes. In the same manner, reducing waste materials that are to be disposed of at landfills not only results in the lowering of costs but also in the fulfilment of our environmental commitments.

Due to our business nature, majority of the waste generated are items which can be recycled or reused, such as steel, plywood, wooden pallets and municipal solid wastes. Nevertheless, managing wastes is a cooperative effort. Our appointed contractors are inevitably involved in distinguishing between recoverable and non-recoverable by-products and to minimise unwarranted generation of wastes. Consequently, the following are expected from our contractors:-



Resource recovery and waste management methods are deliberated prior to the commencement of construction works so as to come into an agreement with our contractors on the approaches as well as expected results during the development phase of a project. To prevent deviating from acceptable disposal practices, regular site meetings to evaluate and communicate on areas for improvement are also conducted between our representatives and contractors.

As part of our responsibility, we deem it necessary to plan out the logistics of our waste disposals. In an effort to minimise disturbances to our neighbouring areas, we continue to practise transporting disposable wastes during off-peak periods to ensure that unnecessary congestion is avoided.

SOCIAL – CARING FOR THE COMMUNITIES

Workplace Health and Safety Initiatives

Tambun Indah acknowledges that our business nature poses a certain degree of safety risks to the environment where we operate, particularly on our project construction sites. Since its incorporation, the Group has placed absolute priority in protecting and managing the well-being and safety of our stakeholders, including the employees, business associates and communities living around our development areas.

In this regard, the Group works closely with our appointed contractors to ensure safety-related rules and regulations imposed by the local authorities and relevant standards are duly practised and exercised at all the construction sites. Substantively, our expectations on site safety are first communicated to the prospective contractors during the tendering process. This is to ensure that our contractors share the same value with us and are committed to creating a safer work environment.

SUSTAINABILITY STATEMENT

(CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

SOCIAL – CARING FOR THE COMMUNITIES (CONT'D)

Workplace Health and Safety Initiatives (Cont'd)

Fundamentally, the overall safety management on the construction site lies within the responsibility of the respective Site Safety Supervisor (“SSS”) or Safety and Health Officer (“SHO”). The key responsibilities of SSS or SHO consist of the following:-



Thereafter, the relevant observations and recommendations concerning the site safety and security shall be brought up to our management’s attention. Any major concerns raised during the meeting shall be discussed amongst the team to ensure an inclusive plan in mitigating the risk be undertaken by the relevant parties. With close scrutiny and active engagement with our contractors, we are delighted to announce that there was no fatality or major injury being reported at our on-going construction sites in the reporting year.

Apart from the abovementioned commitments, our Group had also provided safety awareness training to our employees in May 2020. The said training was targeted to enhance our employees’ knowledge in fire prevention in workplace. A total of 31 employees, equivalent to 38% of our workforce had participated in said training.

Tambun Indah’s efforts in combating COVID-19

As the novel COVID-19 continues to spread throughout the world, keeping businesses in our communities and across the country shuttered, the virus is clearly something not to be taken lightly. As such, Tambun Indah recognises the need to develop a business continuity plan in ensuring the interruptions to our business and operations are kept at a minimal level, whilst placing plausible efforts in safeguarding the health and safety of our employees. Responsibly, the Group has imposed all necessary preventive measures in containing the spread of the virus at our workplace and community. Health and safety of our stakeholders remain as the top priority during this unprecedented period.

Since the Movement Control Order (“MCO”) was announced by the Government of Malaysia in March 2020, the Group has strictly been complying with the guidelines issued by the Ministry of Health (“MOH”) Department. Accordingly, we have promoted the “work-from-home” arrangement to the relevant employees across the Group, and capitalized on the available technologies to keep our stakeholders abreast with the development of our business and strategic plans. In the meantime, our contractors are required to complete the mandatory COVID-19 screenings at all construction sites before they are allowed to resume operation. Results of the screenings are duly communicated to our management to facilitate the course of actions by corresponding parties.



SUSTAINABILITY STATEMENT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

SOCIAL – CARING FOR THE COMMUNITIES (CONT'D)

Workplace Health and Safety Initiatives (Cont'd)

Tambun Indah's efforts in combating COVID-19 (Cont'd)

Besides, we have established the Hygiene and Safety ("H&G") Guidelines which serve as a guidance to all of our employees and visitors on the essential precautionary measures that shall be observed and applied at all times. The preventive measures mandated by the Group are as below:-

Our COVID-19 preventive measures		
Daily health monitoring and declaration.	Temperature check and sanitisation prior to entering office.	Declaration on travelling details.
Practise social distancing and reduce physical contact amongst peers at workplace.	Regular disinfection of employee's work desk.	Mask-on at all times during working hours.

Likewise, as part of our efforts in minimising the risks of transmission, we have procured considerable amount of face masks, sanitisers and other essential health monitoring devices for the use of our employees amounting to approximately RM79,000 in FY2020.

At the date of this writing, we are pleased to report that there is no incident of COVID-19 case being detected within our organisation.

Talent Development Efforts

The complexity in today's businesses builds the need to engage highly motivated and well-rounded workforce. A unique and diversified workplace may initiate avant-garde strategies, which will provide us a vantage point in exponential growth. To explore the potential talent of our workforce, the Group has developed a structured talent development programme.

Internship Programme

The aspirations and achievements of our youths play a critical role in leading and developing our future. In line with Tambun Indah's initiative to give back to the community, we offered internship programme to fresh graduates and undergraduates. Our internship programme is structured to develop skill sets required to enhance their individual competency.

Talent Development

At Tambun Indah, we understand that trainings are intrinsic to the continual development and competencies of our employees who are the bedrock to the long-term growth of the Group. As such, we are committed to empowering them in pursuing their career advancement by investing in their personal or professional development.

Our strategy on talent development is structured in an open and transparent approach with the objective to nurture the skills and capabilities across all levels of our employees, thus achieving excellence in their career. Training needs analysis are performed on a yearly basis amongst our employees and the management team during the appraisal review to ascertain that the development plan of our employees are being discussed and considered accordingly. That being said, our employees are allowed to request for additional trainings where necessary throughout the year.

Amidst the pandemic in FY2020, the Group has remained committed in providing the requisite trainings and courses to our directors and employees. Due to the restrictions of the pandemic, most of the trainings and seminars were conducted virtually via various online platforms like webex and zoom. Our employees from various departments attended seminars and trainings relating to their respective job scopes such as project management, property management, human resource, accounting and taxation.

SUSTAINABILITY STATEMENT

(CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

SOCIAL – CARING FOR THE COMMUNITIES (CONT'D)

Talent Development Efforts (Cont'd)

Talent Development (Cont'd)

The trainings and seminars were attended by 70 of our employees, including directors, which constituted 85% of our human capital in our organisation, a 24% increase of participation rate as compared to year 2019. The total number of training hours clocked by our directors and employees in year 2020 amounted to approximately 673 hours. Upon completion of trainings/seminars, our employees are strongly encouraged to have a knowledge sharing session amongst their peers, to ensure transfer of knowledge is practised at work.

Apart from the abovementioned initiative, our Group strives to promote and create an inclusive and captivating work environment to our employees. Accordingly, we place strong emphasis in our employee's engagement sessions. This includes – team building events, festive celebrations and hobby classes. However, as the pandemic strikes, we have reduced our employee's social activities to safeguard their safety. Moving forward, we envisage to include more initiatives in enhancing our employee's engagement by promoting their personal well-being to help them in achieving an optimal quality of life and work productivity.

Retention Efforts

Our employees are rewarded fairly for their contributions via the competitive pay packages and benefits offered to them. Their pay packages honour the evaluation-based remuneration system utilised to enumerate their contributions, motivating them to set and achieve high goals.

Succeeding our Group's effort in creating a conducive working environment for our employees, our attrition rate for FY2020 fell from 12% to 2%.

Community Contributions and Donations

As COVID-19 repercussions become increasingly apparent across all levels of society, we believe that the health and well-being of our local communities should be supported and preserved, more so than ever before. For this reason, we have made it a point to collaborate with various organisations to provide face masks, personal protection equipment, food aid and cash donation to those who are most in need.

The Group is consistent in contributing towards various organisations and societies that are actively engaged in the outreach and development of impoverished and disabled individuals. Besides, efforts were made to support cultural development and local community engagements through sponsorships to the involved parties.

Additionally, the Group has offered rental rebates amounting to approximately RM1 million to our tenants in the hopes of easing the financial constraints that are faced by them, especially during an economic downturn.

Our Corporate Social Responsibility events and activities for FY2020:-



Sponsor of hampers for Traditional Attire Competition organised by SJK (C) Boon Beng.



Donation of face masks to SJK (C) Boon Beng.



Donation of face masks to SK and SMK Bandar Tasek Mutiara.

DIRECTORS' PROFILE

Lai Fook Hoy

Independent Non-Executive Chairman

Lai Fook Hoy, a Malaysian, aged 70, Male, was appointed to the Board of Tambun Indah on 24 February 2012 and is presently the Independent Non-Executive Chairman. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee. He was the Chairman of the Nominating Committee up to 2 January 2020 when he was redesignated as a member of the Nominating Committee.

He has extensive experience in the resources industry, starting work in 1974 with Straits Trading Company Limited, and subsequently Malaysia Smelting Corporation Berhad. He held various positions in the group, and prior to retirement in 2010 he was the Group Chief Operating Officer. He had been a director and Chief Executive Officer of Asian Mineral Resources Limited, a nickel-focused mining company listed on Canada's TSX-V. He was also a director of KM Resources Inc., which operated a polymetallic mining project in the Philippines.

Lai Fook Hoy graduated with BSc (Hons) in Metallurgy and the University Medal from the University of New South Wales in 1974, and subsequently a BSc (Econs) (Hons)

degree majoring in Accounting and Finance from the University of London in 1980.

He is a member of the Institute of Materials, Minerals and Mining UK, and a registered Chartered Engineer with the Engineering Council UK. He is also a member of the Institution of Engineers, Malaysia, and a Professional Engineer, registered with the Board of Engineers, Malaysia. He does not hold any other directorship in any public companies and listed issuers.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He does not have family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company, nor any conflict of interest in any business arrangement involving the Company.

Teh Kiak Seng

Executive Deputy Chairman

Teh Kiak Seng, a Malaysian, aged 71, Male, is the founder of our Group and is presently the Executive Deputy Chairman. He was appointed to the Board of Tambun Indah on 19 March 2008 and was the Managing Director until 2 January 2020 when he was redesignated to his current position.

Teh Kiak Seng has more than 40 years of experience in the housing industry. His initiation into construction was in Indonesia when he started working in a civil construction firm after completing high school in 1971. Three years later, in 1974, he pursued his education in Canada. He graduated with a Bachelor of Civil Engineering degree from the University of Saskatchewan, Canada on 17 May 1979.

He started his engineering career in Johor Bahru in 1979 and was involved in the design and supervision of the 750-acre township of Taman Ungku Tun Aminah in Skudai and Taman Sentosa in Johor Bahru. After coming back to Penang in 1980 to work as a design engineer, he started his own Civil and Structural Engineering Consultancy firm, GTP Jurutera Perunding Sdn. Bhd., in 1985.

Within a short period of 10 years, GTP Jurutera Perunding Sdn. Bhd. was involved in the design and completion of over 100 factories in Penang, Kedah, Perlis, Perak and Johor.

He was also involved in the design and project management of Dell Asia Pacific Sdn. Bhd., Xiamen Company Limited as well as Guangzhou Otis Elevator Co. Ltd. in Guangzhou, China.

Following the success of GTP Jurutera Perunding Sdn. Bhd., he turned his entrepreneurship skills to focus on property development in 1992.

Teh Kiak Seng is currently a member of the Institute of Engineers, Malaysia and a Registered Professional Engineer with the Board of Engineers Malaysia. He presently sits on the board of several private limited companies. He does not hold any other directorship in any public companies and listed issuers.

Teh Kiak Seng and Teh Theng Theng, an Executive Director of Tambun Indah, are siblings and Teh Kiak Seng is the father of Teh Deng Wei, the Managing Director of Tambun Indah.

Save as disclosed herein, he does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

DIRECTORS' PROFILE

(CONT'D)

Teh Deng Wei

Managing Director

Teh Deng Wei, a Malaysian, aged 34, Male, is presently the Managing Director of Tambun Indah. He was appointed to the Board of Tambun Indah on 18 November 2016 as Executive Director of the Group. He was redesignated to his current position on 2 January 2020.

He graduated with first class honours in Electrical and Electronic Engineering (BEng) from Imperial College London, and subsequently obtained a MSc in Management from London Business School.

Prior to joining the Group, he spent three and a half years in investment banking based in London and Singapore. He started his career in London as an analyst in the European mergers and acquisitions team of an international investment bank and subsequently relocated to Singapore to join the Southeast Asia investment banking team of the same bank. He last held the position of associate before joining the Group as General Manager in 2014. He presently sits on the Board of several private limited companies. He does not hold any other directorship in any public companies and listed issuers.

He is the son of Teh Kiak Seng, the Executive Deputy Chairman of Tambun Indah and the nephew of Teh Theng Theng, an Executive Director of the Group.

Save as disclosed herein, he does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Teh Theng Theng

Executive Director

Teh Theng Theng, a Malaysian, aged 57, Female, was appointed to the Board of Tambun Indah on 23 November 2010 and is presently the Executive Director.

She graduated from Edith Cowan University in Perth, Australia in 1991 with a Bachelor of Accounting degree. After graduation, she joined IJM Corporation Bhd in 1991 which is also involved in property development where she worked for 3 years.

Teh Theng Theng joined our Tambun Indah Group in 1995, and has been involved in the overall administration, financial control, corporate planning and business development of our Group. With her extensive experience and being involved in planning and marketing strategies, she leads the sales team for our Group's projects and is largely credited with our Group successful sales launches. She presently sits on the board of several private limited companies. She does not hold any other directorship in any public companies and listed issuers.

Teh Theng Theng is the sister of Teh Kiak Seng, who is the Executive Deputy Chairman and major shareholder of Tambun Indah. Teh Deng Wei, who is the Managing Director of Tambun Indah, is the nephew of Teh Theng Theng.

Save as disclosed herein, she does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.



DIRECTORS' PROFILE

(CONT'D)

Tsai Chia Ling

Non-Independent Non-Executive Director

Tsai Chia Ling, a Taiwanese, aged 42, Female, was appointed to the Board of Tambun Indah on 27 July 2012 as an alternate director to Mr Tsai Yung Chuan. On 19 June 2013, she ceased as an alternate director to Mr Tsai Yung Chuan and was appointed to the Board of Tambun Indah. She is presently the Non-Independent Non-Executive Director. She was a member of the Nominating Committee until 25 January 2019 when she resigned from the Nominating Committee.

She graduated from National Cheng Kung University, Taiwan in 2001 with Bachelor of Business Administration and started her career as a management Trainee with Gem-Year Industrial Co. Ltd. before she joined Chin Well Fasteners Co. Sdn. Bhd. as a Marketing Executive in 2003. She does not hold any other directorship in any public companies and listed issuers.

She has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

She does not have family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company, nor any conflict of interest in any business arrangement involving the Company.

Lam Voon Kean

Independent Non-Executive Director

Lam Voon Kean, a Malaysian, aged 68, Female, was appointed to the Board of Tambun Indah on 1 June 2018 and is an Independent Non-Executive Director. She is the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee.

She is a member of the Malaysian Institute of Accountants ("MIA") and Malaysian Institute of Certified Public Accountants ("MICPA"). Lam Voon Kean joined KPMG Penang in year 1974 as an articled student and qualified as a Certified Public Accountant in 1981. She was one of the senior audit managers of KPMG Penang and acted as the engagement manager for various audit engagements and also for assignments relating to the listing of shares on the Malaysian Stock Exchange and was involved in the review and preparation of profit and cash flow forecasts and projections.

She left KPMG Penang and joined M&C Services Sdn. Bhd. (now known as Boardroom Corporate Services (KL) Sdn. Bhd.) in 1994 and was promoted to Executive Director managing a suite of business solutions and services for public listed companies, private companies, and branches of multi-national companies.

She was promoted to be the Managing Director of Boardroom Corporate Services (Penang) Sdn. Bhd. ("Boardroom") in year 2005 and retired from Boardroom on 31 December 2011. Upon retirement, she accepted a one-year contract to act as consultant to Boardroom effective from 1 January 2012.

She presently sits on the Board of Asia File Corporation Berhad, Globetronics Technology Berhad, RGB International Bhd and Alcom Group Berhad.

She has no convictions for any offences within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

She does not have family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company, nor any conflict of interest in any business arrangement involving the Company.

DIRECTORS' PROFILE

(CONT'D)

Dato' Seri Mokhtar Bin Mohd Jait

Independent Non-Executive Director

Dato' Seri Mokhtar Bin Mohd. Jait, a Malaysian, aged 65, Male, was appointed to the Board of Tambun Indah on 1 July 2019 and is an Independent Non-Executive Director. He is also a member of the Audit Committee and Remuneration Committee. He was a member of the Nominating Committee until 2 January 2020 when he was appointed as the Chairman of the Nominating Committee.

He graduated with a Bachelor of Agribusiness and Diploma in Animal Health & Husbandry, both from University of Agriculture Malaysia. Subsequently, he obtained a Diploma in Public Administration from National Institute of Public Administration (INTAN), Kuala Lumpur.

He has more than 30 years of working experience in public sector. He started his career as an Assistant Veterinary Officer at Department of Veterinary Services, Kuala Lumpur in 1981 before joining the Administrative and Diplomatic Service of Malaysia in 1989 and first served as Assistant District Officer (Land Management) of North Seberang Perai, Butterworth, Penang. He has also served as Assistant District Officer of Southwest District and Land Office, Penang in 2001.

He has served as Director of the Department of Land and Mines (Federal), Selangor in 2005 before he helmed the North District and Land Office of Seberang Perai as the District Officer (DO) in 2007 and became the President of the Seberang Perai Municipal Council in 2009. In 2011, he assumed the position of Penang State Financial Officer and until September 2016 upon reaching a mandatory retirement age. He does not hold any other directorship in any public companies and listed issuers.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He does not have family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company, nor any conflict of interest in any business arrangement involving the Company.

SENIOR MANAGERMENTS' PROFILE

Lim Beng Hoe

Senior General Manager

Lim Beng Hoe, a Malaysian, aged 57, Male, joined Tambun Indah Group as Senior General Manager on 3 July 2017.

He holds a Bachelor of Science (Housing, Building & Planning) with Honours Degree from University of Science Malaysia.

He is responsible for the planning, budgeting and execution of projects for the Group. He has more than 30 years of working experience in property development industry and is familiar with the property development process in the northern region of Malaysia.

Prior to joining the Group, he was the General Manager of Sunway Property, Northern Region Branch. He was responsible for the Group property division's overall business operations in the northern region and was also involved in identifying new development opportunities for the company. Besides completing a few projects in his 2 years tenure there from September 2015 to June 2017, he successfully led the team in resolving land matters and obtaining planning approvals for a mixed-development project in Paya Terubong and also a mall, hotel and hospital project in Bandar Sunway Seberang Jaya.

He started his career in MBf Group as a site quantity surveyor in 1990. In 1993 he continued his career in the property division of Leader Universal Group for 10 years until he joined Belleview Group in 2004. His last held position in Belleview Group was Executive Director - Project. During his 11 years tenure with Belleview Group, he has accumulated a wealth of experience in managing projects comprising residential, commercial and institutional development. He has vast experience in planning and building shopping malls through the 3 shopping mall projects he completed with Belleview Group, namely 1st Avenue in Penang, Aman Central and Aeon Big hypermarket mall in Alor Setar. He does not hold any directorship in any public companies and listed issuers.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He does not have any family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company, nor any conflict of interest in any business arrangement involving the Company.

Roselyn Tan

General Manager and Head of Finance

Roselyn Tan, a Malaysian, aged 45, Female, is presently the General Manager and Head of Finance of Tambun Indah. She joined the Group as Deputy General Manager on 1 November 2016 and was redesignated on 2 January 2020 to her current position.

She graduated with a professional accountancy qualification from the Association of Chartered Certified Accountants in 1999 and is a member of the Malaysian Institute of Accountants and fellow member of the Association of Chartered Certified Accountants.

She has over 20 years of professional and commercial working experience. In 1999, she started her career in auditing with Arthur Andersen and continued on with Ernst & Young following the merger in 2002. Her audit exposure was mainly with listed companies in the property development industry. She left Ernst & Young in 2004 and continued her career in the commercial sector. From 2004 until prior to joining the Group in 2016, she held

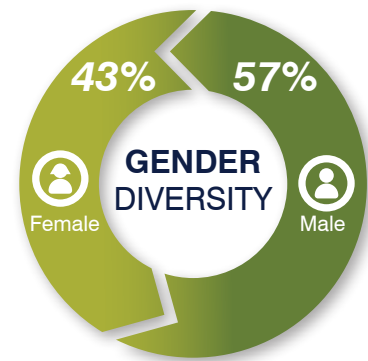
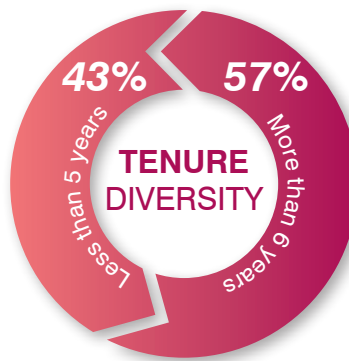
senior managerial roles in various financial management related functions, mainly in privately owned property development companies. She has wide experience in financial management as well as operational experience in the property development industry. She currently heads the finance department and also manages the corporate affairs and general administration of the Group. She does not hold any directorship in any public companies and listed issuers.

She has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

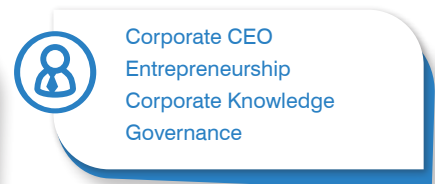
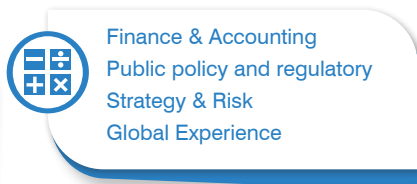
She does not have family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company, nor any conflict of interest in any business arrangement involving the company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

GOVERNANCE AT A GLANCE FY2020



SKILLS & EXPERIENCE OF DIRECTORS





CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

GOVERNANCE STRUCTURE FY2020

BOARD OF DIRECTORS			
Collectively responsible for long-term success of the Group Oversees overall governance, financial performance and sustainability of the Group			
Leadership	Strategy & Financial	Risk Management & Internal Control	Investors Relation
Provides leadership, succession planning, training and development including fixing of remuneration	Focuses on long-term sustainability of business, sets strategy and oversees its implementation	Ensures the adequacy and integrity of the Group's internal control systems and appropriate management of principal risks	Ensures effective communication and continuous engagement with stakeholders



BOARD COMMITTEES				
Audit Committee	Nominating Committee	Remuneration Committee	Risk Management Committee	ESOS Committee
Oversees financial reporting, risk management and internal audit function	Oversees the overall effectiveness of the Board, Board Committees, directors and senior management	Determines directors' and senior management's remuneration and incentives	Reviews risk management and implements control activities and processes	Administers the ESOS and determines the allocation of ESOS shares in accordance with the ESOS By-Laws



EXECUTIVE MANAGEMENT		
Executive Deputy Chairman	Managing Director	Executive Director, Senior Management & Management Committee or Working Group
Develops the Group's vision, mission, core values, strategies and business objectives and provides leadership and guidance	Manages the day-to-day business and operations of the Group	Supports the Managing Director to achieve the performance objectives and growth of the Group

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Board of Directors ("Board") of Tambun Indah Land Berhad ("the Company" or "Tambun Indah") acknowledges the importance of maintaining good corporate governance in the Group and is committed to the principles of good corporate governance which are consistent with prudent management to deliver long term sustainable value to shareholders and other stakeholders.

The Board firmly believes that good corporate governance is fundamental in ensuring proper management of the Company. This gives our shareholders and stakeholders the confidence that Tambun Indah is a well-governed and well-managed company. In this respect, the Board continues its active role in monitoring governance practices within the Group and takes prompt actions in responding to identified improvement opportunities.

The ensuing statement provides an overview of the corporate governance practices of the Company during the financial year ended 31 December 2020 ("FY2020") and it is to be read together with the Corporate Governance Report 2020 which is available at the Company's website (www.tambunindah.com).

This statement is prepared in accordance with the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Code on Corporate Governance ("MCCG") issued by the Securities Commission Malaysia.

