



ANNUAL REPORT 2017



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CORPORATE INFORMATION

Board of Directors

Lai Fook Hoy
Independent Non-Executive Chairman

Teh Kiak Seng
Managing Director

Teh Theng Theng
Executive Director

Teh Deng Wei
Executive Director

Tsai Chia Ling
Non-Independent Non-Executive Director

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Independent Non-Executive Director

Audit Committee

Lai Fook Hoy
Member / Independent Non-Executive Director

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Member / Independent Non-Executive Director

Remuneration Committee

Lai Fook Hoy
Chairman / Independent Non-Executive Director

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Member / Independent Non-Executive Director

Nominating Committee

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Chairman / Independent Non-Executive Director

Tsai Chia Ling
Member / Non-Independent Non-Executive Director

Lai Fook Hoy
Member / Independent Non-Executive Director

Company Secretaries

Lee Peng Loon (MACS 01258)
P'ng Chiew Keem (MAICSA 7026443)

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 (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
RHB Bank Berhad

Share Registrar

Tricor Investor & Issuing House Services Sdn. Bhd.
(Company No. 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)

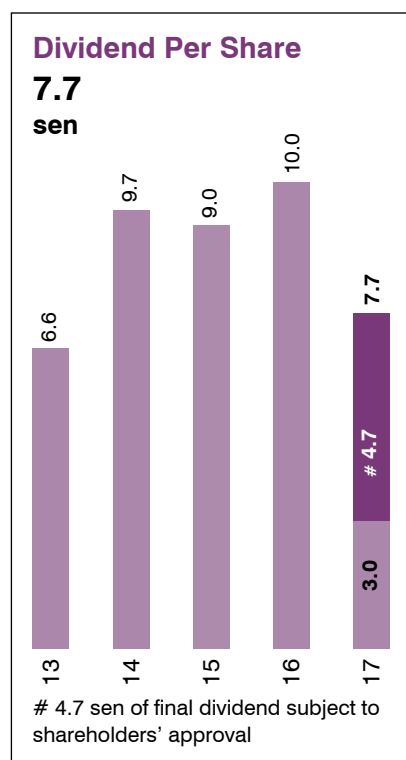
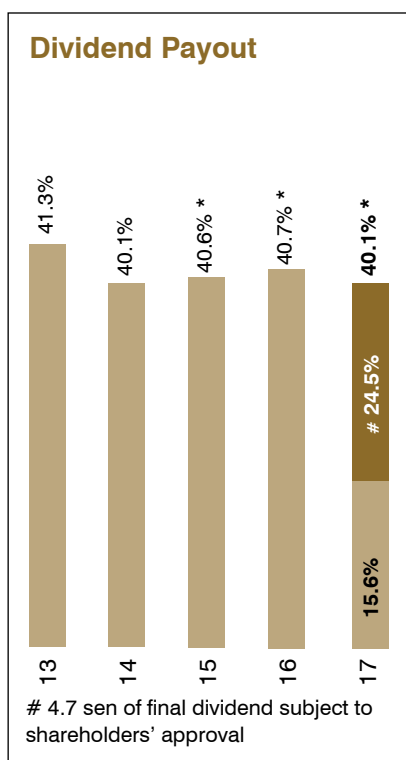
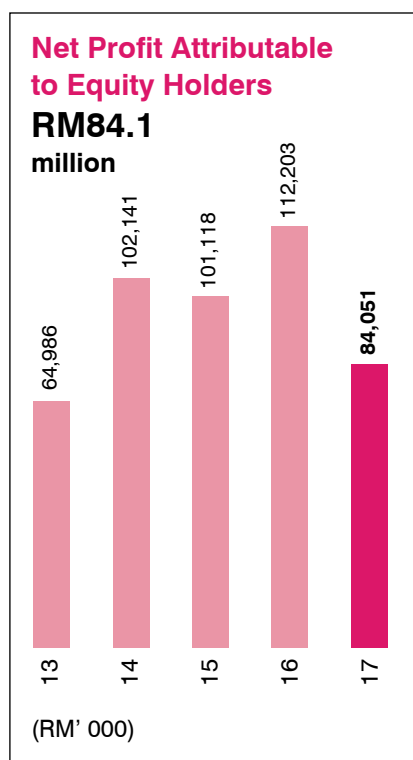
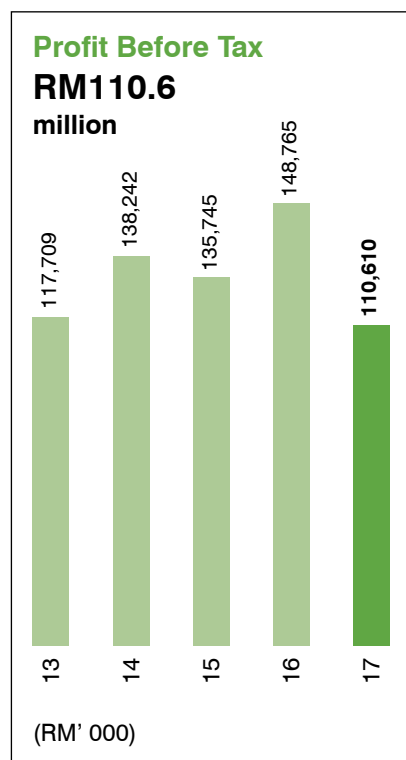
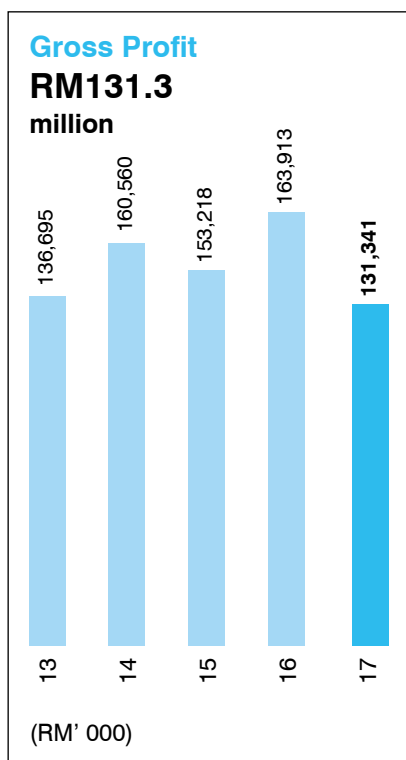