In FY2020, the Company had applied the following key principles of good corporate governance in the MCCG:

- Board leadership and effectiveness
- Effective audit and risk management
- Integrity in corporate reporting and meaningful relationship with stakeholders

The Company had also adopted 29 out of the total 32 recommended practices in the MCCG. The recommended practices not adopted were as follows:

- Practice 4.1 – At least half of the Board comprises independent directors.
- Practice 7.2 – The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000.
- Practice 12.3 – Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate voting, including voting in absentia; and remote shareholders' participation at General Meetings.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Clear Roles and Responsibilities

Board

The roles of the Board are set out in the Board Charter. The Board provides entrepreneurial leadership as well as overseeing the overall performance objectives and long-term success and sustainability of the Group.

In discharging its leadership role, the Board essentially assumes the functions of fostering good corporate governance through overall strategic policies, sustainability practices, succession planning, a sound internal control and risk management, shareholders' and investors' relations as well as compliances of relevant applicable laws and regulations.

The Board had established a governance structure where specific powers of the Board were delegated to the relevant Board Committees, the Executive Deputy Chairman and the Managing Director for effective decision-making process and greater efficiency.

The governance structure is governed by a defined organisational chart, terms of reference, framework, policies and the manual on Limit of Authorities (LOA) approved by the Board. The LOA sets out clear authority limits pertaining to the operations of the Group through segregation of duties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. BOARD RESPONSIBILITIES (CONT'D)

Clear Roles and Responsibilities (cont'd)

Board (cont'd)

The Chairman of the Board, Executive Deputy Chairman and the Managing Director were held by different individuals. Their roles were separated to ensure an appropriate balance of power and their respective responsibilities were clearly established and set out in Tambun Indah Board Charter.

In FY2020, Mr. Lai Fook Hoy was the Chairman of the Board, Mr. Teh Kiak Seng was the Executive Deputy Chairman and Mr. Teh Deng Wei was the Managing Director of Tambun Indah.

Matters Reserved for Board's Decision

Other key duties of the Board are, but not limited to, approving a schedule of matters specifically reserved for its approval or upon recommendations as may be made from time to time by the Board Committees. These include:

- material acquisitions and disposals of fixed assets of the Group;
- new investment, divestment, corporate restructuring and/or establishment of joint ventures;
- related party transactions and conflict of interest issues;
- annual financial statements and quarterly financial results;
- declaration of dividends;
- appointment of directors; and
- terms of reference of Board Committees and changes in the composition of the Board Committees established from time to time.

Chairman of the Board

The Chairman of the Board is an independent director with no executive function. His key responsibilities include leading the Board in establishing and monitoring good corporate governance practices, ensuring effectiveness of the Board, and ensuring effective communications with shareholders and other stakeholders.

Executive Deputy Chairman

The Executive Deputy Chairman takes on more strategic role focusing his attention on matters relating to the strategic plans and policies of the Group at the same time, he provides leadership to the overall conduct of the Group's businesses to ensure that the Group is being properly managed.

Managing Director

The Managing Director is responsible in the day-to-day management of the business and operations of the Group. He is supported by the executive director and a senior management team. Various management committees or working groups are set-up as and when necessary to facilitate implementation of strategies and operational decisions.

The senior management of the Group is selected based upon the criteria of recognized skills, experience and capabilities in their specific field of expertise and whose knowledge and abilities support the delivery of the performance objectives and growth of the Group.

Independent Non-Executive Directors

The primary responsibility of independent non-executive directors is to protect the long-term interest of shareholders, employees, customers, suppliers and other stakeholders of the Group.

Non-Independent Non-Executive Directors

The primary responsibility of non-independent non-executive directors is to provide valuable external perspectives by virtue of their positions in other industries and to promote greater balance in the Board's decision-making process.

The profiles of the directors and senior management are set out in the Directors' Profile and Senior Managements' Profile sections of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. BOARD RESPONSIBILITIES (CONT'D)

Board Committees

The Board had established 5 Board Committees, each with predefined terms of reference and responsibilities which are clearly set out in the Company's Board Charter.

As at 31 December 2020, the main Board Committees namely the Audit Committee, Nominating Committee and Remuneration Committee comprised entirely independent directors.

During FY2020, the Chairman of the respective Board Committees reported the outcome of the Committee meetings to the Board and relevant decisions were incorporated in the minutes of the meetings of the Board Committees. During the financial year, the Board Committees had also made recommendations on matters that required the decision of the Board as a whole.

The Board Committees as at 31 December 2020 were as follows:

1) Audit Committee

During FY2020, the Audit Committee met 5 times and the members' attendance was as follows:

Members of Audit Committee	No. of meetings attended	Percentage of attendance
Lam Voon Kean	5/5	100%
Lai Fook Hoy	5/5	100%
Dato' Seri Mokhtar Bin Mohd Jait	5/5	100%

A full report of the Company's Audit Committee for FY2020 is set out in the Audit Committee Report section of this Annual Report.

2) Nominating Committee

During FY2020, the Nominating Committee conducted assessments and made corresponding recommendations to the Board in respect of the following matters:

- The composition and effectiveness of the Board and the Board Committees;
- The contribution and competencies of each individual director;
- The independence and time commitment of the independent non-executive directors;
- The effectiveness and objectivity of the Audit Committee and each of its members;
- The trainings attended by the directors in FY2020;
- The Boardroom diversity;
- The performance of senior management and succession plan of the Group;
- The directors due for retirement by rotation at the Company's 12th Annual General Meeting ("AGM"); and
- The independence of the independent non-executive director who had served more than 9 years due for re-appointment at the forthcoming 12th AGM.

The members' attendance for FY2020 was as follows:

Members of Nominating Committee	No. of meetings attended	Percentage of attendance
Dato' Seri Mokhtar Bin Mohd Jait	1/1	100%
Lam Voon Kean	1/1	100%
Lai Fook Hoy	1/1	100%

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. BOARD RESPONSIBILITIES (CONT'D)

Board Committees (cont'd)

3) Remuneration Committee

During FY2020, the Remuneration Committee met twice to review and recommend the remuneration packages of the executive directors and senior management as well as the directors' benefits, incentives and fees.

The members' attendance for FY2020 was as follows:

Members of Remuneration Committee	No. of meetings attended	Percentage of attendance
Lai Fook Hoy	2/2	100%
Lam Voon Kean	2/2	100%
Dato' Seri Mokhtar Bin Mohd Jait	2/2	100%

4) Risk Management Committee

The Risk Management Committee comprised of executive directors and senior management as at 31 December 2020.

During FY2020, the Risk Management Committee met twice to review and discuss the risks profile, risk controls and mitigation policies to ensure their relevance in the Group's business environment and also to review the identified risks affecting the Group were being addressed, managed and mitigated on an ongoing basis.

The members' attendance for FY2020 was as follows:

Members of Risk Management Committee	No. of meetings attended	Percentage of attendance
Teh Kiak Seng	2/2	100%
Teh Theng Theng	2/2	100%
Teh Deng Wei	2/2	100%
Lim Beng Hoe	2/2	100%
Roselyn Tan	2/2	100%

5) ESOS Committee

The ESOS Committee comprised of executive directors and senior management as at 31 December 2020.

During FY2020, the ESOS Committee met twice to grant options to eligible employees of the Company pursuant to the ESOS By-Laws.

The members' attendance for FY2020 was as follows:

Members of ESOS Committee	No. of meetings attended	Percentage of attendance
Teh Kiak Seng	2/2	100%
Teh Theng Theng	2/2	100%
Teh Deng Wei	2/2	100%
Roselyn Tan	2/2	100%

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. BOARD RESPONSIBILITIES (CONT'D)

Board Succession

As part of the Group's effort on succession planning, the Nominating Committee is tasked to review the leadership succession plan at the end of each financial year to ensure the Group is well positioned to deliver on its value proposition to shareholders and stakeholders of the Company.

In FY2020, Mr. Teh Kiak Seng was promoted as the Executive Deputy Chairman and Mr. Teh Deng Wei assumed the post of the Managing Director. Mr. Teh Kiak Seng, aged 71 is the founder of the Group since its inception in 1993 and has vast experience in the property development industry. The Executive Deputy Chairman is the highest-ranking executive officer of the Company and his key responsibilities include leadership role and developing the overall strategies of the Group.

Board Policies

Tambun Indah operates within a clear framework and takes zero-tolerance approach to bribery and corruption. The following policies serve as a guide to strengthen the governance and internal control of the Group:

- Board Charter;
- Whistle-Blowing Policy;
- Code of Business Conducts and Ethics;
- Anti-Bribery & Corruption Policy; and
- Corporate Disclosure Policies as set out in Shareholders' Communication section in the Board Charter

In upholding the Company's obligations in combating bribery and corruption, the Company launched the implementation of the Anti-Bribery Management System in accordance with ISO 37001 during the financial year. In conjunction thereto, the Board had adopted a revised Code of Business Conducts & Ethics and the Anti-Bribery and Corruption Policy to provide guidance on the Company's protocols to be observed by the directors, employees and business associates comprised of vendors, contractors, sub-contractors, consultants, agents, representatives, outsourced personnel, distributors, advisers and other intermediaries who perform works or provide services for or on behalf of the Company and/or the Group as they perform their duties.

The Board reviewed the above policies annually, or as and when required. Copies of the above policies are available on Company's website (www.tambunindah.com).

Access to Information or Advice

The directors have full and unrestricted access to all information of the Group. Such information is not only quantitative, but also includes other information that deemed necessary for them to make an informed decision.

The directors also have unrestricted access to the advice and services of the Company Secretary. If further information, which they may require in discharging their duties, the directors may seek independent professional advice at the Company's expense, but subject to prior approval by the Board.

Board papers for meeting are circulated on a timely basis, at least 7 days before the meeting to enable the directors to have sufficient time to review the papers prepared and to participate actively in the meeting. Senior Management may be invited to Board meetings to provide insight into matters being discussed and to furnish clarification on issues that may be raised by the Board.

The proceedings of meetings are duly recorded in the minutes and the said minutes are kept at the registered office of the Company and are accessible by the directors during office working hours.

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (CONT'D)

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

I. BOARD RESPONSIBILITIES (CONT'D)

Company Secretaries

The Board is supported by 2 qualified Company Secretaries. Both Company Secretaries have tertiary education and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016.

The Company Secretaries provide guidance to the Board on matters relating to the company law, rules and regulations of the regulatory authorities as well as best practices on governance. The Board has unrestricted access to the advice and services of the Company Secretaries.

The Company Secretaries record, prepare and circulate the minutes of meetings of the Board, and Board Committees and ensure such minutes are properly kept at the registered office of the Company and produced for inspection when required. They are also responsible for the proper maintenance of secretarial records, preparation of resolutions and other secretarial functions of the Company.

During the FY2020, the Company Secretaries had attended various webinars and technical briefings by Bursa Securities to keep themselves abreast with the regulatory changes and continuous professional development.

BOARD ACTIVITIES FY2020

In FY2020, key activities and transactions deliberated and/or approved by the Board were summarized below:

Leadership	<ul style="list-style-type: none"> Leadership succession plan Updates on changes to senior management team Trainings & Development Remuneration Package
Strategy & Financial	<ul style="list-style-type: none"> Business Plan and Budget of the Group Quarterly performance review Sustainability strategies and implementation Quarterly unaudited financial results Annual consolidated financial results Solvency position and dividend payments Updates on the impact from the adoption of new accounting standards
Governance	<ul style="list-style-type: none"> Board Committees' Reports & Recommendations Effectiveness & Composition of the Board & Board Committees Performance of Individual Directors & Senior Management Independence of Independent Directors Board Charter & Terms of Reference of Board Committees Anti-Bribery & Corruption Policy Code of Business Conducts & Ethics Whistle-Blowing Policy Updates of Recurrent Related Party Transactions
Risk Management & Internal Control	<ul style="list-style-type: none"> Updates of principal risks, key controls and risk mitigations Monitoring risk management and internal audit function Review of the impact of changes in regulatory landscape Implementation of Anti-Bribery Management System
Investors' Relation	<ul style="list-style-type: none"> Annual General Meeting Annual Report and Circular to Shareholders Announcements to Bursa Securities Analyst Reports Website

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. BOARD COMPOSITION

Board Independence

As at 31 December 2020, members of the Board comprised of 3 independent directors, 1 non-independent non-executive director and 3 executive directors, which was equivalent to 43% of independent directors represented in the Company's boardroom. The number of independent directors of the Company complied with the Main LR of Bursa Securities where at least 2 directors or 1/3 of the Board members, whichever is higher are independent directors.

Each independent director of the Company is aware of his/her responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company are managed. The independent directors also have been actively involved in various Board Committees, contributing to performance monitoring of corporate governance by providing independent assessment and opinion.

Even though the Company did not adopt Practice 4.1 of MCCG which required at least 50% of the Board being independent directors, the Board however, operates in the manner that its directors exercise independent judgement and with the interests of the shareholders always in the forefront when important decisions are made by the Board.

Additionally, the Board is helmed by an independent non-executive Chairman and the main Board Committees namely the Audit Committee, Nominating Committee and Remuneration Committee comprised entirely independent directors are further indicators of independence.

The independent assessments and opinions of the independent directors are important in ensuring the effectiveness of corporate governance practices of the Company. No individual director can dominate the decision-making of the Board despite the Board has representatives of the substantial shareholders.

The presence of 43% independent directors in the Company's boardroom sufficiently represented a strong independent element for effective check and balance on the functioning of the Board.

In the event of any vacancy in the Board, resulting in non-compliance with the total number of independent directors, the Company will ensure that the vacancy is filled within 3 months. If the number of directors is not 3 or a multiple of 3, then the number nearest to 1/3 will be used to determine the number of independent directors of the Company.

Board Experience

As at 31 December 2020, the skills and experiences of the Board were as follows:

Civil Engineering	Finance & Accounting	Corporate CEO
Property Development	Public policy and regulatory	Entrepreneurship
Construction & Design	Strategy & Risk	Corporate Knowledge
Business Development	Global Experience	Governance

As at 31 December 2020, the Board comprised of directors with core competencies in the areas of construction, civil engineering, finance, public policy and regulatory as well as business development. Coupled with the directors' work experiences and skills, the existing composition of the Board is adequately appropriate in leading the Group to meet the objectives and business direction of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. BOARD COMPOSITION (CONT'D)

Board Experience (cont'd)

As at 31 December 2020, the composition and diversity of the Board was as follows:

Gender Diversity		Ethnicity Diversity		Age Diversity		Tenure of Directorships	
	%		%		%		%
Male	57	Malay	14	Below 35 years	14	Below 5 years	43
Female	43	Chinese	86	36 - 55 years	14	Above 6 years	57
				56 - 71 years	72		

Gender Diversity

The Board embraces gender diversity as essential to strengthen the composition of the Board. In this respect, the Board has established a guideline within its Board Charter to have at least one female represented on the Board.

As at 31 December 2020, the Board comprised of 3 female directors, which was equivalent to 43% female representation in the Company's boardroom.

Ethnicity Diversity

The Board does not set any target on ethnicity diversity but the Board believes diverse cultures in the boardroom would offer better insights in deliberation and decision making of the Board.

As at 31 December 2020, the Board comprised of one Malay director, which was equivalent to 14% ethnicity diversity in the Company's boardroom.

Age Diversity

The Board believes that the directors with diverse age profiles would provide different perspectives and ideas to strengthen the composition of the Board.

As at 31 December 2020, the age profile of the directors ranged from below 35 to 71 years of age.

Tenure of Directorships

The Board believes that the independence of independent director cannot be determined arbitrarily based on a period of time as the ability to serve independently also depends on the person's caliber, experience and personal qualities such as integrity and objectivity.

In this respect, the Board does not have a policy that limits the tenure of its independent directors to 9 years. The Board however, adopts Practice 4.2 of the MCGG as any independent director who has served on the Board beyond 9 years will subject to annual shareholders' approval should the Board intends to retain the independent director beyond the 9 years.

The tenure of one of the independent directors of the Company, Mr. Lai Fook Hoy had exceeded a cumulative term limit of 9 years.

The Nominating Committee had assessed the independence of Mr. Lai Fook Hoy and recommended to retain him as an independent non-executive director of the Company by virtue of his integrity, objectivity and caliber. During FY2020, Mr. Lai had demonstrated his objectivity and independence in expressing his opinions in the decision making of the Board. The length of his service on the Board has not in any way interfered with his independence.

The Board agreed with the recommendation of the Nominating Committee and had resolved to recommend that Mr. Lai Fook Hoy be retained and continue to act as an independent non-executive director of the Company for shareholders' approval at the forthcoming AGM.

Mr. Lai Fook Hoy had abstained from deliberating and voting on the above.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. BOARD COMPOSITION (CONT'D)

Re-elections and Appointments

An election of director shall take place every year. In accordance with the Company's Constitution, 1/3 of the directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office and be eligible for re-election. All the directors shall retire from office at least once every 3 years but shall be eligible for re-election. A retiring director shall retain office until the close of the AGM at which he retires.

The Nominating Committee is responsible to assess and recommend the re-election of directors due for retirement under the Company's Constitution. In discharging its duties, the Nominating Committee will assess the directors who have offered themselves for re-election, taking into consideration their experiences, strengths, time commitment, qualities, independence and objectivity. The Board will then make recommendations to the shareholders for approval at the AGM.

The Nominating Committee also assesses and recommends new appointments to the Board. In evaluating the candidate, the Nominating Committee will consider amongst others, the following factors:

- the structure, size and composition of the Board at the time, taking into account succession planning, where appropriate;
- the candidate's background, education, age, relevant skills and experiences;
- the candidate's reputation for integrity, accomplishments and likely commitment in terms of time and interest;
- the number of directorships held in public companies and the candidate's ability to devote sufficient time to the Board; and
- the independence of the candidate proposed to be appointed as an independent non-executive director, in particular by reference to the independence requirements under the Main LR of Bursa Securities.

The Board will then consider the recommendations of the Nominating Committee and make its final decision as to the appointment.

The Company Secretaries are responsible to ensure the relevant procedures relating to the appointment of the new director are properly executed.

Annual Assessments

The Nominating Committee performs annual assessments to review the effectiveness of the Board as a whole, the Board Committees, the Audit Committee and each of its members, and makes its recommendations to the Board. Additionally, the Nominating Committee also assesses the contributions of individual directors and the independence of the independent directors and makes its recommendations to the Board.

The assessment of the Board as a whole, Board Committees, the Audit Committee and each of its members are carried out by way of evaluation questionnaires. The results of the annual assessments are compiled by the Company Secretary and presented to the Nominating Committee for evaluation and consideration. The Nominating Committee will evaluate and table its recommendations to the Board. The director concerned shall abstain from deliberating on his/her own assessment.

The Board was satisfied that the size and composition of the Board and the Board Committees in FY2020 were adequate and appropriate with relevant mix of skills, knowledge, capabilities, objectivity, integrity as well as diversity of perspectives that are required to support the execution of the Company's business strategy and to effectively spearhead the Group in the best interest of the Company and its stakeholders.

The assessments of individual directors, independent directors and senior management are carried out by way of self-assessment questionnaires. The self-assessment questionnaires include amongst others the character, integrity, contributions in meetings, quality of input, understanding of role and time commitment.

The Board was satisfied that all the directors and senior management in FY2020 were able to discharge their duties and responsibilities diligently in the best interest of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. BOARD COMPOSITION (CONT'D)

Board Commitments

The Nominating Committee also assesses whether the directors who hold multiple board representations are able to and have been devoting sufficient time to discharge their responsibilities adequately. The assessment of each director's ability to discharge his/her duties adequately is not confined to the criterion of the number of his/her board representations as time requirements are very subjective.

In view of the above, the Nominating Committee takes into account the contributions by the directors in meetings, their attendance at meetings and their participation outside the boardroom, in addition to their principal duties as non-executive directors of the Company.

To facilitate the directors to plan ahead and fit the year's meetings into their own schedules, the Company Secretary will prepare an annual corporate calendar where board meetings are scheduled in advance before the beginning of each new financial year.

As at 31 December 2020, none of the directors held more than 5 directorships in public listed companies.

The directors are required to notify the Managing Director before accepting any new directorships in public listed companies, and of his/her time commitment in fulfilling his/her role to make positive contributions to the Board.

The Board was satisfied with the level of commitment by the directors in fulfilling their roles and responsibilities and this was further affirmed by the high percentage of the directors' attendance at meetings held during FY2020.

Board Attendance

In light of the COVID-19 pandemic and the movement control orders implemented by the Government to curb the spread of the COVID-19 infections in Malaysia, the Board had convened its meetings virtually during the financial year. All the directors had participated the virtual meetings remotely in a secure, efficient and convenient manner.

During FY2020, the Board met 5 times and the details of the directors' attendance were as follows:

Members of the Board	No. of meetings attended	Percentage of attendance
Lai Fook Hoy	5/5	100%
Teh Kiak Seng	5/5	100%
Teh Theng Theng	5/5	100%
Teh Deng Wei	5/5	100%
Tsai Chia Ling	5/5	100%
Lam Voon Kean	5/5	100%
Dato' Seri Mokhtar Bin Mohd Jait	5/5	100%

In addition to the above scheduled meetings, the Board also approved certain matters by way of Directors' Circular Resolution signed by all the directors for the time being of the Company. In FY2020, a total of nine (9) Directors' Circular Resolution were circulated and passed.

Board Development

Any director appointed to the Board is required to complete the Mandatory Accreditation Programme (MAP) within 4 months from the date of appointment. In addition to the MAP, the directors are to determine their own training needs. Nevertheless, all the directors are encouraged to attend trainings to keep abreast with the developments in the business environments.

At the end of each financial year, the directors will provide to the Company, a record of his/her trainings attended during the year. The Nominating Committee will assess the continuous development of the directors and tables its recommendation to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. BOARD COMPOSITION (CONT'D)

Board Development (cont'd)

As at 31 December 2020, all the directors had participated in various programmes to enhance their knowledge and understanding of recent developments in laws and regulations, tax, finance, risk management and business practices to aid them in the discharge of their duties and responsibilities as directors of the Company.

The Nominating Committee had recommended that the current practice be maintained and a policy on directors' training is not required.

The Board was satisfied with the directors' own evaluation of their training needs in FY2020 as all the directors had attended various programmes to enhance their skills and knowledge. Therefore, a policy on directors' training is not required.

During FY2020, the trainings attended by the directors were as follows:

Name	Description
Lai Fook Hoy	<ul style="list-style-type: none"> Corporate Liability Provision on Corruption under MACC Act 2009 (Amended 2018) Urban Planning & Infrastructures Development Sustainable Development and Sustainability Reporting Food Security in Malaysia Traffic Impact Assessment
Teh Kiak Seng	<ul style="list-style-type: none"> Corporate Liability Provision on Corruption under MACC Act 2009 (Amended 2018) Urban Planning & Infrastructures Development Rebar Detection & Reinforced Concrete Floor Thickness Estimation Using Ground Penetrating Radar Building with the Mountain The application of Prestressed High-Strength Concrete (PHC) Pile as foundation for Offshore Engineering Steel Fiber for Slab-on-Pile Structure Timber Structures Geotechnical Design & Construction Consideration for a Pedestrian Bridge
Teh Deng Wei	<ul style="list-style-type: none"> Corporate Liability Provision on Corruption under MACC Act 2009 (Amended 2018) Fraud Risk Management Workshop
Teh Theng Theng	<ul style="list-style-type: none"> Corporate Liability Provision on Corruption under MACC Act 2009 (Amended 2018) Property Taxation and Theory
Tsai Chia Ling	<ul style="list-style-type: none"> Corporate Liability Provision on Corruption under MACC Act 2009 (Amended 2018) Are COVID-19 containment efforts working? Is China positioned to lead an economic recovery? Market Outlook Global Market Outlook Introduction of MACC Act 2009 (Amended 2018) Technology Sector – How is COVID-19 changing the digital landscape Rebounding from economic recession to economic growth Cash Float Management
Lam Voon Kean	<ul style="list-style-type: none"> Corporate Liability Provision on Corruption under MACC Act 2009 (Amended 2018) Judicial Management: a Corporate Rescue Mechanism in Malaysia A Change for Better Comparability and Transparency of Companies' Performance Reporting Fraud Risk Management Workshop Audit Committee Institute Virtual Roundtable 2020 ESG Perspective: Managing Recovery and Resilience MASB Engagement Session on IFRS Foundation's Consultation Paper - Sustainability Reporting Budget 2021 Tax Highlights
Dato' Seri Mokhtar Bin Mohd Jait	<ul style="list-style-type: none"> Corporate Liability Provision on Corruption under MACC Act 2009 (Amended 2018) Tax Budget Webinar 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

III. REMUNERATION

Remuneration Policies

The Board has established a formal and transparent process in determining the remuneration package of the executive directors. The remuneration of the executive directors is structured to link rewards to their respective contributions in supporting the Group's corporate policies, objectives and strategies. The objective of the policy is to ensure that a competitive remuneration framework is in place to reward, motivate and retain talent to drive the Group's businesses to greater growth and to maximise long term shareholders' value.

The remuneration framework for executive directors covers all aspects of remuneration including fees, salaries, allowances, bonuses, incentives, ESOS options, statutory contributions and benefits-in-kind.

The Board determines the remuneration package of the executive directors and senior management as recommended by the Remuneration Committee. No executive director or senior management participates in deciding his/her own remuneration.

The Remuneration Committee also reviews and recommends to the Board, the remunerations of the non-executive directors based on their level of responsibilities and commitment required. The directors' fees and benefits payable to non-executive directors as determined by the Board are subject to annual shareholders' approval at the AGM.

Remuneration of Directors

The remuneration of the directors for FY2020 was as follows:

Name	Fees	Allowance	Salaries & other emoluments	Bonus	Defined contribution plan	Benefits-in-kind	Total
Non-Executive Director (in RM)							
Lai Fook Hoy	60,000	3,000	-	-	-	-	63,000
Lam Voon Kean	58,000	3,000	-	-	-	-	61,000
Dato' Seri Mokhtar Bin Mohd Jait	52,000	3,000	-	-	-	-	55,000
Tsai Chia Ling	40,000	2,500	-	-	-	-	42,500
	210,000	11,500	-	-	-	-	221,500
Executive Director (in RM)							
Teh Kiak Seng	40,000	-	600,594	200,000	120,000	38,406	999,000
Teh Deng Wei	40,000	-	1,500,923	500,000	300,000	18,800	2,359,723
Teh Theng Theng	40,000	-	410,123	136,400	81,840	11,100	679,463
	120,000	-	2,511,640	836,400	501,840	68,306	4,038,186

Save as disclosed above, none of the directors provided services or received fees for services rendered to the Company or its subsidiaries in FY2020.

Remuneration of Senior Management

In determining the remuneration package of senior management, the Remuneration Committee takes into account a set of criteria that reflects the person's role, responsibilities, level of skills, experience and performance. The level of remuneration paid was also linked to the Group's financial results, individual performance and comparable statistics in the same industry.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

III. REMUNERATION (CONT'D)

Remuneration of Senior Management (cont'd)

The Company did not adopt the Practice 7.2 of MCCG which required the disclosure on a named basis the top five senior management's remuneration in bands of RM50,000.

The Board is of the opinion that specific disclosure on named basis will not be favorable towards the Group due to the competitive environment for personnel with the requisite knowledge and experience in the industry.

For FY2020, the aggregate sum of remunerations paid to the senior management team was approximately RM0.76 million.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Board had established the Audit Committee to independently oversee the Group's financial reporting process, audit processes, statutory and regulatory compliances, corporate governance and any other matter which the Board may delegate from time to time and when necessary.

The Audit Committee reviews the accounting policies applied by the Group in financial statements, changes in these principles as well as the impact of adoption of new accounting standards through the external auditors. The Audit Committee also reviews the internal audit reports by the outsourced internal auditors.

The Nominating Committee assesses the performance of the Audit Committee and its members annually to ensure an independent and effective Audit Committee. The Nominating Committee then tables its recommendation to the Board.

The Board was satisfied with the composition and effectiveness of the Company's Audit Committee as at 31 December 2020 as all its members were financially literate and possessed the appropriate level of expertise and commitment in discharging their responsibilities effectively.

Further details are set out in the Audit Committee Report section of this Annual Report.

External Auditors

The Audit Committee and the Board place great emphasis on the objectivity and independence of the Company's external auditors in providing relevant and transparent reports to the shareholders.

During FY2020, the Audit Committee reviewed the scope and approach of the external audit, the reporting obligations, the audit procedures, deliverables and key dates for the year's audit before the external auditors commenced their audits of the Company and its subsidiaries.

The Audit Committee also discussed with the external auditors the accuracy and completeness of the accounting records, the impact of adoption of the new accounting standards, the effectiveness of the Group's internal controls and risk management including any other pertinent matter that was brought to the attention of the Audit Committee relating to the audit of the Group's financial statements.

In addition to the above, the Audit Committee also ensured that management provides a timely response to any request of documents or queries raised by the external auditors. Chairman of the Audit Committee then reported to the Board on the progress and findings of the audits as well as matters that required the Board's decision.

The Audit Committee met with the external auditors twice without the presence of the executive directors and management of the Group in FY2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. AUDIT COMMITTEE (CONT'D)

External Auditors (cont'd)

The Audit Committee is responsible to assess the external auditors annually. The Audit Committee will consider a number of aspects such as the adequacy of resources, quality of work, the experience of the staff assigned to the audit of the Group and of the Company as well as the independence and objectivity of the external auditors.

BDO PLT, had been the Company's external auditors since FY2010. For maintaining integrity and objectivity as the external auditors of the Company, BDO PLT implements policies and procedures to comply with professional ethics and independence policies and requirements applicable to the work they performed. Additionally, in line with MIA by-law, Section 540 Long Association of Personnel (Including Partner Rotation) with an Audit Client, which was effective for period beginning on or after 15 December 2018, they rotate their engagement partner every 7 years in compliance with the Malaysian Institute of Accountants, to ensure objectivity, independence and integrity of their audit opinions.

BDO PLT had confirmed to the Audit Committee in writing that they complied with the ethical requirements regarding independence with respect to the audit of the Company and its subsidiaries for FY2020 in accordance with the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By-Laws on Professional Ethics, Conducts and Practice.

The Audit Committee was satisfied with the suitability of BDO PLT based on their audit approach, quality of work done, sufficiency of resources and independence. The Audit Committee had proposed that the Board recommends the re-appointment of BDO PLT as the external auditors of the Company at the forthcoming AGM.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management

The Board had established the Risk Management Committee to oversee the adequacy of the Group's risk management framework to ensure risk management and internal controls are in place.

The Group has adopted a risk management framework to enhance its risk management capabilities. The Risk Management Committee reviews the risk management framework to ensure the framework remains relevant for monitoring the effectiveness of risk mitigation and controls of the key risks identified.

The Risk Management Committee is also tasked to identify new risks as well as reviewing and monitoring that identified risks are being addressed, managed and mitigated on an on-going basis.

The Risk Management Committee will update the Audit Committee and the Board periodically on the Group's risk profile including actions undertaken by the management to manage or mitigate the risks identified.

With the introduction of the new corporate liability provision under Section 17A of the Malaysian Anti-Corruption Act 2009 effective from 1 June 2020, the Risk Management Committee had updated its Key Risk Profile to include corporate liability risk that is relevant in the Group's business and operating environment. In mitigation, the Board implemented the Anti-Bribery Management System to prevent the occurrence of corrupt practices in the Group.

The Board confirmed that there was an on-going process of identifying risks, evaluating and managing the significant risks faced by the Group. This process had been in place for FY2020 and up to the date of issuance of the Statement on Risk Management and Internal Control.

Further details of risk management are set out in the Statement on Risk Management and Internal Control section of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

Internal Audit Function

In FY2020, the Group had outsourced its internal audit function to an independent professional firm of consultants, Sterling Business Alignment Consulting Sdn. Bhd., a member of The Institute of Internal Auditors Malaysia (IIAM), to provide the Board with the assurance it required regarding the adequacy and integrity of the systems of internal control of the Group.

The internal auditors confirmed that there were no relationships or conflict of interest in the discharge of their responsibilities during FY2020 and they remained independent and had no direct operational responsibility or authority over any of the activities audited.

The internal auditors report directly to the Audit Committee.

Further details of the internal audit function are set out in the Statement on Risk Management and Internal Control section and the Audit Committee Report section of this Annual Report.

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

I. COMMUNICATION WITH STAKEHOLDERS

Financial Reporting

The Board aims to present a balanced and understandable assessment of the Group's financial position and prospects to the public in accordance with the provisions of the Companies Act 2016, International Financial Reporting Standards and the Malaysian Financial Reporting Standards.

The Company has put in place, a financial reporting procedures and disciplines across its subsidiaries in ensuring the Group maintains accurate records and timely reporting of its financial performance.

In the preparation of the consolidated financial statements for FY2020, the Board in discharging its duties had taken the necessary steps to ensure all applicable accounting policies were applied consistently, and supported by reasonable and prudent judgement.

In FY2020, the Finance Division prepared the annual consolidated financial statements and quarterly financial results of the Company. The new and amended accounting standards and requirements, including any changes in accounting policies adopted by the Group in the financial year, the Head of Finance had discussed and agreed with the external auditors before tabling to the Audit Committee and the Board for adoption.

The Audit Committee assisted the Board to oversee the Group's financial reporting processes by reviewing the financial and statutory compliance aspects of the annual financial statements and quarterly financial results prior to deliberation at the Board's level.

The Board then discussed and approved the annual financial statements and quarterly financial results for release to Bursa Securities after the close of trading.

Stakeholders Communications

The Board recognizes the value of corporate transparency and coherent communication, and aims to provide fair, relevant, comprehensive and timely information regarding the Group's performance to the shareholders and the investment community to enable them to make informed decisions. The Company's Investor Relations team is tasked with, and focuses to build long term relationships and trust with the shareholders and the investment community.



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)

Stakeholders Communications (cont'd)

The Investor Relations team communicates regularly with shareholders and the investment community, with timely disclosures of material or other pertinent information through announcements to Bursa Securities. The team also conducts analyst presentations and corporate briefings to keep investors apprised of the Group's development and financial performance.

All pertinent information is disseminated or communicated to shareholders, stakeholders and the investment community through:

- Announcements and disclosures to Bursa Securities
- Annual Report of the Company
- Circulars to Shareholders
- Corporate briefings
- Company's website

SHAREHOLDERS ENGAGEMENT FY2020

Accountability to Shareholders and Corporate Reporting	Electronic Communication and Online Information	Dynamic engagement with Shareholders
<ul style="list-style-type: none"> • Annual Report, Interim Report, press releases and announcements are disclosed in a timely manner. 	<ul style="list-style-type: none"> • Key corporate governance policies, terms of reference of Board Committees, financial reports & announcements are available on the Company's website. • Hard copies of the Company's Annual Reports and Circulars available on the website will be provided to shareholders free of charge upon request within 4 market days. 	<ul style="list-style-type: none"> • Dialogue and meetings between Senior Management and investors, fund managers and analysts. • Regular presentations or conference calls are made to analysts and investors.
Sufficient and Timely Information	Voting	AGM
<ul style="list-style-type: none"> • The AGM notice, Annual Report and audited financial statements are dispatched to shareholders at least 28 days before the date for holding the AGM which exceeds the statutory requirement of 21 days. • Comprehensive information is sent on each resolution to be proposed. 	<ul style="list-style-type: none"> • All voting at AGM will be by poll. • The poll is conducted by the Company's Share Registrar and scrutinised by an independent scrutineer. • Procedures for conducting the poll are explained at the general meeting prior to the taking of the poll. • Poll results are announced and posted on the Bursa Securities' and the Company's websites. 	<ul style="list-style-type: none"> • AGM act as a principal forum for dialogue with shareholders. • Individual shareholders can put questions to the Chairman or the directors at the AGM. • All directors and senior management are present to respond to shareholders' questions.

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)

SHAREHOLDERS ENGAGEMENT FY2020 (CONT'D)

Corporate Disclosure Policy	Dividend Policy
<ul style="list-style-type: none"> Tambun Indah Corporate Disclosure Policy provides guidance on the disclosure of material information to investors, analysts and media. This policy identifies the spokespersons and outlines the responsibilities or communication with each stakeholder group. 	<ul style="list-style-type: none"> Tambun Indah's longstanding policy is to provide stable ordinary dividends to shareholders. The dividend payout is based on 40% to 60% of the Group's audited net profit excluding any valuation gain or loss on investment properties for the financial year.

II. CONDUCT OF GENERAL MEETINGS

The Company's AGM is a vital forum for interaction with shareholders. The Annual Report of the Company together with the notice of AGM are sent to shareholders at least 28 days before the date of the AGM.

Each item of special business included in the notice of AGM will be accompanied by explanatory statement to facilitate a full understanding and evaluation of the proposed resolution.

The Board supports and encourages active shareholders' participation at AGM and any other general meetings. In accordance with the Company's Constitution, any shareholder may appoint up to a maximum of 2 proxies to attend and vote on his/her behalf in any general meeting. The proxy need not be a member of the Company.

All the resolutions set out in the notice of meeting will be put to vote by poll. During the meeting, the independent non-executive Chairman will invite shareholders to raise questions pertaining to the proposed resolution before putting the motion to vote by poll. Board members and senior management will be present to respond to any questions from the shareholders. The Company's external auditors are also present to address issues relating to the audits and the auditors' reports.

Before the commencement of poll voting, the Company Secretary will brief shareholders on the poll voting procedures. An independent scrutineer will be appointed to undertake the polling and vote counting verification whilst the Company's Share Registrar will be the polling administrator.

The Company Secretary will announce the results of the poll and the outcome of the meeting to Bursa Securities via the Bursa LINK and the said announcement can also be accessed via the Company's website (www.tambunindah.com).

The Company did not adopt the Practice 12.3 of MCGG where the Company should leverage technology to facilitate voting, including voting in absentia; and remote shareholders participation at the AGM.

The independent non-executive Chairman of the Board chaired the 12th AGM in orderly manner. Shareholders and proxies were encouraged to participate in the proceedings and to ask questions on the operations and performance of the Group and on any resolutions that were being proposed. Members of the Board including senior management and external auditors were present to respond to any enquiries thereof.

This statement was approved by the Board on 15 April 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Securities, the Board of Directors (“the Board”) of Tambun Indah Land Berhad (“the Company”) is pleased to provide the following statement on risk management and internal control of Tambun Indah Land Berhad and its subsidiaries (“the Group”) for the financial year ended 31 December 2020. This has been prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”), Malaysian Code on Corporate Governance 2017 (“MCCG 2017”) and “Statement on Internal Control and Risk Management: Guidelines for Directors of Listed Issuers”.

Responsibility for Risk Management and Internal Control

The Board acknowledges its overall responsibility for the Group’s system of risk management and internal control, and for reviewing its adequacy and effectiveness. The risk management system is designed to manage the Group’s risks within an acceptable risk profile, rather than to totally avoid or eliminate the risks that are inherent to the Group’s activities.

The Board recognizes the importance of internal audits to establish and maintain a sound system of internal control. In view of the limitations that are inherent in any system of internal control, it can only provide reasonable but not absolute assurance against material misstatement of financial information, loss or fraud. The Board regularly receives and reviews reports on internal control, and is of the view that the system of internal control is adequate to safeguard shareholders’ interests and the Group’s assets.

The role of Management is to implement the Board’s policies and guidelines on risks and controls, to identify and evaluate the risks faced, and to operate a suitable system of internal control to manage these risks. The Board has received assurances from Management that the Group’s system of Risk Management and Internal Control is operating adequately and effectively throughout the financial year under review.

Risk Management

The Board confirms that there is an on-going process of identifying risks, evaluating and managing the significant risks faced by the Group. This process is in place for the year under review, and up to the date of issuance of the Statement on Risk Management and Internal Control.

As part of the Risk Management process, a Registry of Risk and a Risk Management Handbook had been prepared. The Risk Management Handbook summarizes risk management methodology, approach and processes, roles and responsibilities, and various risk management concepts. The respective risk owners are accountable to identify risks and ensuring that adequate control systems are implemented to mitigate risks faced by the Group. The process of identifying, evaluating, monitoring and managing risks is embedded in various work processes and procedures of the respective operational functions and management team.

The key elements of the Group’s risk management framework include:

- A Risk Management Working Group is established to support and advise the Board on the implementation and monitoring of the Group Risk Management Policies and Strategies. The working group comprises all the Executive Management team that includes Executive Deputy Chairman, Managing Director, Executive Director, Senior Management and Managers from respective departments.
- The duties of the Risk Management Working Group include:
 - o Assess and monitor all risks including corporate liabilities risks associated with the operations of the Group;
 - o Develop and implement internal compliance and control systems and procedures to manage risks;
 - o Assess and monitor the effectiveness of controls instituted;
 - o Review and make recommendations to the Board in relation to Risk Management;
 - o Consider and make recommendations to the Board in connection with the compliance by the Group with its Risk Management Strategy;
 - o Report to the Board on any material changes to the risk profile of the Group;
 - o Monitor and refer to the Board any instances involving material breaches or potential breaches to the Group’s Risk Management Strategy;
 - o Report to the Board in connection with the Group’s annual reporting responsibilities in relation to matters pertaining to the Group’s Risk Management Strategy; and
 - o Undertake an independent review on an annual basis in accordance with the Group’s Risk Management framework and make recommendations to the Board in connection with changes required to be made to the Group’s Risk Management Strategy.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Risk Management (cont'd)

- The Risk Management Working Group reviews the Terms of Reference to ensure that it is operating at maximum effectiveness, recommending any changes it considers necessary to the Group.
- The Risk Management Working Group updates the Board on the Group's risk profile and reports any new significant risks once a year.
- The Group has implemented the Anti-Bribery Management System with the objective of compliance with subsection (4) of section 17A under the Malaysian Anti-Corruption Commission (MACC) Act 2009 that effective from 1 June 2020 onwards. The Group will continue to adopt the Guideline on Adequate Procedures (GAP) and comply with the listing requirements in relation to Anti-Corruption measures.
- Since the Movement Control Order ("MCO") was imposed by the Malaysian Government on 18 March 2020, the Group has been emphasizing the safety and health of employees and stakeholders by enforcing precautionary measures and guidelines in offices and development sites as stipulated by the relevant authorities. In addition, the Group has established a business continuity plan to minimize disruptions to the business and operations during the COVID-19 period.

Internal Audit Functions

The Board, in its efforts to provide adequate and effective internal control, had appointed an independent consulting firm, Sterling Business Alignment Consulting Sdn Bhd ("Sterling") to review the adequacy and integrity of its system of internal control. Sterling acts as the internal auditor and reports directly to the Audit Committee quarterly during the Audit Committee Meeting. Sterling is free from any relationships or conflicts of interest, which could impair their objectivity and independence of the internal audit function. Sterling does not have any direct operational responsibility or authority over any of the activities audited.

The Audit Committee is of the opinion that the internal audit function is effective and able to function independently.

Sterling uses the Committee of Sponsoring Organizations of the Treadway Commission - Internal Control (COSO - IC) Integrated Framework as a basis for evaluating the effectiveness of the internal control systems. On a quarterly basis, the internal auditor reports to the Audit Committee on areas for possible improvement, and Management's responses to such recommendations. Follow-up audits are also carried out and the outcomes were reported to the Audit Committee to ensure weaknesses identified have been or are being addressed.

The internal audit reviews are conducted according to the approved internal audit plan which addresses the critical business processes, internal control gaps, effectiveness and adequacy of the existing state of internal control and recommends possible improvements to the internal control process.

During the financial year, the internal auditor had reviewed the adequacy and integrity of the Group's internal control system of the key functions including the system for compliance with applicable laws, regulations, rules, directives and guidelines.

For the financial year ended 31 December 2020, four (4) internal audit reviews had been carried out and reported by Sterling:

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
1 st Quarter (Jan 2020 – Mar 2020)	June 2020	<ul style="list-style-type: none"> Palmington Sdn Bhd Jasniah Sdn Bhd 	<ul style="list-style-type: none"> Sales and Marketing Sales Administration
2 nd Quarter (Apr 2020 – Jun 2020)	Aug 2020	Tambun Indah Land Berhad	<ul style="list-style-type: none"> Management Information Services Legal
3 rd Quarter (Jul 2020 – Sep 2020)	Nov 2020	Tambun Indah Land Berhad	<ul style="list-style-type: none"> Risk Management
4 th Quarter (Oct 2020 – Dec 2020)	Feb 2021	<ul style="list-style-type: none"> Palmington Sdn Bhd Jasniah Sdn Bhd 	<ul style="list-style-type: none"> Pre-Contract Management Post-Contract Management



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Internal Audit Functions (cont'd)

For the financial year ended 31 December 2020, four (4) follow-up status reviews on previously reported audited findings had been carried out and reported by Sterling.

Other Key Elements of Internal Controls

The Group has also put in place the following key elements of internal controls:

- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, appropriate segregation of duties and levels of delegated authority;
- A set of documented internal policies and procedures, which is subject to regular review and improvement by management;
- Budgets for the financial year are reviewed on a yearly basis and major variances, if any, are followed up and remedial actions are taken where necessary;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Report by the Management to the Board on significant operational matters and other issues that affect the Group;
- Regular visits to operating units and/or project sites by Executive Deputy Chairman, Managing Director, Executive Director and Senior Management;
- The internal audit function carries out quarterly internal audit reviews to ascertain the adequacy of, and to monitor the effectiveness of operational and financial procedures; and
- During the Audit Committee and Board meetings, quarterly results, annual financial statements, related party transactions and updates on business development are reviewed and key risks highlighted by the management are deliberated upon.

The Board is of the view that there was no significant breakdown or weaknesses in the system on internal controls of the Group that had resulted in material losses to the Group for the financial year ended 31 December 2020.

Assurance from the Management

The Board had received assurance from the Managing Director and General Manager- Head of Finance that the Group's risk management and internal control is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Review of Statement by the External Auditors

The external auditors had reviewed this Statement in accordance with Paragraph 15.23 of the MMLR of Bursa Securities. The review of this Statement by external auditors was performed in accordance with the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants ("MIA").

Based on their review, the external auditors had reported to the Board that nothing had come to the attention that caused them to believe that this Statement on Risk Management and Internal Control is not, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

Conclusion

The Board remains committed to maintaining a sound system of internal control and risk management to achieve a balance between the Group's business objectives and operational efficiency. The Board is of the view that there were no material losses incurred during the financial year ended 31 December 2020 as a result of weaknesses in internal control that would require separate disclosure in the Group's Annual Report. The Board continually evaluates and takes measures to strengthen the internal control systems.

This statement is made in accordance with the Board Resolution dated 15 April 2021.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee as at 31 December 2020 consisted of:

Name	Designation	Directorate
Lam Voon Kean	Chairman	Independent Non-Executive
Lai Fook Hoy	Member	Independent Non-Executive
Dato' Seri Mokhtar Bin Mohd Jait	Member	Independent Non-Executive

MEETINGS AND ATTENDANCE

A total of 5 Audit Committee meetings were held during the financial year ended 31 December 2020 and the details of attendance were as follows:

Name	No. of Meetings Attended
Lam Voon Kean	5 / 5
Lai Fook Hoy	5 / 5
Dato' Seri Mokhtar Bin Mohd Jait	5 / 5

The Senior General Manager and General Manager, a representative of the external auditors and a representative of the internal auditors normally attend the meetings. Other members of the Board or senior management may attend the meetings upon invitation. The Audit Committee also meets with the external auditors and internal auditors without executive Board members and management present at least twice a year.

SUMMARY ACTIVITIES OF THE AUDIT COMMITTEE

The activities of the Audit Committee during the financial year ended 31 December 2020 were summarised as follows:

- Reviewed the unaudited quarterly financial results before presentation to the Board for approval and for release to the authorities and public.
- Reviewed and approved the internal and external audit plans.
- Reviewed the draft audited financial statements before presentation to the Board for approval and for release to the authorities and public.
- Reviewed the related party transactions that arose within the Group.
- Reviewed and assessed the risk management activities of the Company and the Group.
- Reviewed the allocation of options to eligible employees of the Group pursuant to the Share Option Scheme.
- Reviewed the internal audit reports and the management action plan on recommendations noted in the reports.
- Reviewed the external audit findings with the External Auditors.
- Appraised the performance of the Internal and External Auditors.
- Oversee the implementation adequacy and effectiveness of the Group's Anti-Bribery Management System.



AUDIT COMMITTEE REPORT

(CONT'D)

INTERNAL AUDIT FUNCTION

The Company engages the services of an independent professional firm of consultants, Sterling Business Alignment Consulting Sdn. Bhd. to carry out the internal audit functions of the Group in order to assist the Audit Committee in discharging its duties and responsibilities. The internal auditors also assist in meeting the business objectives of the Company by establishing and maintaining a systematic, disciplined approach to evaluate and improve the effectiveness of the Company's risk management framework.

The internal auditor adopts a risk-based audit methodology to develop its audit plan and activities. The internal audit functions of the Group are then carried out according to the internal audit plan as approved by the Audit Committee. Greater focus and appropriate review intervals are set for higher risk activities, material internal controls, including compliance with the Company's policies, procedures and regulatory responsibilities.

The findings by the Internal Auditors and recommendations are provided to the Management who would respond to the actions to be taken. Each quarter, the internal auditors present its report to the Audit Committee. The Audit Committee then monitors the timely and proper implementation of required corrective or preventive or improvement measures undertaken by the Management so as to continuously improve the system of internal control of the Group.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2020 was RM89,713.

The activities of the internal auditors during the financial year ended 31 December 2020 were summarised as follows:

- 1) Followed up reviews on the findings reported in the previous financial quarters.
- 2) Reviewed the Sales and Marketing, and Sales Administration functions.
- 3) Reviewed the Management Information Services, and Legal functions.
- 4) Reviewed the Risk Management function.
- 5) Reviewed the pre-contract management function and post-contract management function.

ADDITIONAL COMPLIANCE INFORMATION

1. MATERIAL CONTRACTS

No material contracts entered by the Company or its subsidiaries involving directors' and major shareholders' interests since the previous financial year ended 31 December 2019 and in the financial year ended 31 December 2020.

2. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

During the financial year, there were no proceeds raised by the Company from any corporate proposals.

3. AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the external auditor or a firm or corporation affiliated to the auditor firm by the Company and the Group for the financial year ended 31 December 2020 were as follow:

	Group (RM)	Company (RM)
Fees paid or payable to the external auditor		
- Audit Fees	145,100	48,000
- Non-Audit Fees	13,800	4,000
Non-Audit fees paid or payable to an affiliated firm of the external auditor for tax compliance, sustainability reporting review and anti-bribery management criteria	98,440	25,200
Total	257,340	77,200

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

There were no recurrent related party transactions of revenue or trading nature conducted pursuant to shareholders' mandate during the financial year ended 31 December 2020.

5. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

Employees' Share Option Scheme ("ESOS") of up to 5% of the issued and paid-up share capital of the Company came into effect on 5 June 2012 and was in force for an initial period of 5 years until 5 June 2017. The ESOS was then further extended for another 5 years until 4 June 2022.

The details of the ESOS are set out as follows:

	As at 31 December 2020	
Total number of options granted	19,527,900	
Total number of options vested	19,426,900	
Total number of options exercised	10,993,500	
Total number of options lapsed	843,000	
Total options outstanding	7,691,400	
	As at 31 December 2020	
Granted to Directors		
Total number of options granted	7,500,000	
Total number of options vested	7,500,000	
Total number of options exercised	4,900,000	
Total number of options lapsed	-	
Total options outstanding	2,600,000	
Granted to Directors & Senior Management	During the financial year ended 31 December 2020	Since commencement of the ESOS on 05 June 2012
Aggregate Maximum Allocation	-	50.0%
Actual Granted	6.0%	39.8%
(% of the options under the scheme)		

During the financial year ended 31 December 2020, the Company granted options to the Directors. Further information is set out in Directors' Report.

STATEMENTS OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors acknowledge that they are responsible for the Annual Audited Financial Statements so as to give a true and fair view of the state of affairs as at the end of the financial year of the Group and of the Company and of their results and their cash flows.

In preparing the financial statements for the financial year ended 31 December 2020, the Directors had:

1. applied reasonable and prudent judgement and estimates;
2. followed all applicable approved accounting standards in Malaysia; and
3. prepared financial statements on a going concern basis.

The Directors had ensured the Company maintains appropriate accounting policies that disclose with reasonable accuracy of the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors had also taken steps that are reasonably available to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud, other irregularities and material misstatements.

This statement is made in accordance with the Board Resolution dated 15 April 2021.

LIST OF PROPERTIES HELD BY THE GROUP

Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
DEVELOPMENT PROPERTIES						
1. Lot 24937, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Rumah Pangsa Mutiara Indah, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	1.86	9,297,424	04.05.2011
2. Lot 24938 to Lot 24941, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Low Cost Flat, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	8.93	8,442,854	04.05.2011
3. Lot 24539 to Lot 24717, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Ambay Garden, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	6.72	6,003,621	04.05.2011
4. Lot 24718 to Lot 24926, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Pearl Saujana- Phase 3, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	7.05	7,556,146	04.05.2011
5. Lot 25297, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Palm Garden, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	2.61	16,173,535	04.05.2011
6. Lot 25298, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Avenue Heights, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	2.38	2,286,956	04.05.2011
7. PT 3178, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Pearl Botanik, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	30.26	20,212,462	04.05.2011
8. PT 3030 to PT 3177, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Pearl Impiana, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	5.58	6,844,334	04.05.2011
9. Part of Lot 23201, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Central Avenue, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	8.56	8,335,091	04.05.2011



LIST OF PROPERTIES HELD BY THE GROUP

(CONT'D)

Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
DEVELOPMENT PROPERTIES						
10. Lot 25701, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Begonia Villas, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	8.91	10,576,709	04.05.2011
11. Lot 25446 to Lot 25700, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Ambay Park, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	7.58	17,339,655	04.05.2011
12. Part of Lot 13, Part of Lot 25705, Lot 1383, Lot 25704, Part of Lot 25706 and Part of Lot 25703, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara).	Freehold	Development land approved for commercial development	N/A	35.12	19,060,201	04.05.2011
13. Lot 25291, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Aster Villa, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	19.48	21,863,238	04.05.2011
14. Lot 32865, Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang. (Residensi Palma, Alma, Bukit Mertajam).	Freehold	Development land approved for residential development	N/A	4.75	17,824,088	02.06.2014
15. Lot 33146 (formerly known as Lots 32472, 32474 and 32476 and Plots B & D), Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang. (Residensi Permai, Bukit Mertajam)	Freehold	Development land approved for residential development	N/A	5.17	17,040,052	21.05.2015
16. Lot 114 & Lot 1067, Mukim 15, Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara).	Freehold	Land held for development	N/A	44.33	30,443,741	30.06.2010
17. Lot 23213, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara).	Freehold	Land held for development	N/A	2.60	1,556,596	04.05.2011

LIST OF PROPERTIES HELD BY THE GROUP (CONT'D)

Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
DEVELOPMENT PROPERTIES						
18. Part of Lot 13, Lot 8936, Lot 10016, Lot 10017, Lot 10023, Lot 25702, Part of Lot 25706 & Part of Lot 25703 and Lot 25331 & Lot 25332, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara).	Freehold	Land held for development	N/A	33.95	28,110,403	04.05.2011
19. Lot 10272, Mukim 10, Bandar Bukit Mertajam, Seberang Perai Tengah, Pulau Pinang.	Freehold	Land held for development	N/A	0.41	700,817	03.11.2009
20. Lot 148, Seksyen 5, Bandar Bukit Mertajam, Seberang Perai Tengah, Pulau Pinang.	Freehold	Land held for development	N/A	0.47	797,061	14.05.2012
21. Part of Lot 25705, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara).	Freehold	Land held for development	N/A	0.16	125,461	07.05.2013
22. Lots 8764, 8768, 8775 & 11159 Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang and PT 1427 & PT 1428, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Amenities Land, Bandar Tasek Mutiara)	Freehold	Land held for development	N/A	18.62	419,983	04.05.2011
23. Lot 1368, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara).	Freehold	Land held for development	N/A	24.09	15,470,824	13.11.2013
24. Lot 21030, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara).	Freehold	Land held for development	N/A	15.62	5,797,291	30.06.2010
25. Lots 4738 & 4741, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara).	Freehold	Land held for development	N/A	20.88	13,403,166	21.10.2013
26. Lots 1428, 1433, 1445, 8748, 25292 & 25293, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara).	Freehold	Land held for development	N/A	38.32	21,653,827	04.05.2011



LIST OF PROPERTIES HELD BY THE GROUP

(CONT'D)

Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
DEVELOPMENT PROPERTIES						
27. Lot 21024, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara).	Freehold	Land held for development	N/A	0.58	231,952	11.06.2014
28. Lots 159, 1429, 33147 to 33149 (formerly known as Lots 32473, 32475 & 32477) and Lots 32942, 32944, 32946 to 32953 (formerly known as Plots A, C, E, F, G, H, I, J, K & L), Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang.	Freehold	Land held for development	N/A	14.38	29,141,963	21.05.2015
29. Lots 1058, 1060, 1066, 1295, 1309, 1373, 1375, 1376, 1378, 1442, 3407 to 3423, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	209.53	138,251,931	25.04.2019

LIST OF PROPERTIES HELD BY THE GROUP (CONT'D)

Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area/ Building Area (Meter Square)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
INVESTMENT PROPERTIES						
1. No. 6, Jalan Perda Barat, Bandar Perda, 14000 Bukit Mertajam, Pulau Pinang.	Freehold	3-storey terrace shop office	22	153/459.12	950,000	31.12.2020
2. No. 10-12, Pangsapuri Pantai, Jalan Wisma Pantai 1, 12200 Butterworth, Pulau Pinang.	Freehold	3-bedroom penthouse	24	NA/139	285,000	28.09.2020
3. No. 1-03, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	24	NA/147	290,000	31.12.2020
4. No. 1-04, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	24	NA/125	245,000	31.12.2020
5. No. 7-04, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	24	NA/145	300,000	31.12.2020
6. No. 7-05, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	24	NA/120	250,000	31.12.2020
7. No. 7-06, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	6 levels of multi-storey 128 bays of covered car parks, and 1 new office lot	24	NA/6,171	3,900,000	31.12.2020



LIST OF PROPERTIES HELD BY THE GROUP

(CONT'D)

Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area/ Building Area (Meter Square)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
INVESTMENT PROPERTIES						
8. No. 5099 Dahlia Park, Jalan Kampung Benggali, 12200 Butterworth, Pulau Pinang.	Freehold	Double storey terrace shop office	7	205/409.98	1,400,000	31.12.2020
9. Part of Lot 23201 & Part of Lot 23202, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara).	Freehold	Land held for investment purpose	N/A	143,925/NA	32,389,911	04.05.2011
10. Lot 24317, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (International School, Bandar Tasek Mutiara).	Freehold	International School	6	32,255/19,508	53,000,000	31.12.2020
11. Part of Lot 23202, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Sports Complex, Bandar Tasek Mutiara).	Freehold	Sport Complex	2	14,447/7,311	13,700,000	31.12.2020
12. No. 10-02, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	24	NA/143	295,000	31.12.2020
13. No. 10-03, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	24	NA/169	350,000	31.12.2020
14. No. 10-04, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	24	NA/131	270,000	31.12.2020

LIST OF PROPERTIES HELD BY THE GROUP (CONT'D)

Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area/ Building Area (Meter Square)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
INVESTMENT PROPERTIES						
15. No. 10-05, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	24	NA/151	315,000	31.12.2020
16. No. 2-02, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	24	NA/169	300,000	31.12.2020
17. 349-01-01, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	5	NA/88	950,000	31.12.2020
18. 349-02-01, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	5	NA/288	1,270,000	31.12.2020
19. 349-03-01, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	5	NA/288	1,100,000	31.12.2020
20. 349-01-03, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	5	NA/125	1,340,000	31.12.2020
21. 349-02-03, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	5	NA/105	440,000	31.12.2020
22. 349-03-03, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	5	NA/105	385,000	31.12.2020
23. 349-01-04, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	5	NA/125	1,340,000	31.12.2020
24. 349-02-04, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	5	NA/105	440,000	31.12.2020
25. 349-03-04, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	5	NA/105	385,000	31.12.2020
26. 349-01-05, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	5	NA/125	1,340,000	31.12.2020

LIST OF PROPERTIES HELD BY THE GROUP

(CONT'D)

Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area/ Building Area (Meter Square)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
INVESTMENT PROPERTIES						
27. 349-02-05, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	5	NA/105	440,000	31.12.2020
28. 349-03-05, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	5	NA/105	385,000	31.12.2020
29. 349-01-06, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	5	NA/125	1,340,000	31.12.2020
30. 349-02-06, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	5	NA/105	440,000	31.12.2020
31. 349-03-06, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	5	NA/105	385,000	31.12.2020
32. 349-01-09, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot, and 4 levels of multi-storey 102 bays of covered car parks	5	NA/1,376	3,740,000	31.12.2020
33. 349-02-09, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	5	NA/217	960,000	31.12.2020
34. 349-03-09, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	5	NA/217	830,000	31.12.2020
35. 349-01-10, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	5	NA/18	95,000	31.12.2020

LIST OF PROPERTIES HELD BY THE GROUP

(CONT'D)

Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area/ Building Area (Meter Square)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
PROPERTIES HELD FOR OPERATIONAL PURPOSE/PROPERTY, PLANT & EQUIPMENT						
1. No. 2-03, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	24	NA/137	166,717	19.06.2013
2. No. 3-02, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	24	NA/169	324,035	01.12.2018
3. No. 4-01, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	24	NA/117	191,509	04.06.2014
4. No. 4-02, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	24	NA/169	250,370	03.01.2020
5. No. 4-03, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	24	NA/135	179,797	24.07.2012
6. No. 4-04, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	24	NA/126	130,000	22.12.2010
7. No. 12-01, 12-02 & 12A-01 Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	3 penthouse office lots	24	NA/878	1,158,832	30.06.2010

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

Total number of issued shares : 434,642,017
Class of shares : Ordinary shares
Voting right : One vote per ordinary share

Distribution of shareholders

Size of holdings	No. of shareholders	%	No. of shares	%
1 - 99	22	0.35	536	0.00
100 to 1,000	684	10.87	497,593	0.12
1,001 to 10,000	3,438	54.62	18,829,300	4.33
10,001 to 100,000	1,860	29.55	59,863,120	13.77
100,001 to 21,732,099 (*)	287	4.56	127,739,724	29.39
21,732,100 and above (**)	3	0.05	227,711,744	52.39
TOTAL	6,294	100.00	434,642,017	100.00

Remarks : * - less than 5% of issued shares
** - 5% and above of issued shares

List of substantial shareholders as shown in the Register of Substantial Shareholders

Substantial Shareholders	Direct	No. of issued shares		
		%	Deemed	%
Siram Permai Sdn. Bhd.	142,800,001	32.85	-	-
Amal Pintas Sdn. Bhd.	36,602,449	8.42	-	-
Teh Kiak Seng	48,309,294	11.11	142,800,001 ^(N1)	32.85
Tsai Yung Chuan	-	-	36,602,449 ^(N2)	8.42
Tsai Chang Hsiu-Hsiang	-	-	36,602,449 ^(N2)	8.42
Tsal Chia Ling	-	-	36,602,449 ^(N2)	8.42

Notes :

N1 Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Siram Permai Sdn. Bhd.

N2 Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Amal Pintas Sdn. Bhd.

List of directors' shareholdings as shown in the Register of Directors

Directors	Direct	No. of issued shares		
		%	Deemed	%
Teh Kiak Seng	48,309,294	11.11	142,800,001 ^(N1)	32.85
Teh Theng Theng	1,860,965	0.43	-	-
Tsai Chia Ling	-	-	36,602,449 ^(N2)	8.42
Lai Fook Hoy	4,116,262	0.95	-	-
Lam Voon Kean	50,000	0.01	-	-

Notes :

N1 Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Siram Permai Sdn. Bhd.

N2 Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Amal Pintas Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2021 (CONT'D)

LIST OF TOP 30 HOLDERS AS AT 31 MARCH 2021

NO	NAME	HOLDINGS	%
1	SIRAM PERMAI SDN BHD	142,800,001	32.85%
2	TEH KIAK SENG	48,309,294	11.11%
3	AMAL PINTAS SDN BHD	36,602,449	8.42%
4	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI</i>	6,299,500	1.45%
5	POH CHEAN HUNG	6,201,658	1.43%
6	CITIGROUP NOMINEES (ASING) SDN BHD <i>UBS AG FOR SFC FORESTA MASTER FUND, L.P.</i>	5,938,676	1.37%
7	QUAH TEE PENG	4,210,700	0.97%
8	LAI FOOK HOY	4,116,262	0.95%
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (PHEIM)</i>	3,732,200	0.86%
10	LIM KHUAN ENG	3,020,000	0.69%
11	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEN KHAI VOON</i>	3,000,000	0.69%
12	UOB KAY HIAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR UOB KAY HIAN (HONG KONG) LIMITED (A/C CLIENTS)</i>	2,903,200	0.67%
13	TEH CHING CHING	2,003,497	0.46%
14	TEH THENG THENG	1,860,965	0.43%
15	THZEW BEE CHOO	1,828,800	0.42%
16	FOO LEE FEI	1,550,000	0.36%
17	ZHENG TIANDONG	1,415,000	0.33%
18	CHAN HOOI LING	1,342,800	0.31%
19	CHUAH BENG KIAT	1,300,000	0.30%
20	LEE JOO PING	1,199,500	0.28%
21	YEO KHEE HUAT	1,191,600	0.27%
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI (KLC/KEN)</i>	1,180,000	0.27%
23	TEH PENG PENG	1,179,400	0.27%
24	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIEW JEW FOOK (E-PDG)</i>	1,153,500	0.27%
25	SOW TIAP	1,050,000	0.24%
26	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAUFIQ AHMAD @ AHMAD MUSTAPHA BIN GHAZALI (7003683)</i>	1,000,000	0.23%
27	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>LIM KOK KHONG (AA0039387)</i>	1,000,000	0.23%
28	YEO KHEE HUAT	989,600	0.23%
29	KENANGA NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR MONEX BOOM SECURITIES (HK) LIMITED</i>	965,000	0.22%
30	SUSY DING	940,000	0.22%



DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

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DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 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 8 to the financial statements.

There had been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	23,839,565	7,093,990
Attributable to:		
Owners of the parent	25,175,881	7,093,990
Non-controlling interests	(1,336,316)	0
	23,839,565	7,093,990

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM
In respect of financial year ended 31 December 2019:	
Final single tier dividend of 2.9 sen per ordinary share, paid on 21 October 2020	12,596,527

The Directors propose a final single tier dividend of 2.4 sen per ordinary share amounting to RM10,427,808 in respect of the financial year ended 31 December 2020, subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the Note 18 to the financial statements.

DIRECTORS' REPORT

(CONT'D)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from 433,455,617 to 434,492,017 by way of issuance of 1,036,400 new ordinary shares pursuant to 1,036,400 options exercised under the Employees' Share Options Scheme for cash.

The newly issued shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issue of shares during the financial year.

The Company did not issue any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year apart from the issue of options pursuant to the Employees' Share Options Scheme ('ESOS').

The ESOS of the Company came into effect on 5 June 2012. The ESOS shall be in force for a period of five (5) years until 5 June 2017 ('the option period'). On 23 February 2017, the Board of Directors of the Company approved the extension of the scheme for five (5) years until 4 June 2022. The main features of the ESOS are as follows:

- (a) Directors and confirmed employees of the Group who have served at least 2 years of continuous services are eligible under the ESOS;
- (b) The maximum number of new shares, which may be issued and allotted pursuant to the exercise of the options shall not at any point in time in aggregate exceed 5% of the issued and paid-up capital of the Company (excluding treasury shares) at any point in time during the duration of the ESOS;
- (c) Not more than 50% of the new shares available under the scheme shall be allocated in aggregate, to the Directors and senior management of the Group;
- (d) The allocation to an Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the issued and paid-up share capital of the Company (excluding treasury shares), does not exceed 10% of the total number of the new shares to be issued under the ESOS;
- (e) The options granted may be exercised any time within the option period from the date of offer;
- (f) The option price of a new ordinary share under the ESOS shall be the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad ('Bursa Securities') immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the ESOS;
- (g) The options granted are not entitled for any dividend, voting rights, allotment and/or other distribution declared, made or paid to shareholders unless the new shares so allotted have been credited to the relevant securities accounts of the shareholders maintained by the Bursa Depository before the entitlement date and will be subjected to all provisions of the Articles relating to the transfer, transmission and otherwise;
- (h) The ESOS Committee at any time and from time to time recommends to the Board any addition or amendment to or deletion of the By-laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-laws upon such recommendation. Any subsequent modifications or changes to the By-laws do not need the prior approval of the Bursa Securities and/or any other relevant authorities; and
- (i) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company within the Group during the option period.

DIRECTORS' REPORT

(CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES (cont'd)

The details of the options over the ordinary shares of the Company are as follows:

Date of offer	Option price RM	Number of options over ordinary shares					
		Outstanding as at 1.1.2020	Movements during the financial year			Outstanding as at 31.12.2020	Exercisable as at 31.12.2020
			Granted	Exercised	Lapsed*		
15 November 2013	1.27	434,000	0	0	(20,000)	414,000	414,000
28 May 2014	1.75	163,000	0	0	0	163,000	163,000
17 December 2014	1.45	1,066,000	0	0	(20,000)	1,046,000	1,046,000
15 June 2015	1.51	258,000	0	0	0	258,000	258,000
1 December 2015	1.25	502,000	0	0	(20,000)	482,000	482,000
21 June 2016	1.25	70,000	0	0	0	70,000	70,000
16 December 2016	1.24	59,000	0	0	0	59,000	59,000
3 July 2017	1.30	125,000	0	0	0	125,000	125,000
18 December 2017	0.92	19,000	0	0	0	19,000	19,000
8 June 2018	0.69	107,000	0	0	0	107,000	107,000
26 February 2019	0.71	689,300	0	0	(5,000)	684,300	684,300
3 September 2019	0.69	581,000	0	0	0	581,000	581,000
26 February 2020	0.60	0	1,136,500	(59,000)	(20,000)	1,057,500	1,057,500
27 August 2020	0.47	0	3,603,000	(977,400)	0	2,625,600	2,530,600
		4,073,300	4,739,500	(1,036,400)	(85,000)	7,691,400	7,596,400

* Due to resignation

The Company has been granted exemption by the Companies Commission of Malaysia via its letter dated 4 February 2021 from having to disclose the list of option holders to whom options have been granted during the financial year and details of their holdings pursuant to Part 1 of Fifth Schedule Paragraph 5 of the Companies Act 2016 in Malaysia except for information of employees who were granted 300,000 options and above.



DIRECTORS' REPORT

(CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES (cont'd)

The employees of the Company and of the subsidiaries who were granted 300,000 options and above under the ESOS during the financial year are as follows:

	← Number of options over ordinary shares →			
	Outstanding as at	Movement during the financial year		Outstanding as at
	1.1.2020	Granted	Exercised	31.12.2020
27 August 2020				
Lim Beng Hoe	175,000	437,500	(100,000)	512,500

Details of options granted to Directors are disclosed in the section on Directors' interests in this report.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Teh Kiak Seng *
Teh Theng Theng *
Lai Fook Hoy
Tsai Chia Ling
Teh Deng Wei *
Lam Voon Kean
Dato' Seri Mokhtar Bin Mohd Jait

* These Directors of the Company are also the Directors of certain subsidiaries of the Company.

Subsidiaries of Tambun Indah Land Berhad (excluding those who are listed above)

Ooi Boon Ewe
Ooi Boon Hwa (Alternate to Ooi Boon Ewe)
Suraiya Binti Mohamad Shafie

DIRECTORS' REPORT

(CONT'D)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			
	Balance as at 1.1.2020	Bought	Sold	Balance as at 31.12.2020
Shares in the Company				
Direct interests				
Teh Kiak Seng	31,670,394	16,438,900	0	48,109,294
Teh Theng Theng	1,860,965	0	0	1,860,965
Lai Fook Hoy	4,116,262	0	0	4,116,262
Lam Voon Kean	0	50,000	0	50,000
Indirect interests				
Teh Kiak Seng ^	142,800,001	0	0	142,800,001
Tsai Chia Ling **	36,602,449	0	0	36,602,449
Lam Voon Kean #	0	100,000	0	100,000

^ Deemed interested by virtue of shareholdings in Siram Permai Sdn. Bhd.

** Deemed interested by virtue of shareholdings in Amal Pintas Sdn. Bhd.

Deemed interested by virtue of shareholdings held by her son, Khoo Ta Kang

	Number of options over ordinary shares			
	Balance as at 1.1.2020	Movement during the financial year		Balance as at 31.12.2020
		Granted	Exercised	
Share options in the Company				
Teh Deng Wei	1,000,000	500,000	0	1,500,000
Lam Voon Kean	300,000	0	0	300,000
Lai Fook Hoy	0	200,000	0	200,000
Tsai Chia Ling	0	300,000	0	300,000
Dato' Seri Mokhtar Bin Mohd Jait	0	300,000	0	300,000

By virtue of his interest in the ordinary shares of the Company, Teh Kiak Seng is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

None of the other Director holding office at the end of the financial year held any interest in ordinary shares, warrants or options over ordinary shares in the Company of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those remunerations received by certain Directors as directors executives of the subsidiaries and those transactions entered into in the ordinary course of business with companies in which certain Directors of the Company have substantial interests as disclosed in Note 33(c) to the financial statements.

DIRECTORS' REPORT

(CONT'D)

DIRECTORS' BENEFITS (cont'd)

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESOS as disclosed in Note 31 to the financial statements.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 26 to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. The insurance premium paid by the Group during the financial year amounted to RM18,940.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts and that adequate provision have been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT

(CONT'D)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (cont'd)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (cont'd)

(d) In the opinion of the Directors:

- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
- (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2020 amounted to RM48,000 and RM97,100 respectively.

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

Teh Kiak Seng
Director

Teh Deng Wei
Director

Penang
15 April 2021

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 83 to 145 have been 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 31 December 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Teh Kiak Seng
Director

Teh Deng Wei
Director

Penang
15 April 2021

STATUTORY DECLARATION

I, Roselyn Tan Bee Tee (IC No.: 760527-07-5060) (MIA 23344), being the officer primarily responsible for the financial management of Tambun Indah Land Berhad, do solemnly and sincerely declare that the financial statements set out on pages 83 to 145 are, to the best of my knowledge and belief, 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 at Georgetown in the State of
Penang this 15 April 2021

Roselyn Tan Bee Tee

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAMBUN INDAH LAND BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tambun Indah Land Berhad, which comprise the statements of financial position as at 31 December 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 83 to 145.

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 31 December 2020, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). 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 Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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 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.

Revenue recognition for property development activities

Revenue from property development activities during the financial year as disclosed in Note 24 to the financial statements is RM106,243,655.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocations and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contracts. Transaction prices are determined based on estimated profit margins prior to its allocation to the identified performance obligations.

The Group also estimates total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations, claims and cost contingencies.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAMBUN INDAH LAND BERHAD

(CONT'D)

Key Audit Matters (cont'd)

Audit response

Our audit responses to address the assessed risk on revenue recognition for property development activities were as follows:

- (a) Reviewed contracts with customers to identify distinct and material performance obligations, and compared our findings to the findings of the Group;
- (b) Recomputed transaction prices based on historical profit margins of the Group, and compared these transaction prices allocated to profit margins of similar contracts subsequent to the end of reporting period;
- (c) Assessed estimated total costs to complete through inquiries with operational and financial personnel of the Group;
- (d) Inspected documentation to support cost estimates made including contract variations and cost contingencies;
- (e) Compared contract budgets to actual outcomes to assess reliability of management budgeting process and controls;
- (f) Recomputed the results of the input method determined by management for revenue recognition based on verified actual costs incurred to-date and budgeted costs; and
- (g) Review the effects of COVID-19 on variable consideration that may be less likely to be achieved.

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs, 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 ability of the Group and of the Company to continue as 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAMBUN INDAH LAND BERHAD (CONT'D)

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) 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.
- b) 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 internal control of the Group and of the Company.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- d) Conclude on the appropriateness of 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 ability of the Group and of the Company 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.
- e) 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.
- f) 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 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 communications.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAMBUN INDAH LAND BERHAD

(CONT'D)

Other Matter

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.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Penang
15 April 2021

Lee Beng Tuan
03271/07/2022 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		Group		Company	
	NOTE	2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	3,631,595	3,346,780	0	0
Right-of-use assets	6	482,421	622,728	0	0
Investment properties	7	125,844,911	125,574,051	0	0
Investments in subsidiaries	8	0	0	336,068,874	283,868,876
Investment in an associate	9	341,023	340,117	366,206	366,206
Investment in a joint venture	10	28,065,040	27,815,441	0	0
Deferred tax assets	11	8,905,300	12,759,900	0	0
Inventories	12	283,297,847	284,144,564	0	0
Trade and other receivables	13	0	0	1,958,700	52,500,000
		450,568,137	454,603,581	338,393,780	336,735,082
Current assets					
Inventories	12	153,992,006	154,287,227	0	0
Trade and other receivables	13	29,763,814	35,820,318	14,365,799	2,827,410
Contract assets	14	56,615,427	24,522,331	0	0
Current tax assets		2,369,036	2,536,907	0	0
Short term funds	15	40,307,159	62,057,956	20,181,302	43,593,389
Cash and bank balances	16	57,267,922	96,075,316	5,969,219	29,692,173
		340,315,364	375,300,055	40,516,320	76,112,972
TOTAL ASSETS		790,883,501	829,903,636	378,910,100	412,848,054



STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020 (CONT'D)

		Group		Company	
		2020	2019	2020	2019
	NOTE	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	288,189,478	287,636,669	287,721,899	287,169,090
Reserves	18	364,949,844	352,132,810	91,033,151	96,298,008
		653,139,322	639,769,479	378,755,050	383,467,098
Non-controlling interests	8(d)	(1,798,244)	487,572	0	0
TOTAL EQUITY		651,341,078	640,257,051	378,755,050	383,467,098
LIABILITIES					
Non-current liabilities					
Borrowings	19	103,345,430	118,474,116	0	0
Lease liabilities	6	298,069	407,539	0	0
Deferred tax liabilities	11	625,094	532,023	0	0
		104,268,593	119,413,678	0	0
Current liabilities					
Trade and other payables	22	21,971,611	27,837,563	97,450	4,368,556
Borrowings	19	13,114,041	41,499,119	0	25,000,000
Lease liabilities	6	109,470	110,899	0	0
Current tax liabilities		78,708	785,326	57,600	12,400
		35,273,830	70,232,907	155,050	29,380,956
TOTAL LIABILITIES		139,542,423	189,646,585	155,050	29,380,956
TOTAL EQUITY AND LIABILITIES		790,883,501	829,903,636	378,910,100	412,848,054

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	NOTE	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	24	131,869,672	148,563,349	6,053,600	107,878,600
Cost of sales	25	(78,486,674)	(73,914,686)	0	0
Gross profit		53,382,998	74,648,663	6,053,600	107,878,600
Other income					
- Interest income		2,554,668	3,526,018	2,304,829	1,736,965
- Other income		407,626	6,172,959	0	0
Selling and distribution expenses		(4,840,618)	(5,736,545)	0	0
Administrative expenses		(13,330,818)	(15,325,592)	(901,828)	(1,571,316)
Finance costs		(4,526,708)	(4,038,594)	(27,968)	(58,168)
Share of profit of an associate, net of tax	9(e)	906	2,570	0	0
Share of profit of a joint venture, net of tax	10(e)	249,599	935,366	0	0
Profit before tax		33,897,653	60,184,845	7,428,633	107,986,081
Tax expense	27	(10,058,088)	(12,402,340)	(334,643)	(284,241)
Profit for the financial year		23,839,565	47,782,505	7,093,990	107,701,840
Total other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		<u>23,839,565</u>	<u>47,782,505</u>	<u>7,093,990</u>	<u>107,701,840</u>
Profit for the financial year and total comprehensive income attributable to:					
Owners of the parent		25,175,881	48,641,804	7,093,990	107,701,840
Non-controlling interests	8(d)	(1,336,316)	(859,299)	0	0
		<u>23,839,565</u>	<u>47,782,505</u>	<u>7,093,990</u>	<u>107,701,840</u>
Earnings per ordinary share attributable to owners of the parent:					
Basic (Sen)	28(a)	<u>5.81</u>	<u>11.22</u>		
Diluted (Sen)	28(b)	<u>5.80</u>	<u>11.22</u>		

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



STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	NOTE	Share capital RM	Share options reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2019		287,580,160	889,561	319,370,194	607,839,915	1,316,871	609,156,786
Profit for the financial year		0	0	48,641,804	48,641,804	(859,299)	47,782,505
Other comprehensive income, net of tax		0	0	0	0	0	0
Total comprehensive income		0	0	48,641,804	48,641,804	(859,299)	47,782,505
Transactions with owners							
Issuance of ordinary shares pursuant to ESOS	17	56,509	(6,027)	0	50,482	0	50,482
Dividends	29	0	0	(16,904,682)	(16,904,682)	0	(16,904,682)
Incorporation of a subsidiary		0	0	0	0	30,000	30,000
Share options granted under ESOS		0	141,960	0	141,960	0	141,960
Transfer of share option reserve to retained earnings upon lapse of ESOS		0	(26,895)	26,895	0	0	0
Total transactions with owners		56,509	109,038	(16,877,787)	(16,712,240)	30,000	(16,682,240)
Balance as at 31 December 2019		287,636,669	998,599	351,134,211	639,769,479	487,572	640,257,051

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

Group	NOTE	Share capital RM	Share options reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2020		287,636,669	998,599	351,134,211	639,769,479	487,572	640,257,051
Profit for the financial year		0	0	25,175,881	25,175,881	(1,336,316)	23,839,565
Other comprehensive income, net of tax		0	0	0	0	0	0
Total comprehensive income		0	0	25,175,881	25,175,881	(1,336,316)	23,839,565
Transactions with owners							
Issuance of ordinary shares pursuant to ESOS	17	552,809	(58,031)	0	494,778	0	494,778
Capital reduction		0	0	0	0	(199,500)	(199,500)
Dividend	29	0	0	(12,596,527)	(12,596,527)	0	(12,596,527)
Dividends paid to non-controlling interests of subsidiaries	8	0	0	0	0	(750,000)	(750,000)
Share options granted under ESOS		0	295,711	0	295,711	0	295,711
Transfer of share option reserve to retained earnings upon lapse of ESOS		0	(20,495)	20,495	0	0	0
Total transactions with owners		552,809	217,185	(12,576,032)	(11,806,038)	(949,500)	(12,755,538)
Balance as at 31 December 2020		288,189,478	1,215,784	363,734,060	653,139,322	(1,798,244)	651,341,078

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

Company	NOTE	Share capital RM	Share options reserve RM	Retained earnings RM	Total equity RM
Balance at 1 January 2019		287,112,581	889,561	4,475,356	292,477,498
Profit for the financial year		0	0	107,701,840	107,701,840
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		0	0	107,701,840	107,701,840
Transactions with owners					
Issuance of ordinary shares pursuant to ESOS	17	56,509	(6,027)	0	50,482
Dividends	29	0	0	(16,904,682)	(16,904,682)
Share options granted under ESOS		0	141,960	0	141,960
Transfer of share option reserve to retained earnings upon lapse of ESOS		0	(26,895)	26,895	0
Total transactions with owners		56,509	109,038	(16,877,787)	(16,712,240)
Balance at 31 December 2019		287,169,090	998,599	95,299,409	383,467,098
Balance at 1 January 2020		287,169,090	998,599	95,299,409	383,467,098
Profit for the financial year		0	0	7,093,990	7,093,990
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		0	0	7,093,990	7,093,990
Transactions with owners					
Issuance of ordinary shares pursuant to ESOS	17	552,809	(58,031)	0	494,778
Dividend	29	0	0	(12,596,527)	(12,596,527)
Share options granted under ESOS		0	295,711	0	295,711
Transfer of share option reserve to retained earnings upon lapse of ESOS		0	(20,495)	20,495	0
Total transactions with owners		552,809	217,185	(12,576,032)	(11,806,038)
Balance at 31 December 2020		287,721,899	1,215,784	89,817,367	378,755,050

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
NOTE		RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		33,897,653	60,184,845	7,428,633	107,986,081
Adjustments for:					
Depreciation of property, plant and equipment	5	425,708	597,456	0	0
Depreciation of right-of-use assets	6	140,307	140,307	0	0
Dividend income		0	0	(6,053,600)	(107,878,600)
Gain on disposal of property, plant and equipment		0	(55,998)	0	0
Loss on disposal of property, plant and equipment		2,389	2,253	0	0
Impairment losses on investment in an associate		0	0	0	224,623
Impairment losses on trade receivables	13(d)	43,927	64,718	0	0
Interest income		(2,554,668)	(3,526,018)	(2,304,829)	(1,736,965)
Interest expense		4,526,708	4,038,594	0	0
Net gain from fair value adjustments on investment properties	7	(115,000)	(6,060,034)	0	0
Property, plant and equipment written off		10,996	2,328	0	0
Reversal of impairment losses on trade receivables	13(d)	0	(1,216)	0	0
Share of profit of a joint venture, net of tax	10(e)	(249,599)	(935,366)	0	0
Share of profit of an associate, net of tax	9(e)	(906)	(2,570)	0	0
Share options granted under ESOS		295,711	141,960	295,711	141,960
Operating profit/(loss) before changes in working capital		36,423,226	54,591,259	(634,085)	(1,262,901)
Changes in working capital:					
Inventories		1,141,938	(120,289,109)	0	0
Trade and other receivables		6,012,577	28,440,246	39,002,911	(43,509,114)
Contract assets		(32,093,096)	(10,312,767)	0	0
Trade and other payables		(1,531,396)	3,505,656	63,450	(45,187)
Cash generated from/(used in) operations		9,953,249	(44,064,715)	38,432,276	(44,817,202)
Interest received		2,554,668	3,526,018	2,304,829	1,736,965
Tax paid		(7,452,762)	(12,181,906)	(289,443)	(270,000)
Tax refunded		803,598	2,511,405	0	204,416
Net cash from/(used in) operating activities		5,858,753	(50,209,198)	40,447,662	(43,145,821)



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

		Group		Company	
		2020	2019	2020	2019
NOTE		RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend income from:					
- an associate		0	225,000	0	225,000
- subsidiaries		0	0	6,053,600	107,653,600
Acquisition of RPS in a subsidiary	8(h)	0	0	(56,000,000)	0
Proceeds received from capital reduction	8(f)	0	0	3,800,002	0
Payment of capital reduction on non-controlling interest of subsidiary company		(199,500)	0	0	0
Proceeds from disposal of property, plant and equipment		1,051	56,450	0	0
Purchase of investment properties	7	(155,860)	(5,524,952)	0	0
Purchase of property, plant and equipment	5	(724,959)	(531,380)	0	0
Purchase of right-of-use assets	6(h)	0	(156,410)	0	0
Incorporation of a subsidiary, net of cash and cash equivalents acquired	8(g)	0	30,000	0	(70,000)
Net changes in deposits pledged with licensed banks		(55,436)	60,138	0	0
Net cash (used in)/from investing activities		(1,134,704)	(5,841,154)	(46,146,398)	107,808,600
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(16,931,083)	(21,237,696)	(16,931,083)	(21,237,696)
Dividends paid to non-controlling interests of subsidiaries	8(e)	(750,000)	0	0	0
Drawdowns of bank borrowings		0	126,000,000	0	27,700,000
Interest paid		(4,504,863)	(4,013,495)	0	0
Proceeds from the issuance of shares pursuant to ESOS		494,778	50,482	494,778	50,482
Repayments of bank borrowings		(43,513,764)	(61,847,324)	(25,000,000)	(27,700,000)
Repayments of lease liabilities		(132,744)	(113,286)	0	0
Net cash (used in)/from financing activities		(65,337,676)	38,838,681	(41,436,305)	(21,187,214)
Net (decrease)/increase in cash and cash equivalents		(60,613,627)	(17,211,671)	(47,135,041)	43,475,565
Cash and cash equivalents at beginning of the financial year		155,467,594	172,679,265	73,285,562	29,809,997
Cash and cash equivalents at end of the financial year	16(d)	94,853,967	155,467,594	26,150,521	73,285,562

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 6)		Borrowings (Note 19)	
	Group RM	Company RM	Group RM	Company RM
At 1 January 2019	0	0	95,820,559	25,000,000
Cash flows	(113,286)	0	64,152,676	0
Non-cash flows:				
Additions of lease liabilities	606,625	0	0	0
Unwinding of interest	25,099	0	0	0
At 31 December 2019	518,438	0	159,973,235	25,000,000
At 1 January 2020	518,438	0	159,973,235	25,000,000
Cash flows	(132,744)	0	(43,513,764)	(25,000,000)
Non-cash flows:				
Unwinding of interest	21,845	0	0	0
At 31 December 2020	407,539	0	116,459,471	0

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. CORPORATE INFORMATION

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

The registered office of the Company is located at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at 12-01, Penthouse, Wisma Pantai, Jalan Wisma Pantai, Kampung Gajah, 12200 Butterworth, Penang.

The consolidated financial statements for the financial year ended 31 December 2020 comprise the Company and its subsidiaries and the interests of the Group in an associate and a joint venture. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 15 April 2021.

2. 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 8 to the financial statements.

There had been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 36.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. OPERATING SEGMENTS

Tambun Indah Land Berhad and its subsidiaries are principally engaged in investment holding, property development, construction and project management.

Tambun Indah Land Berhad has arrived at three (3) reportable segments that are organised and managed separately according to the services, which requires different business and marketing strategies. The reportable segments are summarised as follows:

- | | |
|------------------------------------------|------------------------------------------------------------------------------------------------------------|
| (i) Investment holding | - Operation of car park and rental income |
| (ii) Property development and management | - Development and management of land into vacant lots, residential, commercial and/or industrial buildings |
| (iii) Other operations | - Construction and project management activities |

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring gain/(losses), such as bargain purchase gain and goodwill on consolidation written off.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and segment liabilities exclude tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

4. OPERATING SEGMENTS (cont'd)

(a) Business segments

	Investment holding RM	Property development and management RM	Other operations RM	Group RM
2020				
Revenue:				
Total revenue	11,525,103	128,763,846	0	140,288,949
Inter-segment revenue	(7,274,696)	(1,144,581)	0	(8,419,277)
Revenue from external customers	4,250,407	127,619,265	0	131,869,672
Interest income	843,808	1,654,655	56,205	2,554,668
Finance costs	(30,328)	(4,496,380)	0	(4,526,708)
Net finance income/(expense)	813,480	(2,841,725)	56,205	(1,972,040)
Depreciation of property, plant and equipment	(96,223)	(329,485)	0	(425,708)
Depreciation of right-of-use assets	0	(140,307)	0	(140,307)
Segment profit before income tax	4,223,103	29,820,897	43,827	34,087,827
Share of profit of an associate, net of tax	0	906	0	906
Share of profit of a joint venture, net of tax	249,599	0	0	249,599
Tax expense	(586,262)	(9,464,660)	(7,166)	(10,058,088)
Other non-cash items:				
- net gain from fair value adjustments on investment properties	115,000	0	0	115,000
- net loss on disposal of property, plant and equipment	0	(2,389)	0	(2,389)
- property, plant and equipment written off	0	(10,996)	0	(10,996)
Investment in an associate	0	341,023	0	341,023
Investment in a joint venture	0	28,065,040	0	28,065,040
Additions to non-current assets other than financial instruments and tax assets	415,860	790,141	0	1,206,001
Segment assets	405,207,419	737,660,626	2,751,648	1,145,619,693
Segment liabilities	182,623	167,967,658	3,400	168,153,681

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

4. OPERATING SEGMENTS (cont'd)

(a) Business segments (cont'd)

	Investment holding RM	Property development and management RM	Other operations RM	Group RM
2019				
Revenue:				
Total revenue	113,292,374	143,753,847	0	257,046,221
Inter-segment revenue	(108,308,872)	(174,000)	0	(108,482,872)
Revenue from external customers	4,983,502	143,579,847	0	148,563,349
Interest income	462,803	2,990,193	73,022	3,526,018
Finance costs	(29,886)	(4,008,708)	0	(4,038,594)
Net finance income/(expense)	432,917	(1,018,515)	73,022	(512,576)
Depreciation of property, plant and equipment	(87,035)	(510,421)	0	(597,456)
Depreciation of right-of-use assets	0	(140,307)	0	(140,307)
Segment profit before income tax	11,093,643	49,586,903	57,500	60,738,046
Share of profit of an associate, net of tax	0	2,570	0	2,570
Share of profit of a joint venture, net of tax	935,366	0	0	935,366
Tax expense	(535,644)	(11,858,206)	(8,490)	(12,402,340)
Other non-cash items:				
- net gain from fair value adjustments on investment properties	6,060,034	0	0	6,060,034
- net gain on disposal of property, plant and equipment	0	53,745	0	53,745
- property, plant and equipment written off	0	(2,328)	0	(2,328)
Investment in an associate	0	340,117	0	340,117
Investment in a joint venture	0	27,815,441	0	27,815,441
Additions to non-current assets other than financial instruments and tax assets	5,535,072	139,761,727	0	145,296,799
Segment assets	560,849,425	607,978,246	2,715,819	1,171,543,490
Segment liabilities	29,410,789	231,156,738	3,400	260,570,927

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

4. OPERATING SEGMENTS (cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

Revenue

	2020 RM	2019 RM
Total revenue for reportable segments	140,288,949	257,046,221
Elimination of inter-segmental revenues	(8,419,277)	(108,482,872)
Group's revenue per consolidated statement of profit or loss and other comprehensive income	131,869,672	148,563,349

Profit for the financial year

Total profit for reportable segments	34,087,827	60,738,046
Unallocated amounts:		
- corporate expenses	(190,174)	(553,201)
Profit before tax	33,897,653	60,184,845
Tax expense	(10,058,088)	(12,402,340)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	23,839,565	47,782,505

Assets

	2020 RM	2019 RM
Total assets for reportable segments	1,145,619,693	1,171,543,490
Elimination of investments in subsidiaries	(336,695,468)	(284,694,970)
Elimination of inter-segment balances	(29,315,060)	(72,241,691)
	779,609,165	814,606,829
Deferred tax assets	8,905,300	12,759,900
Current tax assets	2,369,036	2,536,907
Group's assets per consolidated statement of financial position	790,883,501	829,903,636

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

4. OPERATING SEGMENTS (cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:(cont'd)

Liabilities

	2020	2019
	RM	RM
Total liabilities for reportable segments	168,153,681	260,570,927
Elimination of inter-segment balances	(29,315,060)	(72,241,691)
	138,838,621	188,329,236
Deferred tax liabilities	625,094	532,023
Current tax liabilities	78,708	785,326
Group's liabilities per consolidated statement of financial position	139,542,423	189,646,585

Geographical segments

The segmental financial information by geographical segments is not presented as the Group's activities are carried out in Malaysia.

There are no single external customers that the revenue generated from exceeded 10% of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings	Computers	Furniture, fittings and office equipment	Motor vehicles	Renovation	Air conditioners	Construction- in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM
At cost								
Balance as at 1 January 2020	2,772,966	780,160	1,503,146	1,921,260	365,955	17,530	66,877	7,427,894
Additions	260,000	13,754	44,362	306,784	100,059	0	0	724,959
Disposal	0	0	(236,021)	0	0	0	0	(236,021)
Written off	0	(3,097)	(85,613)	0	0	0	(10,000)	(98,710)
Balance as at 31 December 2020	3,032,966	790,817	1,225,874	2,228,044	466,014	17,530	56,877	7,818,122
Accumulated depreciation								
Balance as at 1 January 2020	539,350	708,101	944,961	1,671,993	199,179	17,530	0	4,081,114
Current charge	92,356	37,064	114,186	135,506	46,596	0	0	425,708
Disposal	0	0	(232,581)	0	0	0	0	(232,581)
Written off	0	(3,096)	(84,618)	0	0	0	0	(87,714)
Balance as at 31 December 2020	631,706	742,069	741,948	1,807,499	245,775	17,530	0	4,186,527
Carrying amount								
Balance as at 31 December 2020	2,401,260	48,748	483,926	420,545	220,239	0	56,877	3,631,595

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Buildings	Computers	Furniture, fittings and office equipment	Motor vehicles	Renovation	Air conditioners	Construction- in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM
At cost								
Balance as at 1 January 2019	2,772,966	752,573	1,354,214	1,972,522	272,077	17,530	46,277	7,188,159
Additions	0	57,369	157,062	202,471	93,878	0	20,600	531,380
Disposal	0	0	(4,930)	(253,733)	0	0	0	(258,663)
Written off	0	(29,782)	(3,200)	0	0	0	0	(32,982)
Balance as at 31 December 2019	2,772,966	780,160	1,503,146	1,921,260	365,955	17,530	66,877	7,427,894
Accumulated depreciation								
Balance as at 1 January 2019	456,623	639,430	833,872	1,660,231	162,584	17,530	0	3,770,270
Current charge	82,727	98,445	114,196	265,493	36,595	0	0	597,456
Disposal	0	0	(2,227)	(253,731)	0	0	0	(255,958)
Written off	0	(29,774)	(880)	0	0	0	0	(30,654)
Balance as at 31 December 2019	539,350	708,101	944,961	1,671,993	199,179	17,530	0	4,081,114
Carrying amount								
Balance as at 31 December 2019	2,233,616	72,059	558,185	249,267	166,776	0	66,877	3,346,780

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period and rates are as follows:

Buildings	35 years
Computers	20%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	20%
Renovation	10%
Air conditioners	10%

Construction-in-progress represents building in progress and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

- (b) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

- (c) The buildings with carrying amount of RM2,150,890 (2019: RM2,233,616) have been charged to banks for credit facilities granted to the Group (Note 20).

6. LEASES

The Group as lessee

Right-of-use assets	Office lots RM	Motor vehicle RM	Total RM
2020			
At cost			
Balance as at 1 January 2020/31 December 2020	556,625	206,410	763,035
Accumulated depreciation			
Balance as at 1 January 2020	99,025	41,282	140,307
Current charge	99,025	41,282	140,307
Balance as at 31 December 2020	198,050	82,564	280,614
Carrying amount			
Balance as at 31 December 2020	358,575	123,846	482,421



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

6. LEASES (cont'd)

The Group as lessee (cont'd)

Right-of-use assets (cont'd)	Office lots RM	Motor vehicle RM	Total RM
2019			
At cost			
Balance as at 1 January 2019	0	0	0
Additions	556,625	206,410	763,035
Balance as at 31 December 2019	556,625	206,410	763,035
Accumulated depreciation			
Balance as at 1 January 2019	0	0	0
Current charge	99,025	41,282	140,307
Balance as at 31 December 2019	99,025	41,282	140,307
Carrying amount			
Balance as at 31 December 2019	457,600	165,128	622,728
Lease liabilities			
2020			
Carrying amount			
Balance as at 1 January 2020	474,492	43,946	518,438
Lease payments	(106,800)	(25,944)	(132,744)
Interest expense	20,679	1,166	21,845
Balance as at 31 December 2020	388,371	19,168	407,539
2019			
Carrying amount			
Balance as at 1 January 2019	0	0	0
Additions	556,625	50,000	606,625
Lease payments	(106,800)	(6,486)	(113,286)
Interest expense	24,667	432	25,099
Balance as at 31 December 2019	474,492	43,946	518,438
Represented by:	2020	2019	
	RM	RM	
Current liabilities	109,470	110,899	
Non-current liabilities	298,069	407,539	
	407,539	518,438	
Lease liabilities owing to financial institutions	19,168	43,946	
Lease liabilities owing to non-financial institutions	388,371	474,492	
	407,539	518,438	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

6. LEASES (cont'd)

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets of the end of the lease term. The lease terms of right-of-use assets are as follows:

Office lots	5 years
Motor vehicle	5 years

- (b) The Group has certain low value leases of office equipment of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

- (c) The following are the amounts recognised in profit or loss:

	Group	
	2020	2019
	RM	RM
Depreciation charge of right-of-use assets (included in cost of sales)	140,307	140,307
Interest expense on lease liabilities (included in finance costs)	21,845	25,099
Expense relating to short-term leases (included in administrative expenses)	0	42,000
Expense relating to lease of low-value assets (included in administrative expenses)	15,730	15,828
	<u>177,882</u>	<u>223,234</u>

- (d) At the end of the financial year, the Group had total cash outflow for leases of RM132,744 (2019: RM113,286).

- (e) The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

There are no potential future rental payments that are not included in the lease term.

- (f) The following table sets out the carrying amounts, the weighted average incremental borrowing rate, effective interest rate and the remaining maturities of the lease liabilities of the Group that are exposed to interest rate risk:

Group	Weighted average incremental borrowing rate per annum (%)	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to five (5) years RM	Total RM
31 December 2020					
Lease liabilities					
Floating rates	4.75	<u>90,302</u>	<u>94,684</u>	<u>203,385</u>	<u>388,371</u>
31 December 2019					
Lease liabilities					
Floating rates	4.75	<u>86,121</u>	<u>90,301</u>	<u>298,070</u>	<u>474,492</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

6. LEASES (cont'd)

- (f) The following table sets out the carrying amounts, the weighted average incremental borrowing rate, effective interest rate and the remaining maturities of the lease liabilities of the Group that are exposed to interest rate risk: (cont'd)

	Effective interest rate (%)	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to five (5) years RM	Total RM
31 December 2020					
Lease liabilities					
Fixed rate	1.88	19,168	0	0	19,168
31 December 2019					
Lease liabilities					
Fixed rate	1.88	24,778	19,168	0	43,946

Sensitivity analysis for fixed rate lease liabilities at the end of the reporting period is not presented as fixed rate lease liabilities are not affected by change in interest rates.

A sensitivity analysis has been performed based on the outstanding floating rate lease liabilities of the Group as at 31 December 2020. If interest rates were to increase or decrease by 50 basis points with all other variables held constant, the Group's profit after tax would increase or decrease by RM1,924 (2019: RM2,234), as a result of higher or lower interest expense on these lease liabilities.

- (g) The table below summarises the maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	On demand or within one (1) year RM	One (1) to five (5) years RM	Total RM
31 December 2020			
Lease liabilities	126,250	320,400	446,650
31 December 2019			
Lease liabilities	132,744	446,650	579,394

- (h) During the financial year, the Group made the following cash payments to purchase right-of-use assets:

	2020 RM	2019 RM
Purchase of right-of-use assets	0	206,410
Financed by lease liabilities	0	(50,000)
Cash payments to purchase right-of-use assets	0	156,410

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

6. LEASES (cont'd)

The Group as lessor

The Group has entered into a non-cancellable lease agreement on certain property for terms of thirty (30) years and renewable at the end of the lease period subject to an increase clause.

The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	2020 RM	2019 RM
Less than one (1) year	3,527,872	3,527,872
One (1) to two (2) years	3,527,872	3,527,872
Two (2) to three (3) years	3,548,139	3,527,872
Three (3) to four (4) years	3,609,344	3,548,139
Four (4) to five (5) years	3,671,773	3,609,344
More than five (5) years	86,904,531	90,576,304
	<u>104,789,531</u>	<u>108,317,403</u>

7. INVESTMENT PROPERTIES

	Group	
	2020 RM	2019 RM
Fair value		
Freehold land and buildings		
Balance as at 1 January	93,340,000	79,490,000
Additions	0	150,000
Reclassification	0	7,639,966
Gain on fair value adjustment	115,000	6,060,034
Balance as at 31 December	<u>93,455,000</u>	<u>93,340,000</u>
At cost		
Construction-in-progress		
Balance as at 1 January	32,234,051	36,361,626
Reclassification	0	(7,639,966)
Additions	155,860	5,374,952
Transfer to inventories (Note 12(b))	0	(1,862,561)
Balance as at 31 December	<u>32,389,911</u>	<u>32,234,051</u>
Total investment properties	<u>125,844,911</u>	<u>125,574,051</u>

- (a) Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value which reflects market conditions at the end of the reporting period and change in fair value is recognised in profit or loss for the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

7. INVESTMENT PROPERTIES (cont'd)

- (b) If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.
- (c) Fair values of investment properties are based on valuations by registered independent valuers with appropriate recognised professional qualification and have recent experience in the location and category of the investment properties being valued.

The carrying amounts of the investment properties were based on valuation carried out by Henry Butcher Malaysia (Seberang Perai) Sdn. Bhd. and PA International Property Consultants (Penang) Sdn. Bhd. on 31 December 2020. Fair value is determined primarily based on comparison approach. The fair value measurements of the investment properties are based on the highest and best use, which does not differ from their actual use.

Comparison method/Depreciated replacement cost method

The comparison/cost method of valuation entails separate valuations of the land and certain buildings to arrive at the market value of the subject property.

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer would not pay more for the property than it would cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

The land and certain buildings is valued by reference to transactions of similar lands and buildings in the surrounding area with adjustments made for differences in location, size, building differences, improvements and amenities, time element and other relevant characteristics. The estimated fair value would be higher if the differential rate is lower and vice versa.

Certain buildings are valued by reference to the current estimates on constructional costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the building. The estimated fair value would be higher if the estimated replacement cost is lower and vice versa.

- (d) The fair values of investment properties of the Group are categorised as follows:

	Group	
	2020	2019
	RM	RM
Level 3		
Freehold land and buildings	93,455,000	93,340,000

Investment properties at Level 3 fair value were determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The property valuers provide the fair value of the investment property portfolio of the Group every year. It has been derived from observable recent transacted prices of similar land and buildings in the local market.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

7. INVESTMENT PROPERTIES (cont'd)

- (e) Investment properties with a carrying amount of RM57,950,000 (2019: RM57,985,000) have been charged to bank for credit facilities granted to the Group (Note 20 and Note 21).
- (f) Direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

	Group	
	2020	2019
	RM	RM
Insurance	73,389	44,104
Quit rent and assessment	214,586	144,877
Repair and maintenance	15,409	44,666

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	2019
	RM	RM
At cost		
Unquoted ordinary shares	166,066,516	169,866,518
Redeemable preference shares ('RPS')	190,000,000	134,000,000
Less: Impairment losses	(19,997,642)	(19,997,642)
	336,068,874	283,868,876

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- (b) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2020	2019	
Cenderaman Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Denmas Sdn. Bhd.	Malaysia	100%	100%	Project and construction management
Denmas Development Sdn. Bhd.	Malaysia	100%	100%	Property development



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2020	2019	
Epiland Properties Sdn. Bhd.	Malaysia	100%	100%	Property management
Hong Hong Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Intanasia Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Jasnia Sdn. Bhd.	Malaysia	100%	100%	Property development
Juru Heights Sdn. Bhd.	Malaysia	100%	100%	Property development
Langstone Sdn. Bhd.	Malaysia	100%	100%	Investment holding and operation of car park
Mustiara Sdn. Bhd.	Malaysia	70%	70%	Property development
Palmington Sdn. Bhd.	Malaysia	100%	100%	Property development and investment holding
Perquest Sdn. Bhd.	Malaysia	100%	100%	Property development
Premcourt Development Sdn. Bhd.	Malaysia	100%	100%	Property development, investment holding and operation of car park
Pridaman Sdn. Bhd.	Malaysia	100%	100%	Property development
Tokoh Edaran Sdn. Bhd.	Malaysia	100%	100%	Construction management
Tambun Indah Sdn. Bhd.	Malaysia	100%	100%	Property development
Tambun Indah Development Sdn. Bhd.	Malaysia	100%	100%	Property development
TID Development Sdn. Bhd.	Malaysia	100%	100%	Property development
TKS Land Sdn. Bhd.	Malaysia	100%	100%	Investment holding
Zipac Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Held through TKS Land Sdn. Bhd.:				
Ascension Sdn. Bhd.	Malaysia	50%	50%	Property development
CBD Land Sdn. Bhd.	Malaysia	50%	50%	Property development

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2020	2019	

Held through Palmington Sdn. Bhd.:

Novinia Sdn. Bhd.	Malaysia	100%	100%	Dormant
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All subsidiaries above are audited by BDO PLT, Malaysia.

(c) The Group considers that it controls Ascention Sdn. Bhd. and CBD Land Sdn. Bhd. even though it owns fifty percent (50%) of the voting rights. This is because the Group is the single largest shareholder of Ascention Sdn. Bhd. and CBD Land Sdn. Bhd. with a fifty percent (50%) equity interests. The remaining fifty percent (50%) of the equity shares in Ascention Sdn. Bhd. and CBD Land Sdn. Bhd. are held by few shareholders, (as recorded in the shareholders' register of CBD Land Sdn. Bhd. from 10 May 2010 to 31 December 2020, and Ascention Sdn. Bhd. from 29 December 2011 to 31 December 2020). Since 10 May 2010 and 29 December 2011, which were the dates of acquisitions of Ascention Sdn. Bhd. and CBD Land Sdn. Bhd., there is no history of the other few shareholders collaborating to exercise their votes collectively or to outvote the Group.

(d) The subsidiaries of the Group that have material non-controlling interests ('NCI') are as follows:

	Ascention Sdn. Bhd.	CBD Land Sdn. Bhd.	Mustiara Sdn. Bhd.	Total
2020				
NCI percentage of ownership interest and voting interest	50%	50%	30%	
Carrying amount of NCI (RM)	59,725	395,275	(2,253,244)	(1,798,244)
Profit/(Loss) allocated to NCI (RM)	3,308	3,947	(1,343,571)	(1,336,316)
2019				
NCI percentage of ownership interest and voting interest	50%	50%	30%	
Carrying amount of NCI (RM)	1,005,917	391,328	(909,673)	487,572
Profit/(Loss) allocated to NCI (RM)	73,692	6,682	(939,673)	(859,299)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (e) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

2020	Ascention Sdn. Bhd.	CBD Land Sdn. Bhd.	Mustiara Sdn. Bhd.
Assets and liabilities			
Non-current asset	0	0	138,251,931
Current assets	121,149	792,382	2,289,104
Non-current liabilities	0	0	(85,600,000)
Current liabilities	(1,700)	(1,832)	(6,451,850)
Net assets/(liabilities)	119,449	790,550	48,489,185
Less: Redeemable preference shares held by the Company	0	0	(56,000,000)
	119,449	790,550	(7,510,815)
Results			
Revenue	0	0	0
Profit/(Loss) for the financial year	6,616	7,894	(4,478,571)
Total comprehensive income/(loss)	6,616	7,894	(4,478,571)
Cash flows from operating activities	4,987	8,021	4,521,615
Cash flows used in investing activities	0	0	(45,969)
Cash flows used in financing activities	(1,899,000)	0	(4,520,395)
Net (decrease)/increase in cash and cash equivalents	(1,894,013)	8,021	(44,749)
Dividend paid to NCI	(750,000)	0	0
2019			
Assets and liabilities			
Non-current asset	0	0	138,182,372
Current assets	2,013,833	784,736	2,287,884
Non-current liabilities	0	0	(91,000,000)
Current liabilities	(2,000)	(2,079)	(52,502,500)
Net assets/(liabilities)	2,011,833	782,657	(3,032,244)
Results			
Revenue	1,015,950	0	0
Profit/(Loss) for the financial year/period	147,384	13,365	(3,132,244)
Total comprehensive income/(loss)	147,384	13,365	(3,132,244)
Cash flows from/(used in) operating activities	1,075,165	13,337	(85,759,722)
Cash flows used in investing activities	0	0	(2,226,874)
Cash flows from financing activities	0	0	87,947,606
Net increase/(decrease) in cash and cash equivalents	1,075,165	13,337	(38,990)
Dividend paid to NCI	0	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (f) During the financial year, a subsidiary of the Company, TKS Land Sdn. Bhd., completed a capital reduction exercise pursuant to Section 117(1) of the Companies Act 2016 in Malaysia to reduce the issued and paid up ordinary shares in the share capital of the Company via the cancellation of the issued and paid up share capital of RM3,800,002.
- (g) In previous financial year, the Company had incorporated a seventy percent (70%) owned subsidiary known as Mustiara Sdn. Bhd. ("Mustiara") with paid-up share capital of RM100,000 comprising 100,000 ordinary shares. Mustiara is a company incorporated in Malaysia which is engaged in property development.

The effects of the incorporation of Mustiara on cash flows of the Group are as follows:

	2019 RM
Total cash consideration	70,000
Less: Cash and cash equivalents of subsidiary incorporated	(100,000)
Cash inflow of the Group on incorporation	(30,000)

- (h) Acquisition of RPS

During the financial year, the Company acquired RPS amounting to RM56,000,000 in respect of Mustiara Sdn. Bhd..

9. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At cost				
Unquoted ordinary shares	831,079	831,079	831,079	831,079
Share of post acquisition reserves, net of dividends received	(490,056)	(490,962)	0	0
Less: Impairment losses	0	0	(464,873)	(464,873)
	<u>341,023</u>	<u>340,117</u>	<u>366,206</u>	<u>366,206</u>

- (a) Investment in an associate is measured at cost less impairment losses, if any, in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

9. INVESTMENT IN AN ASSOCIATE (cont'd)

(b) The details of the associate are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activity
		2020	2019	
Ikhtiar Bitara Sdn. Bhd. #	Malaysia	45%	45%	Property development

Associate not audited by BDO PLT, Malaysia

The financial statements of the above associate has a financial year end of 31 October. In applying the equity method of accounting, the audited financial statements of Ikhtiar Bitara Sdn. Bhd. for the financial year ended 31 October 2020 have been used and appropriate adjustments have been made for the effects of transactions between 31 October 2020 to 31 December 2020.

(c) Significant influence

Significant influence is presumed to exist when the Group hold twenty percent (20%) or more of the voting rights of another entity, unless it can be clearly demonstrated otherwise. The Group has board representation and holds a 45% (2019: 45%) equity interest in Ikhtiar Bitara Sdn. Bhd. for which the Group has determined that it has significant influence.

(d) The summarised financial information of the associate is as follows:

	2020	2019
	RM	RM
Assets and liabilities		
Current assets	839,679	837,665
Current liabilities	(1,800)	(1,800)
Net assets	837,879	835,865
Results		
Revenue	0	0
Profit for the financial year	2,014	5,711
Total comprehensive income	2,014	5,711
Cash flows from operating activities	2,578	6,803
Cash flows from investing activity	0	0
Cash flows used in financing activity	0	(500,000)
Net increase/(decrease) in cash and cash equivalents	2,578	(493,197)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

9. INVESTMENT IN AN ASSOCIATE (cont'd)

- (e) The reconciliation of net assets of the associate to the carrying amount of the investment in an associate are as follows:

	2020	2019
	RM	RM
As at 31 December		
Share of net assets of the Group	(389,430)	(390,336)
Goodwill	730,453	730,453
Carrying amount in the statement of financial position	341,023	340,117
Share of results of the Group for the financial year ended 31 December		
Share of profit of the Group	906	2,570
Share of other comprehensive income of the Group	0	0
Share of total comprehensive income of the Group	906	2,570
Other information		
Dividend received	0	225,000

10. INVESTMENT IN A JOINT VENTURE

	Group	
	2020	2019
	RM	RM
Unquoted equity shares, at cost	1	1
Redeemable preference shares	22,500,000	22,500,000
Share of post acquisition reserves, net of dividend received	5,565,039	5,315,440
	28,065,040	27,815,441

- (a) Investment in a joint venture is accounted for using the equity method in the consolidated financial statements.

- (b) The details of the joint venture are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activity
		2020	2019	
TNC Capital Sdn. Bhd.	Malaysia	50%	50%	Building and leasing of properties

The joint venture above is audited by BDO PLT, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

10. INVESTMENT IN A JOINT VENTURE (cont'd)

(c) Classification of joint arrangement

For its joint arrangement structured in a separate vehicle, the Group assesses the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Group to consider whether there are any factors that give the Group rights to the net assets of the joint arrangement (in which case it is classified as a joint venture), or rights to specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). These factors include:

- (i) Structure;
- (ii) Legal form;
- (iii) Contractual agreement; and
- (iv) Other facts and circumstances.

Upon consideration of these factors, the Group has determined that its joint arrangement structured through a separate vehicle provide rights to the net assets and is therefore, classified as a joint venture.

- (d) TNC Capital Sdn. Bhd., the only joint venture in which the Group participates, is an unlisted separate structured entity whose quoted market price is not available. The contractual arrangement stipulates unanimous consent of all parties over relevant activities of joint ventures and provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with TNC Capital Sdn. Bhd.. This joint arrangement has been classified as a joint venture and has been included in the consolidated financial statements using the equity method.
- (e) The summarised financial information of the joint venture, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are as follows:

	2020	2019
	RM	RM
Assets and liabilities		
Non-current assets	53,304,076	53,304,076
Current assets	3,556,005	3,061,107
Current liabilities	(730,000)	(734,300)
Net assets	56,130,081	55,630,883
Proportion of the ownership of the Group	50%	50%
Carrying amount of the investment in a joint venture	28,065,040	27,815,441
Results		
Revenue	781,234	1,451,480
Other income	22,137	1,037,456
Expenses including taxation	(304,173)	(618,203)
Profit for the financial year	499,198	1,870,733
Share of profit by the Group for the financial year	249,599	935,366

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

11. DEFERRED TAX

- (a) The deferred tax (assets) and liabilities are made up of the following:

	Group	
	2020	2019
	RM	RM
Balance as at 1 January	(12,227,877)	(15,464,700)
Recognised in profit or loss (Note 27):		
- property development costs	3,849,371	2,725,423
- investment properties	430,400	585,500
Underprovision in prior years	(332,100)	(74,100)
Balance as at 31 December	<u>(8,280,206)</u>	<u>(12,227,877)</u>
Presented after appropriate offsetting:		
Deferred tax assets, net	(8,905,300)	(12,759,900)
Deferred tax liabilities, net	<u>625,094</u>	<u>532,023</u>
	<u>(8,280,206)</u>	<u>(12,227,877)</u>

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	2020	2019
	RM	RM
Deferred tax liabilities of the Group		
Balance as at 1 January		
- property development costs	532,023	106,000
Recognised in profit or loss (Note 27):		
- property development costs	314,271	426,023
Overprovision in prior year	(221,200)	0
Balance as at 31 December	<u>625,094</u>	<u>532,023</u>
- property development costs	<u>625,094</u>	<u>532,023</u>
Deferred tax assets of the Group		
Balance as at 1 January		
- property development costs	(12,759,900)	(15,570,700)
Recognised in profit or loss (Note 27):		
- property development costs	3,535,100	2,299,400
- investment properties	430,400	585,500
Underprovision in prior year	(110,900)	(74,100)
Balance as at 31 December	<u>(8,905,300)</u>	<u>(12,759,900)</u>
- property development costs	<u>(8,905,300)</u>	<u>(12,759,900)</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

11. DEFERRED TAX (cont'd)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statement of the financial position are as follows:

	Group	
	2020	2019
	RM	RM
Property, plant and equipment	76,500	76,100
Unused tax losses		
- Expired by 31 December 2025	4,164,500	4,272,500
- Expired by 31 December 2026	107,800	0
- Expired by 31 December 2027	29,000	0
Other deductible temporary differences	3,217,500	0
	<u>7,595,300</u>	<u>4,348,600</u>

Deferred tax assets of certain subsidiaries had not been recognised in respect of these items as it was not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences can be utilised.

The amount and availability of these items to be carried forward up to the period as disclosed above are subject to the agreement of the local tax authority.

12. INVENTORIES

		Group	
		2020	2019
	NOTE	RM	RM
Non-current			
Land held for property development	(a)	<u>283,297,847</u>	<u>284,144,564</u>
Current			
Property development costs	(b)	135,892,828	123,556,254
Completed properties held for sale, at cost	(c)	<u>18,099,178</u>	<u>30,730,973</u>
		<u>153,992,006</u>	<u>154,287,227</u>
		<u>437,289,853</u>	<u>438,431,791</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

12. INVENTORIES (cont'd)

(a) Land held for property development

	Group	
	2020	2019
	RM	RM
Balance as at 1 January		
- Freehold land, at cost	251,638,212	120,638,212
- Development costs	32,506,352	25,359,273
	<u>284,144,564</u>	<u>145,997,485</u>
Add: Cost incurred during the financial year		
- Freehold land, at cost	0	131,000,000
- Development costs	325,182	7,477,432
	<u>325,182</u>	<u>138,477,432</u>
Less: Transfers to property development costs (Note 12(b))		
- Freehold land, at cost	(466,803)	0
- Development costs	(705,096)	(330,353)
	<u>(1,171,899)</u>	<u>(330,353)</u>
Balance as at 31 December		
- Freehold land, at cost	251,171,409	251,638,212
- Development costs	32,126,438	32,506,352
	<u>283,297,847</u>	<u>284,144,564</u>

- (i) Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

- (ii) Land held for property development with carrying amount of RM272,297,155 (2019: RM272,546,710) have been charged to banks for credit facilities granted to subsidiaries (Note 20 and Note 21).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

12. INVENTORIES (cont'd)

(b) Property development costs

	Freehold land, at cost RM	Development costs RM	Total RM
Group			
Cumulative property development costs			
Balance as at 1 January 2020	105,639,686	95,932,352	201,572,038
Incurred during the financial year	0	78,555,485	78,555,485
Transfer from land held for property development (Note 12(a))	466,803	705,096	1,171,899
Balance as at 31 December 2020	106,106,489	175,192,933	281,299,422
Cumulative costs recognised in the statement of profit or loss and other comprehensive income			
Balance as at 1 January 2020	(48,712,420)	(29,303,364)	(78,015,784)
Recognised during the financial year (Note 25)	(7,959,877)	(59,430,933)	(67,390,810)
Balance as at 31 December 2020	(56,672,297)	(88,734,297)	(145,406,594)
Property development costs as at 31 December 2020	49,434,192	86,458,636	135,892,828
Cumulative property development costs			
Balance as at 1 January 2019	126,051,760	270,021,559	396,073,319
Incurred during the financial year	0	55,426,092	55,426,092
Reclassification	615,393	(615,393)	0
Transfer from land held for property development (Note 12(a))	0	330,353	330,353
Transfer from investment properties (Note 7)	1,634,621	227,940	1,862,561
Transferred to completed properties held for sale	(2,428,556)	(22,206,535)	(24,635,091)
Cost eliminated due to completion of projects	(20,233,532)	(207,251,664)	(227,485,196)
Balance as at 31 December 2019	105,639,686	95,932,352	201,572,038
Cumulative costs recognised in the statement of profit or loss and other comprehensive income			
Balance as at 1 January 2019	(59,952,474)	(192,971,474)	(252,923,948)
Recognised during the financial year (Note 25)	(8,993,478)	(43,583,554)	(52,577,032)
Cost eliminated due to completion of projects	20,233,532	207,251,664	227,485,196
Balance as at 31 December 2019	(48,712,420)	(29,303,364)	(78,015,784)
Property development costs as at 31 December 2019	56,927,266	66,628,988	123,556,254

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

12. INVENTORIES (cont'd)

(b) Property development costs (cont'd)

Included in the property development costs are the following charges incurred during the financial year:

	2020 RM	2019 RM
Interest on:		
- Interest on revolving credit	0	10,671
- Interest on term loans	25,918	668,643

Interest capitalised in property development costs at rate 4.55% (2019: 4.55% to 5.00%) per annum.

Property development costs with carrying amount of RM81,210,437 (2019: RM89,610,887) have been charged to banks for credit facilities granted to subsidiaries (Note 21).

- (c) Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of cost associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable for developing the properties until completion.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<u>Non-current</u>				
Other receivable				
Amounts due from subsidiaries	0	0	1,958,700	52,500,000
<u>Current</u>				
Trade receivables				
Third parties	26,454,937	20,468,667	0	0
Retention sums	2,805,328	14,275,782	0	0
	29,260,265	34,744,449	0	0
Less: Impairment losses	(147,045)	(103,118)	0	0
Total trade receivables	29,113,220	34,641,331	0	0
Other receivables				
Third parties	199,399	409,393	0	0
Amounts due from subsidiaries	0	0	14,348,000	2,809,356
Deposits	434,437	755,228	4,500	4,500
Total other receivables	633,836	1,164,621	14,352,500	2,813,856
Total current trade and other receivables (excluding prepayments)	29,747,056	35,805,952	14,352,500	2,813,856

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

13. TRADE AND OTHER RECEIVABLES (cont'd)

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Prepayments				
Prepayments	16,758	14,366	13,299	13,554
Total current trade and other receivables	29,763,814	35,820,318	14,365,799	2,827,410
Total trade and other receivables	29,763,814	35,820,318	16,324,499	55,327,410

All trade and other receivables are denominated in RM.

- Total trade and other receivables (exclude prepayments) are classified as financial assets measured at amortised cost.
- The normal trade credit terms granted by the Group are generally on 21 working days term (2019: 21 working days) and 30 days term (2019: 30 days). They are recognised at their original billing amounts, which represent their fair values on initial recognition.
- Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group considers credit loss experience and observable data such as current conditions and forecast of future economic conditions by market segment of the Group as identified in Note 4 to the financial statements to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information (annual population in Malaysia) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Lifetime expected loss provision for trade receivables as at 31 December 2020 and 31 December 2019 are as follows:

	Current	1 to 30	31 to 60	More than	Total
	RM	days	days	60 days	RM
		past due	past due	past due	
		RM	RM	RM	
2020					
Gross carrying amount	24,523,594	3,040,001	1,055,720	640,950	29,260,265
Impairment	22,696	17,402	48,561	58,386	147,045
Total	24,500,898	3,022,599	1,007,159	582,564	29,113,220
2019					
Gross carrying amount	24,779,432	3,621,978	4,562,289	1,780,750	34,744,449
Impairment	26,523	2,124	6,004	68,467	103,118
Total	24,752,909	3,619,854	4,556,285	1,712,283	34,641,331

During the financial year, the Group did not renegotiate the terms of any trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

13. TRADE AND OTHER RECEIVABLES (cont'd)

(d) Movements in the impairment allowance for trade receivables are as follows:

	Group	
	2020	2019
	RM	RM
At 1 January	103,118	39,616
Reversal of impairment losses	0	(1,216)
Charge for the financial year	43,927	64,718
At 31 December	147,045	103,118

(e) The retention sums are unsecured, interest-free and are expected to be collected as follows:

	Group	
	2020	2019
	RM	RM
Within one (1) year	853,350	12,323,804
Within two (2) years	1,951,978	1,951,978
	2,805,328	14,275,782

(f) Impairment for amounts due from subsidiaries and other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk based on payment trends and operational performance of other receivables and subsidiaries.

The probability of non-payment by other receivables and amounts due from subsidiaries is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables and amounts due from subsidiaries. The Group has identified the annual population in Malaysia as the key macroeconomic factors of the forward looking information.

Non-current amounts due from subsidiaries represent unsecured advances, which bear interest at rate at 3.39% to 4.76% (2019: 4.78% to 5.12%) per annum. The advances together with the interest receivable thereon are not payable within the next twelve months.

Current amounts due from subsidiaries are non-trade in nature, unsecured, payable within next twelve month in cash and cash equivalents and bear interest at 3.39% to 4.76% (2019: 4.00% to 5.12%) per annum.

No expected credit loss is recognised arising from amounts due from subsidiaries and other receivables as it is negligible.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

13. TRADE AND OTHER RECEIVABLES (cont'd)

(g) Credit risk concentration profile

The Group and the Company do not have any significant exposure to any individual customer or counterparty and do not have any major concentration of credit risk related to any financial instruments.

(h) The following table sets out the carrying amounts, the interest rates as at the end of the reporting period and the remaining maturities of the amounts due from subsidiaries of the Company that are exposed to interest rate risk:

	Interest rate per annum (%)	Within one (1) year RM	More than one (1) year RM	Total RM
Company				
31 December 2020				
Floating rate	3.39% - 4.76%	14,348,000	1,958,700	16,306,700
31 December 2019				
Floating rate	4.00% - 5.12%	2,809,356	52,500,000	55,309,356

(i) Sensitivity analysis for fixed rate trade and other receivables as at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rate.

A change of 50 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the profit net of tax of the Company to be higher/(lower) by RM61,965 (2019: RM210,176).

14. CONTRACT ASSETS

	Group	
	2020	2019
	RM	RM
Property development contracts		
Aggregate pre-contract costs incurred to date	239,991,806	268,653,397
Add: Attributable profits	158,837,022	215,116,674
	398,828,828	483,770,071
Less: Progress billings	(342,213,401)	(459,247,740)
	56,615,427	24,522,331

(a) Property development contracts

Property development contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

14. CONTRACT ASSETS (cont'd)

(b) Contract assets from property development contracts

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	Group				Total
	2020 RM	2021 RM	2022 RM	2023 RM	RM
31 December 2020	0	78,382,661	13,669,420	819,556	92,871,637
31 December 2019	37,203,104	20,964,097	668,568	0	58,835,769

(c) Impairment for contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 13(c) to the financial statements.

No expected credit loss is recognised arising from contract assets as it is negligible.

15. SHORT TERM FUNDS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM

Financial assets at fair value through profit or loss

Fixed income trust funds in Malaysia (Note 16)	40,307,159	62,057,956	20,181,302	43,593,389
------------------------------------------------	------------	------------	------------	------------

All short term funds are denominated in RM.

- (a) Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.
- (b) Short term funds of the Group and of the Company are investments in money market fund on highly liquid investments, which are readily convertible to a known amounts of cash and be subject to an insignificant risk of changes in value.
- (c) Short term funds of the Group and the Company are stated at Level 2 fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

16. CASH AND BANK BALANCES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash and bank balances	46,010,140	83,605,028	5,962,762	29,685,864
Deposits with licensed banks	11,257,782	12,470,288	6,457	6,309
	<u>57,267,922</u>	<u>96,075,316</u>	<u>5,969,219</u>	<u>29,692,173</u>

All cash and bank balances are denominated in RM.

- (a) Included in the cash and bank balances of the Group is an amount of RM29,522,002 (2019: RM23,884,997) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2015.
- (b) The interest rate of deposits with both licensed banks of the Group and of the Company are 1.50% to 1.90% (2019: 2.70% to 3.25%) and 1.70% (2019: 3.25%) per annum respectively.
- (c) Included in the deposits with licensed banks is an amount of RM2,721,114 (2019: RM2,665,678) pledged as securities for bank guarantees granted to the Group.
- (d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Short term funds placed with a financial institution (Note 15)	40,307,159	62,057,956	20,181,302	43,593,389
Cash and bank balances	46,010,140	83,605,028	5,962,762	29,685,864
Deposits with licensed banks	11,257,782	12,470,288	6,457	6,309
	<u>97,575,081</u>	<u>158,133,272</u>	<u>26,150,521</u>	<u>73,285,562</u>
Less:				
Deposits pledged with licensed banks	(2,721,114)	(2,665,678)	0	0
	<u>94,853,967</u>	<u>155,467,594</u>	<u>26,150,521</u>	<u>73,285,562</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

16. CASH AND BANK BALANCES (cont'd)

(e) At the end of the reporting period, the interest rate profile of the cash and cash equivalents was:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Fixed rate				
Cash and bank balances	2,930,889	40,086,151	584,207	26,855,549
Deposits with licensed banks	11,257,782	12,470,288	6,457	6,309
	<u>14,188,671</u>	<u>52,556,439</u>	<u>590,664</u>	<u>26,861,858</u>
Floating rates				
Short term funds (Note 15)	40,307,159	62,057,956	20,181,302	43,593,389
Cash and bank balances	43,079,251	43,518,877	5,378,555	2,830,315
	<u>83,386,410</u>	<u>105,576,833</u>	<u>25,559,857</u>	<u>46,423,704</u>

Sensitivity analysis for fixed rate cash and cash equivalents at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rates.

A change of 50 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the profit net of tax of the Group and the Company to be higher/(lower) by RM365,237 (2019: RM475,662) and RM121,345 (2019: RM228,722) respectively.

(f) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

17. SHARE CAPITAL

	2020		2019	
	No. of shares	RM	No. of shares	RM
Group				
Issued and fully paid				
Balance as at 1 January	433,455,617	287,636,669	433,378,517	287,580,160
Issued for cash pursuant to ESOS	1,036,400	552,809	77,100	56,509
Balance as at 31 December	<u>434,492,017</u>	<u>288,189,478</u>	<u>433,455,617</u>	<u>287,636,669</u>
Company				
Issued and fully paid				
Balance as at 1 January	433,455,617	287,169,090	433,378,517	287,112,581
Issued for cash pursuant to ESOS	1,036,400	552,809	77,100	56,509
Balance as at 31 December	<u>434,492,017</u>	<u>287,721,899</u>	<u>433,455,617</u>	<u>287,169,090</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

17. SHARE CAPITAL (cont'd)

- (a) During the financial year, the issued and paid-up share capital of the Company was increased from 433,455,617 to 434,492,017 by way of issuance of 1,036,400 new ordinary shares pursuant to exercise of ESOS at the following option prices:

Exercise price (RM)	0.47	0.60
No. of shares issued	977,400	59,000

- (b) In the previous financial year, the issued and paid-up share capital of the Company was increased from 433,378,517 to 433,455,617 by way of issuance of 77,100 new ordinary shares pursuant to exercise of ESOS at the following option prices:

Exercise price (RM)	0.50	0.69	0.71
No. of shares issued	20,000	3,000	54,100

- (c) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

18. RESERVES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable:				
Share options reserve	1,215,784	998,599	1,215,784	998,599
Distributable:				
Retained earnings	363,734,060	351,134,211	89,817,367	95,299,409
	<u>364,949,844</u>	<u>352,132,810</u>	<u>91,033,151</u>	<u>96,298,008</u>

The share options reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options. Share options reserve in relation to the unexercised option at the expiry of the share option scheme will be transferred to retained earnings.

19. BORROWINGS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current liabilities				
Secured				
Revolving credits (Note 20)	0	25,000,000	0	25,000,000
Term loans (Note 21)	13,114,041	16,499,119	0	0
	<u>13,114,041</u>	<u>41,499,119</u>	<u>0</u>	<u>25,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

19. BORROWINGS (cont'd)

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Non-current liability				
Secured				
Term loans (Note 21)	103,345,430	118,474,116	0	0
	103,345,430	118,474,116	0	0
Total borrowings				
Revolving credits (Note 20)	0	25,000,000	0	25,000,000
Term loans (Note 21)	116,459,471	134,973,235	0	0
	116,459,471	159,973,235	0	25,000,000

All borrowings are denominated in RM.

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) Fair value of the borrowings of the Group and of the Company are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (c) The interest rate per annum of borrowings that were effective as at the end of reporting period were as follows:

	Group		Company	
	2020	2019	2020	2019
	%	%	%	%
Revolving credits	N/A	4.67 - 4.87	N/A	4.67 - 4.87
Term loans	3.13 - 4.25	4.52 - 5.57	N/A	N/A

- (d) At the end of the reporting period, the interest rate profile of the borrowings was:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Floating rate				
Revolving credits	0	25,000,000	0	25,000,000
Term loans	116,459,471	134,973,235	0	0
	116,459,471	159,973,235	0	25,000,000

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group as at 31 December 2020. If interest rates were to increase or decrease by 50 basis points with all other variables held constant, the profit after tax of the Group and of the Company would decrease or increase by RM602,515 (2019: RM359,445) and RM Nil (2019: RM3,628) respectively, as a result of higher or lower interest expense on these borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

19. BORROWINGS (cont'd)

- (d) At the end of the reporting period, the interest rate profile of the borrowings was: (cont'd)

For those interest expense incurred and capitalised as part of the expenditure on property development costs during the financial year, if the interest rates were to increase or decrease by 50 basis points with all other variables held constant, those assets of the Group would increase or decrease by RM2,848 (2019: RM143,903), as a result of higher or lower interest expense on these borrowings.

- (e) The maturity of the revolving credits is as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Not later than one (1) year	0	25,000,000	0	25,000,000

- (f) The maturity of the term loans is as follows:

	Group	
	2020	2019
	RM	RM
Not later than one (1) year	13,114,041	16,499,119
Later than one (1) year and not later than two (2) years	16,257,430	14,535,836
Later than two (2) years and not later than three (3) years	15,016,000	16,850,280
Later than three (3) years and not later than four (4) years	15,132,000	15,016,000
Later than four (4) years and not later than five (5) years	15,132,000	15,132,000
Later than five (5) years	41,808,000	56,940,000
	<u>116,459,471</u>	<u>134,973,235</u>

- (g) The maturity profile of borrowings at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Group				
As at 31 December 2020				
Borrowings	<u>16,633,268</u>	<u>70,676,884</u>	<u>43,715,568</u>	<u>131,025,720</u>
As at 31 December 2019				
Borrowings	<u>47,328,015</u>	<u>77,712,150</u>	<u>62,007,466</u>	<u>187,047,631</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

19. BORROWINGS (cont'd)

- (g) The maturity profile of borrowings at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below: (cont'd)

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Company				
As at 31 December 2020				
Borrowings	0	0	0	0
As at 31 December 2019				
Borrowings	25,100,857	0	0	25,100,857

20. REVOLVING CREDITS

The revolving credits are secured by:

- (a) Legal charge over the Group's property, plant and equipment, investment properties and development land as disclosed in Note 5, Note 7 and Note 12(a) to the financial statements; and
- (b) Corporate guarantee by certain subsidiaries.

21. TERM LOANS

The term loans are secured by:

- (a) Legal charge over the Group's investment properties and development land as disclosed in Note 7, Note 12(a) and Note 12(b) to the financial statements; and
- (b) Corporate guarantee by the Company.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade payables				
Third parties	9,602,318	14,326,218	0	0



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

22. TRADE AND OTHER PAYABLES (cont'd)

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Other payables				
Third parties	235,155	208,575	0	0
Accruals	9,830,848	6,524,710	97,450	34,000
Dividend payable	0	4,334,556	0	4,334,556
Deposits received	2,303,290	2,443,504	0	0
	12,369,293	13,511,345	97,450	4,368,556
Total trade and other payables	21,971,611	27,837,563	97,450	4,368,556

All trade and other payables are denominated in RM.

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group is 30 days (2019: 30 days). Included in trade payables of the Group is retention sum on contracts amounting to RM9,523,081 (2019: RM11,988,610).
- (c) The maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.

23. CAPITAL COMMITMENT [2019 ONLY]

	Group
	RM
Capital expenditure in respect of purchase of property, plant and equipment and investment property:	
Contracted but not provided	252,200

24. REVENUE

	NOTE	Group		Company	
		2020	2019	2020	2019
		RM	RM	RM	RM
Revenue from contracts with customers:					
Property development	(a)	106,243,655	109,215,008	0	0
Sale of completed properties	(b)	21,171,610	34,075,839	0	0
Operation of car park	(d)	132,969	143,034	0	0
Property management fees	(d)	204,000	289,000	0	0
		127,752,234	143,722,881	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

24. REVENUE (cont'd)

		Group		Company	
		2020	2019	2020	2019
	NOTE	RM	RM	RM	RM
Other revenue:					
Rental income from investment properties	(c)	4,117,438	4,840,468	0	0
Dividend income	(e)	0	0	6,053,600	107,878,600
		131,869,672	148,563,349	6,053,600	107,878,600

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers of the Group is derived from Malaysia and disaggregated in the table below by timing of revenue recognition.

	Property development RM	Sale of completed properties RM	Operation of car park RM	Property management fees RM	Total RM
--	----------------------------	------------------------------------	-----------------------------	--------------------------------	-------------

31 December 2020

Timing of revenue recognition

Transferred over time	106,243,655	0	0	0	106,243,655
Transferred at a point in time	0	21,171,610	132,969	204,000	21,508,579
Revenue from external customers	<u>106,243,655</u>	<u>21,171,610</u>	<u>132,969</u>	<u>204,000</u>	<u>127,752,234</u>

31 December 2019

Timing of revenue recognition

Transferred over time	109,215,008	0	0	0	109,215,008
Transferred at a point in time	0	34,075,839	143,034	289,000	34,507,873
Revenue from external customers	<u>109,215,008</u>	<u>34,075,839</u>	<u>143,034</u>	<u>289,000</u>	<u>143,722,881</u>

(a) Revenue from property development

Contracts with customers include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from property development is measured at the fixed transaction price agreed under the agreement.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

24. REVENUE (cont'd)

(a) Revenue from property development (cont'd)

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would 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. Control of the asset is transferred over time if the performance of the Group 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.

If control of the asset transfers over time, revenue is recognised over the period of the contract using the input method by reference to the cost incurred relative to the total expected cost for satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Significant judgement is required in determining performance obligations, transaction price allocation and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which is judgmental in the context of contract. Transaction prices were determined based on estimated margins prior to its allocation to the identified performance obligation. The Group also estimated total contract costs in applying the input method to recognise revenue over time.

There is no significant financing component in the revenue arising from property development as the contracts are made on the normal credit terms not exceeding twelve months.

(b) Sale of completed properties

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 Company will collect the considerations to which it would be entitled to in exchange for the assets sold.

There is no significant financing component in the revenue arising from sale of completed properties as the sales are made on the normal credit terms not exceeding twelve months.

(c) Rental income from investment properties is recognised based on accrual basis.

(d) Operation of car park income and property management fees are recognised at a point in time when the services have been rendered to the customer.

There is no significant financing component in the revenue arising from services rendered as the services are made on the normal credit terms not exceeding twelve months.

(e) Dividend income is recognised when the right to receive payment is established.

25. COST OF SALES

	Group	
	2020	2019
	RM	RM
Property development (Note 12)	67,390,810	52,577,032
Others	11,095,864	21,337,654
	<u>78,486,674</u>	<u>73,914,686</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

26. DIRECTORS' REMUNERATION

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Directors of the Company				
Executive Directors				
Directors' fee	120,000	120,000	120,000	120,000
Salaries and other emoluments	2,511,640	3,131,572	0	0
Bonus	836,400	832,400	0	0
Defined contribution plan	501,840	593,085	0	0
Total Executive Directors' remuneration (exclude benefits-in-kind)	3,969,880	4,677,057	120,000	120,000
Estimated money value of benefits-in-kind	68,306	60,025	0	0
Total Executive Directors' remuneration (including benefits-in-kind)	4,038,186	4,737,082	120,000	120,000
Directors of the Company				
Non-executive Directors				
Directors' fee	210,000	198,692	210,000	198,692
Other emoluments	11,500	11,400	11,500	11,400
Total Non-Executive Directors' remuneration	221,500	210,092	221,500	210,092
Total Directors' remuneration				
- fee	330,000	318,692	330,000	318,692
- other emoluments	3,861,380	4,568,457	11,500	11,400
	4,191,380	4,887,149	341,500	330,092
Directors of the subsidiaries				
Executive Directors				
Directors' fee	18,000	18,000	0	0

Movements in share options granted under the ESOS during the financial year were as follows:

	2020	2019
	Unit	Unit
Directors of the Company		
Executive Director		
As at 1 January	1,000,000	1,000,000
Granted during the financial year	500,000	0
As at 31 December	1,500,000	1,000,000
Non-executive Director		
As at 1 January	300,000	0
Granted during the financial year	800,000	300,000
As at 31 December	1,100,000	300,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

26. DIRECTORS' REMUNERATION (cont'd)

The number of Directors of the Group whose total remuneration during the financial year which fell within the following bands is analysed as below:

	Number of Directors	
	2020	2019
Executive Directors		
RM650,001 - RM700,000	1	0
RM750,001 - RM800,000	0	1
RM950,001 - RM1,000,000	1	0
RM1,150,001 - RM1,200,000	0	1
RM2,350,001 - RM2,400,000	1	0
RM2,800,001 - RM2,850,000	0	1
	<hr/>	<hr/>
Non-executive Directors		
RM1 - RM50,000	1	3
RM50,001 - RM100,000	3	2
	<hr/>	<hr/>
Directors of the Subsidiaries		
Executive Director		
RM1 - RM50,000	1	1
	<hr/>	<hr/>

27. TAX EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax expense based on profit for the financial year	5,869,400	9,804,500	327,600	282,400
Under/(Over)provision of tax in prior years	241,017	(638,983)	7,043	1,841
	<hr/> 6,110,417	<hr/> 9,165,517	<hr/> 334,643	<hr/> 284,241
Deferred tax (Note 11):				
- relating to origination and reversal of temporary differences	4,279,771	3,310,923	0	0
- underprovision in prior years	(332,100)	(74,100)	0	0
	<hr/> 10,058,088	<hr/> 12,402,340	<hr/> 334,643	<hr/> 284,241

The Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profits for the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

27. TAX EXPENSE (cont'd)

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Profit before tax	33,897,653	60,184,845	7,428,633	107,986,081
Tax at the applicable tax rate of 24% (2019: 24%)	8,135,400	14,444,300	1,782,900	25,916,700
Tax effects in respect of:				
Non-taxable income	(243,100)	(2,531,300)	(1,556,400)	(25,839,600)
Non-allowable expenses	1,479,671	681,723	101,100	205,300
Different tax rate for the first RM600,000 (2019: RM500,000) of chargeable income	(1,900)	(14,100)	0	0
Recognition of previously unrecognised deferred tax assets	0	(226,600)	0	0
Deferred tax assets not recognised during the financial year	779,100	761,400	0	0
Under/(Over)provision of tax in prior years	241,017	(638,983)	7,043	1,841
Underprovision of deferred tax in prior years	(332,100)	(74,100)	0	0
Tax expense for the financial year	10,058,088	12,402,340	334,643	284,241

28. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2020	2019
	RM	RM
Profit attributable to equity holders of the parent	25,175,881	48,641,804
	Group	
	2020	2019
	Unit	Unit
Weighted average number of ordinary shares in issue	433,455,617	433,378,517
Effects of exercise of ESOS	228,961	55,804
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	433,684,578	433,434,321
Basic earnings per ordinary share (sen)	5.81	11.22



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

28. EARNINGS PER ORDINARY SHARE (cont'd)

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2020	2019
	RM	RM
Profit attributable to equity holders of the parent	25,175,881	48,641,804
	Group	
	2020	2019
	Unit	Unit
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	433,684,578	433,434,321
Effects of dilution:		
- ESOS	159,123	66,459
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	433,843,701	433,500,780
Diluted earnings per ordinary share (sen)	5.80	11.22

29. DIVIDENDS

	Group/Company			
	2020		2019	
	Dividend per share	Amount of dividend	Dividend per share	Amount of dividend
	Sen	RM	Sen	RM
Dividends paid/declared:				
In respect of financial year ended 31 December 2018:				
Final single tier dividend	0	0	2.9	12,570,126
In respect of financial year ended 31 December 2019:				
Interim single tier dividend	0	0	1.0	4,334,556
Final single tier dividend	2.9	12,596,527	0	0
	2.9	12,596,527	3.9	16,904,682

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

29. DIVIDENDS (cont'd)

A final single tier dividend in respect of the financial year ended 31 December 2020 of 2.4 sen per ordinary share amounting to RM10,427,808 has been proposed by the Directors after the reporting period for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2021.

30. EMPLOYEE BENEFITS

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Wages, salaries and bonuses	9,199,016	10,000,314	0	0
Directors' fee	138,000	138,000	120,000	120,000
Contributions to defined contribution plan	1,223,232	1,339,349	0	0
Social security contributions	61,107	56,268	0	0
Share options granted under ESOS	295,711	105,960	0	0
Other benefits	562,565	826,288	0	0
	<u>11,479,631</u>	<u>12,466,179</u>	<u>120,000</u>	<u>120,000</u>

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM3,987,880 and RM120,000 (2019: RM4,695,057 and RM120,000) respectively.

31. EMPLOYEE SHARE OPTIONS SCHEME ('ESOS')

The Employees Share Options Scheme ('ESOS') of the Company came into effect on 5 June 2012. The ESOS shall be in force for a period of five (5) years until 5 June 2017 ('the option period'). On 23 February 2017, the Board of Directors of the Company approved the extension of the scheme for five (5) years until 4 June 2022. The main features of the ESOS are as follows:

- Directors, and confirmed employees of the Group who have served at least 2 years of continuous services are eligible under the ESOS;
- The maximum number of new shares which may be issued and allotted pursuant to the exercise of the options shall not at any point in time in aggregate exceed 5% of the issued and paid-up capital of the Company (excluding treasury shares) at any point in time during the duration of the ESOS;
- Not more than 50% of the shares available under the ESOS should be allocated in aggregate, to Directors and senior management of the Group;
- The allocation to an Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the issued and paid-up share capital of the Company (excluding treasury shares), does not exceed 10% of the total number of the new shares to be issued under the ESOS;
- The options granted may be exercised any time within the option period from the date of offer;
- The option price of a new ordinary share under the ESOS shall be the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad ('Bursa Securities') immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the ESOS;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

31. EMPLOYEE SHARE OPTIONS SCHEME ('ESOS') (cont'd)

- (g) The options granted are not entitled for any dividend, voting rights, allotment and/or other distribution declared, made or paid to shareholders unless the new shares so allotted have been credited to the relevant securities accounts of the shareholders maintained by the Bursa Depository before the entitlement date and will be subjected to all provisions of the Articles relating to the transfer, transmission and otherwise;
- (h) The ESOS Committee at any time and from time to time recommends to the Board any addition or amendment to or deletion of the By-laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-laws upon such recommendation. Any subsequent modifications or changes to the By-laws do not need the prior approval of the Bursa Securities and/or any other relevant authorities; and
- (i) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company within the Group during the option period.

The details of the options over ordinary shares of the Company are as follows:

	Number of options over ordinary shares					
	Outstanding	Movements during			Outstanding	Exercisable
	as at 1.1.2020	Granted	Exercised	Lapsed	as at 31.12.2020	as at 31.12.2020
2020						
15 November 2013	434,000	0	0	(20,000)	414,000	414,000
28 May 2014	163,000	0	0	0	163,000	163,000
17 December 2014	1,066,000	0	0	(20,000)	1,046,000	1,046,000
15 June 2015	258,000	0	0	0	258,000	258,000
1 December 2015	502,000	0	0	(20,000)	482,000	482,000
21 June 2016	70,000	0	0	0	70,000	70,000
16 December 2016	59,000	0	0	0	59,000	59,000
3 July 2017	125,000	0	0	0	125,000	125,000
18 December 2017	19,000	0	0	0	19,000	19,000
8 June 2018	107,000	0	0	0	107,000	107,000
26 February 2019	689,300	0	0	(5,000)	684,300	684,300
3 September 2019	581,000	0	0	0	581,000	581,000
26 February 2020	0	1,136,500	(59,000)	(20,000)	1,057,500	1,057,500
27 August 2020	0	3,603,000	(977,400)	0	2,625,600	2,530,600
	4,073,300	4,739,500	(1,036,400)	(85,000)	7,691,400	7,596,400

Weighted average
exercise prices (RM)

1.15	0.50	0.48	1.12	0.84	0.85
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Weighted average
remaining
contractual life
(months)

29

17

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

31. EMPLOYEE SHARE OPTIONS SCHEME ('ESOS') (cont'd)

The details of the options over ordinary shares of the Company are as follows: (cont'd)

	Number of options over ordinary shares					
	Outstanding as at 1.1.2019	Movements during the financial year			Outstanding as at 31.12.2019	Exercisable as at 31.12.2019
		Granted	Exercised	Lapsed		
2019						
5 June 2012	20,000	0	(20,000)	0	0	0
15 November 2013	454,000	0	0	(20,000)	434,000	434,000
28 May 2014	183,000	0	0	(20,000)	163,000	163,000
17 December 2014	1,066,000	0	0	0	1,066,000	1,066,000
15 June 2015	258,000	0	0	0	258,000	258,000
1 December 2015	542,000	0	0	(40,000)	502,000	502,000
21 June 2016	70,000	0	0	0	70,000	70,000
16 December 2016	59,000	0	0	0	59,000	59,000
3 July 2017	125,000	0	0	0	125,000	125,000
18 December 2017	19,000	0	0	0	19,000	19,000
8 June 2018	110,000	0	(3,000)	0	107,000	107,000
26 February 2019	0	760,400	(54,100)	(17,000)	689,300	689,300
3 September 2019	0	581,000	0	0	581,000	581,000
	2,906,000	1,341,400	(77,100)	(97,000)	4,073,300	4,073,300

Weighted average exercise prices (RM)	1.35	0.70	0.65	1.26	1.15	1.15
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Weighted average remaining contractual life (months)	41	29
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	Exercise price RM	Exercise period
2020		
15 November 2013	1.27	15.11.2013 - 4.6.2022
28 May 2014	1.75	28.5.2014 - 4.6.2022
17 December 2014	1.45	17.12.2014 - 4.6.2022
15 June 2015	1.51	15.6.2015 - 4.6.2022
1 December 2015	1.25	1.12.2015 - 4.6.2022
21 June 2016	1.25	21.6.2016 - 4.6.2022
16 December 2016	1.24	16.12.2016 - 4.6.2022
3 July 2017	1.30	3.7.2017 - 4.6.2022
18 December 2017	0.92	18.12.2017 - 4.6.2022
8 June 2018	0.69	8.6.2018 - 4.6.2022
26 February 2019	0.71	26.2.2019 - 4.6.2022
3 September 2019	0.69	3.9.2019 - 4.6.2022
26 February 2020	0.60	26.2.2020 - 4.6.2022
27 August 2020	0.47	27.8.2020 - 4.6.2022



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

31. EMPLOYEE SHARE OPTIONS SCHEME ('ESOS') (cont'd)

The details of the options over ordinary shares of the Company are as follows: (cont'd)

Share options exercised during the financial year resulted in the issuance of 1,036,400 (2019: 77,100) ordinary shares at an average price of RM0.48 (2019: RM0.65) each. The related weighted average ordinary share price at the date of exercise was RM0.61 (2019: RM0.79).

The fair values of share options granted during the financial year was estimated by using the Binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	Grant dates	
	26 February 2020	27 August 2020
Fair values of share options (RM):	0.09	0.05
Weighted average share price (RM)	0.66	0.52
Weighted average exercise price (RM)	0.60	0.47
Expected volatility (%)	26.51	25.80
Expected life (years)	2.25	1.75
Risk free rate (%)	3.00	2.15
Expected dividend yield (%)	7.38	9.46

	Grant dates	
	26 February 2019	3 September 2019
Fair values of share options (RM):	0.10	0.12
Weighted average share price (RM)	0.78	0.77
Weighted average exercise price (RM)	0.71	0.69
Expected volatility (%)	29.23	27.62
Expected life (years)	3.25	2.75
Risk free rate (%)	3.50	3.25
Expected dividend yield (%)	9.85	6.41

32. CONTINGENT LIABILITIES

	Group/Company	
	2020 RM	2019 RM
Corporate guarantee given to banks for credit facilities granted to subsidiaries - unsecured	173,476,000	207,867,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

32. CONTINGENT LIABILITIES (cont'd)

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits would be required or the amount is not capable of reliable measurement.

The Directors are of the view that the chances of the financial institutes to call upon the corporate guarantee are remote. Accordingly, the fair values of the above corporate guarantees given to the subsidiaries for banking facilities are negligible.

33. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries, associate and joint venture. Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 8 to the financial statements;
- (ii) Associate and joint venture as disclosed in Note 9 and Note 10 to the financial statements;
- (iii) Key management personnel, which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly;
- (iv) Companies in which certain Directors have substantial financial interests; and
- (v) Immediate family member of Directors of the Company and its subsidiaries.

The related parties and their relationships with the Group are as follows:

Name of related party	Relationship
Palmsfield Sdn. Bhd.	Company in which a Director of the Company has substantial financial interests.
Siram Permai Sdn. Bhd.	Company in which a Director of the Company has substantial financial interests.
Herbview Venture Sdn. Bhd.	Company in which the Director is family member of the Directors of the Company.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

33. RELATED PARTY DISCLOSURES (cont'd)

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Rental paid to companies of which a Director has interest	0	42,000	0	0
Rental received from a Company in which the Director is family member of the Directors of the Company	3,378	0	0	0
Lease payments made to companies of which a Director has interest	106,800	106,800	0	0
Dividend received from:				
- an associate	0	0	0	225,000
- subsidiaries	0	0	6,053,600	107,653,600
Interest charged to subsidiaries	0	0	1,500,087	1,289,038
Interest charged by subsidiaries	0	0	0	28,282
Deposit paid for the purchase of an investment property from a company of which a Director has interest	0	7,800	0	0
Consultant fee charged to an associate	0	1,000	0	0

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and the Company.

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Short term employee benefits	4,378,986	5,320,515	341,500	330,092
Contributions to defined contribution plan	588,888	728,307	0	0
	<u>4,967,874</u>	<u>6,048,822</u>	<u>341,500</u>	<u>330,092</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

33. RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of key management personnel (cont'd)

Included in the compensation of key management personnel are Directors' remuneration of the Group and of the Company as disclosed in Note 26 to the financial statements.

34. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group has a target gearing ratio at 50% determined as the proportion of net debt to equity. The Group includes within net debt, borrowings and lease liabilities less short term funds and cash and bank balances. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Borrowings (Note 19)	116,459,471	159,973,235	0	25,000,000
Lease liabilities (Note 6)	407,539	518,438	0	0
Less:				
Short term funds (Note 15)	(40,307,159)	(62,057,956)	(20,181,302)	(43,593,389)
Cash and bank balances (Note 16)	(57,267,922)	(96,075,316)	(5,969,219)	(29,692,173)
Net debt/(Net cash)	19,291,929	2,358,401	(26,150,521)	(48,285,562)
Total capital	653,139,322	639,769,479	378,755,050	383,467,098
Net debt/(Net cash)	19,291,929	2,358,401	(26,150,521)	(48,285,562)
Equity	672,431,251	642,127,880	352,604,529	335,181,536
Capital gearing ratio	2.87%	0.37%	*	*

* Capital gearing ratio is not presented as the Company are in net cash position.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity more than the twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2020.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

34. CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd)

(b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk and interest rate risk. Information on the management of the related exposures is detailed below.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The exposure of the Group to credit risk arises primarily from trade receivables. For other financial assets, cash and bank balances, the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

The objective of the Group is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Credit risk in the property development activity is negligible as sales are to purchasers who obtain financing from financial institutions. As such, majority of the credit risk has been effectively transferred to the financial institutions as provided for in the sales and purchase agreements. For those sales on cash basis, which only forms an insignificant portion of sales amount, credit risk is also negligible as titles will only be surrendered after full payments have been made. This is the normal industry practice currently.

The credit risk concentration profile has been disclosed in Note 13 to the financial statements.

(ii) Liquidity and cash flow risk

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet their financial obligations when they fall due. The exposure of the Group and of the Company to liquidity risk arises principally from their various payables, borrowings and lease liabilities.

The Group and the Company actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing their liquidity risk management strategy, the Group and the Company measure and forecast their cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group and of the Company.

Owing to the nature of its businesses, the Group and the Company always maintain sufficient credit lines available to meet their liquidity requirements while ensuring an effective working capital management within the Group and the Company.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Note 6, Note 19 and Note 22 to the financial statements.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The primary interest rate risk of the Group relates to interest-earning deposits and amounts due from subsidiaries and interest-bearing borrowings from financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

34. CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd)

(b) Financial risk management (cont'd)

(iii) Interest rate risk (cont'd)

As at the end of the reporting period, the Group and the Company do not engage any interest hedging instruments in respect of such interest rate fluctuations.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Note 6, Note 13, Note 16 and Note 19 to the financial statements respectively.

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 28 January 2020, the Company had entered into a Memorandum of Understanding with Show Chwan Medical Care Corporation ("Show Chwan") to collaborate efforts for the proposed establishment of a private specialist hospital at Pearl City (Bandar Tasek Mutiara), Simpang Ampat, Seberang Perai Selatan, Penang, a township under the development of the Company.

On 1 July 2020, the Company and Show Chwan had mutually agreed to extend the duration of the MOU by six (6) months to 27 January 2021 and subsequently on 28 December 2020, both parties agreed to extend the duration by another six (6) months to 27 July 2021. The duration of the MOU was extended due to unforeseen circumstances caused by the COVID-19 pandemic.

- (b) The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order ('MCO') effective from 18 March 2020 and has subsequently entered into various phases of the MCO until 28 April 2021.

For the Group, financial year 2020 was a challenging year where the Group's offices and development sites were temporarily closed from 18 March 2020 until 7 May 2020 in compliance with the MCO imposed nationwide. The project sites resumed construction works in stages after 8 May 2020. The MCO had affected new property sales during this period and also slowed down the progress of the development projects. Nonetheless, this slowed down of property market began picking up in second half of the year following the reinstatement of Home Ownership Campaign ("HOC") in June 2020. To remain resilient in such a difficult operating environment, the Group strengthen its cost management practices to avoid any cost overruns and constantly review its property project launches in order to meet the market demand.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows and undrawn facilities to meet its liquidity needs in the next twelve (12) months after the end of the reporting period. The Group does not anticipate significant supply disruptions and would continuing monitor its fund and operational needs.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

36. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

36.1 New MFRSs adopted during the current financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

36.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

Title	Effective Date
<i>Amendment to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020
<i>Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 17, MFRS 4 and MFRS 16)</i>	1 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)</i>	1 April 2021
<i>Annual Improvements to MFRS Standards 2018 - 2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

37. FINANCIAL REPORTING UPDATES

37.1 IFRIC Agenda Decision - Over time transfer of constructed good (IAS 23)

The IFRS Interpretations Committee ('IFRIC') received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development.

Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in IAS 23 *Borrowing Costs* and, therefore, capitalises any directly attributable costs.

The IFRIC concluded in March 2019 that, in the fact pattern described in the request:

- i. Any receivable and contract asset that the entity recognises is not a qualifying asset.
- ii. Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

The MASB announced on 20 March 2019 that an entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is in the process of obtaining new information and adapting its systems to implement this change in accounting policy. The implementation results would be reported during the financial year ending 31 December 2021.

37.2 IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ('IFRIC') issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 31 December 2020. There is no material impact on the financial statements of the Group as at the end of reporting period.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 13th Annual General Meeting (“AGM”) of Tambun Indah Land Berhad (“**Tambun Indah**” or “**the Company**”) will be held at Pearl City Sales Gallery, Lot 8936, Jalan Tasek Mutiara 2, Bandar Tasek Mutiara, 14120 Simpang Ampat, Penang on Wednesday, 16 June 2021 at 10.30 a.m. for the following purposes:-

AGENDA

As Ordinary Business

- | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of Directors and Auditors thereon. | Please refer
Note 9 |
| 2. To re-elect Ms. Lam Voon Kean, a director who retires by rotation in accordance with Article 102 of the Company's Constitution and who, being eligible, offers herself for re-election. | Resolution 1 |
| 3. To re-elect Ms. Tsai Chia Ling, a director who retires by rotation in accordance with Article 102 of the Company's Constitution and who, being eligible, offers herself for re-election. | Resolution 2 |
| 4. To approve the payment of Directors' Fees of not exceeding RM500,000.00 for the financial year ending 31 December 2021. | Resolution 3 |
| 5. To approve the payment of Directors' Benefits to non-executive directors of not exceeding RM150,000.00 from 17 June 2021 until financial year ending 31 December 2022. | Resolution 4
Please refer
Note 10 |
| 6. To approve the payment of a single tier final dividend of 2.4 sen per ordinary share for the financial year ended 31 December 2020. | Resolution 5 |
| 7. To re-appoint Messrs. BDO PLT as auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. | Resolution 6 |

As Special Business

To consider and if thought fit, to pass with or without modifications the following ordinary resolutions:-

- | | |
|-----------------------------------------------|------------------------------------------------|
| 8. AUTHORITY TO ALLOT AND ISSUE SHARES | Resolution 7
Please refer
Note 11 |
|-----------------------------------------------|------------------------------------------------|

“THAT, subject to the approvals of the regulatory authorities, the Directors of the Company be hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company.

AND THAT any Executive Director and/or Secretary of the Company be hereby authorised to obtain the approval from Bursa Securities for the listing and quotation of the additional shares to be issued and to do all such acts and things necessary to give full effect to such transactions as authorised by this resolution.

AND THAT, such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company.”

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

9. **PROPOSED RENEWAL OF GENERAL MANDATE FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES IN THE COMPANY PURSUANT TO THE DIVIDEND REINVESTMENT SCHEME**

Resolution 8
Please refer
Note 12

"THAT, pursuant to the Dividend Reinvestment Scheme approved by the shareholders at an Extraordinary General Meeting held on 19 June 2013, the Directors of the Company be hereby authorised to allot and issue such number of new shares in the Company upon the election of shareholders of the Company to reinvest the dividend pursuant to the Dividend Reinvestment Scheme until conclusion of the next AGM upon such terms and conditions and to such shareholders as the Directors may, in their absolute discretion, deem fit and in the best interest of the Company PROVIDED THAT the issue price of the new Tambun Indah shares shall be fixed by the Directors at not more than 10% discount to 5-Market Day volume weighted average market price of the Company's shares immediately prior to the price fixing date at the material time.

THAT the new Tambun Indah shares, shall upon allotment and issue, rank *pari passu* in all respects with the existing shares, save and except that the new Tambun Indah shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid, the entitlement date of which is prior to the allotment of the new Tambun Indah shares issued pursuant to the Dividend Reinvestment Scheme.

THAT the Directors of the Company be hereby authorised to do all such acts and things as are necessary or expedient in order to give full effect to the Dividend Reinvestment Scheme with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the authorities or as the Directors in their absolute discretion deem fit and in the best interest of the Company.

AND THAT any Executive Director and/or Secretary of the Company be hereby authorised to obtain the approval from Bursa Securities for the listing and quotation of the new Tambun Indah shares to be issued pursuant to the Dividend Reinvestment Scheme."

10. **PROPOSED CONTINUATION OF MR. LAI FOOK HOY IN OFFICE AS INDEPENDENT DIRECTOR OF THE COMPANY**

Resolution 9
Please refer
Note 13

"THAT Mr. Lai Fook Hoy be hereby authorized to be retained and continued to act as an independent director of the Company until the conclusion of the next AGM in accordance with Malaysian Code on Corporate Governance."

11. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

By Order of the Board,

LEE PENG LOON (MACS 01258)
SSM PC NO. 201908002340

P'NG CHIEW KEEM (MAICSA 7026443)
SSM PC NO. 201908002334

Company Secretaries

Penang

Date: 30 April 2021



NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

NOTES ON APPOINTMENT OF PROXY

1. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint a maximum of 2 proxies to attend and vote at the same meeting.
3. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Exempt Authorised Nominee") it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of 2 proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
5. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.
6. For a proxy to be valid, the Proxy Form duly completed must be deposited at the registered office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time for holding the AGM or adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. The completed Proxy Form transmitted by facsimile or electronic mail (e-mail) will not be accepted.
7. In the case of a corporate member, the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
8. Only a depositor whose name appears on the Record of Depositors on 9 June 2021 (General Meeting Record of Depositors) shall be eligible to attend the AGM or appoint proxies to attend and/or vote on his/her behalf.

NOTES ON ORDINARY BUSINESS

9. The Agenda 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require the shareholders' approval for the Audited Financial Statements. Hence, the Agenda 1 is not put forward for voting.
10. The Resolution 4, if passed, will enable the Company to pay meeting allowance, accommodation, travelling reimbursements, training and other benefits to non-executive directors of the Company in accordance with Section 230(1) of the Companies Act 2016. The total amount of directors' benefits payable is estimated based on the number of the non-executive directors as well as the number of scheduled meetings of the Board and Board Committees.

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

NOTES ON SPECIAL BUSINESS

11. The Resolution 7, if passed, will enable the directors to allot and issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in a general meeting will expire at the conclusion of the next AGM.

The proposed renewal of general mandate for issuance of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment, working capital and/or acquisition.

As at the date of this notice, the directors have not issued any shares pursuant to the general mandate granted at the last AGM of the Company.

12. The Resolution 8 is to seek a renewal of general mandate for the directors to allot and issue new shares upon election of the shareholders of the Company to reinvest the dividend declared by the Company from time to time pursuant to the Dividend Reinvestment Scheme, until the conclusion of the next AGM. A renewal of this mandate will be sought at the next AGM of the Company.
13. The Resolution 9, if passed, will enable Mr. Lai Fook Hoy, an Independent Director whose tenure exceeds a cumulative term limit of nine (9) years, to be retained and continued to act as the Independent Director of the Company. The Board through the Nominating Committee had assessed Mr. Lai Fook Hoy and had recommended him to be retained as an Independent Director of the Company. Mr. Lai Fook Hoy in his capacity as an Independent Director has demonstrated his objectivity and independent in expressing his opinions in the decision making of the Board. Further, his vast experience and background has contributed significantly to the performance monitoring and enhancement of good corporate governance practices in the best interest of the Company and its stakeholders.

NOTES ON ADMINISTRATIVE MATTERS

14. Registration will start at 9.00 a.m. and will end at 10.30 a.m. sharp or at such time as directed by the Chairman of the meeting.
15. In light of the recent COVID-19 pandemic, we will conduct a compulsory body temperature screening and hand sanitization at the entrance before members, proxy holders or invited guests ("Attendees") could proceed to the registration counter.
16. Attendees are required to wear face mask at all times and to provide your health declaration via MySejahtera mobile application; or to sign a health declaration form with contact details at the entrance for contact tracing, if required in future by relevant parties.
17. Attendees with body temperature at above 37.5°C and/or exhibit symptoms of respiratory illness such as sore throat, flu, cough, and/or shortness of breath will not be allowed to enter the meeting hall.
18. Attendees under Investigation and/or Person under Surveillance are not allowed to attend the 13th AGM.
19. Attendees who are feeling unwell are strongly advised not to attend the 13th AGM.
20. Attendees are required to adhere to all the precautionary measures in place at the venue of the AGM.
21. To ensure social and physical distancing and as a measure to reduce crowds, there will be no food and beverage served during the AGM.
22. Attendees are advised to visit www.mkn.gov.my for further information and/or latest updates, and to abide by the most current regulations at the time when deciding to attend the AGM in person.



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD)

- 1) No individuals are standing for election as directors at the forthcoming 13th Annual General Meeting of the Company.
- 2) The profiles of the directors who are standing for re-election as in Agenda 2 and 3 of the Notice of the 13th Annual General Meeting of the Company are set out in the Directors' Profile section of the Annual Report 2020.
- 3) The details of the directors' interests in the securities of the Company as at 31 March 2021 are set out in the Analysis of Shareholdings section of the Annual Report 2020.
- 4) The Resolution 7 tabled under Special Business as per the Notice of the 13th Annual General Meeting of the Company dated 30 April 2021 is a renewal of general mandate granted by shareholders of the Company at the last Annual General Meeting held on 29 July 2020.

The proposed renewal of general mandate for issuance of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

As at the date of notice of meeting, the directors have not issued any shares pursuant to the general mandate granted at the last Annual General Meeting of the Company.



TAMBUN INDAH LAND BERHAD
Registration No. 200801009158 (810446-U)
 Incorporated in Malaysia

PROXY FORM

*I/We (*I/C No. / Passport No. /
 Company No.)
 of
 being a *member/members of the abovenamed Company, hereby appoint
 (*I/C No. / Passport No.)
 of.....

.....or failing whom, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 13th Annual General Meeting ("AGM") of the Company to be held at Pearl City Sales Gallery, Lot 8936, Jalan Tasek Mutiara 2, Bandar Tasek Mutiara, 14120 Simpang Ampat, Penang on Wednesday, 16 June 2021 at 10.30 a.m., and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1.	Re-election of Ms. Lam Voon Kean as a director of the Company.		
2.	Re-election of Ms. Tsai Chia Ling as a director of the Company.		
3.	Payment of Directors' Fees for the financial year ending 31 December 2021.		
4.	Payment of Directors' Benefits to non-executive directors.		
5.	Payment of a single tier final dividend.		
6.	Re-appointment of Messrs. BDO PLT as auditors of the Company.		
7.	General mandate to allot and issue new shares in the Company.		
8.	Renewal of general mandate to allot and issue shares pursuant to Dividend Reinvestment Scheme.		
9.	Proposed continuation of Mr. Lai Fook Hoy in office as an Independent Director of the Company.		

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote as he thinks fit.

Signed thisday of.....,2021.

No. of shares held

Signature(s)/Common Seal of member(s)

For appointment of 2 proxies, the percentage of shareholdings to be represented by the proxies		
	No. of Shares	%
Proxy 1		
Proxy 2		
		100

Notes

1. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint a maximum of 2 proxies to attend and vote at the same meeting.
3. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Exempt Authorised Nominee") it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of 2 proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
5. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.
6. For a proxy to be valid, the Proxy Form duly completed must be deposited at the registered office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time for holding the AGM or adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. The completed Proxy Form transmitted by facsimile or electronic mail (e-mail) will not be accepted.
7. In the case of a corporate member, the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
8. Only a depositor whose name appears on the Record of Depositors on 9 June 2021 (General Meeting Record of Depositors) shall be eligible to attend the AGM or appoint proxies to attend and/or vote on his/her behalf.

**strike out whichever is not desired.*

Fold this flag sealing

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The Company Secretary
Tambun Indah Land Berhad
Registration No. 200801009158 (810446-U)
51-21-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

1st fold here



Tambun Indah Land Berhad
200801009158 (810446-U)

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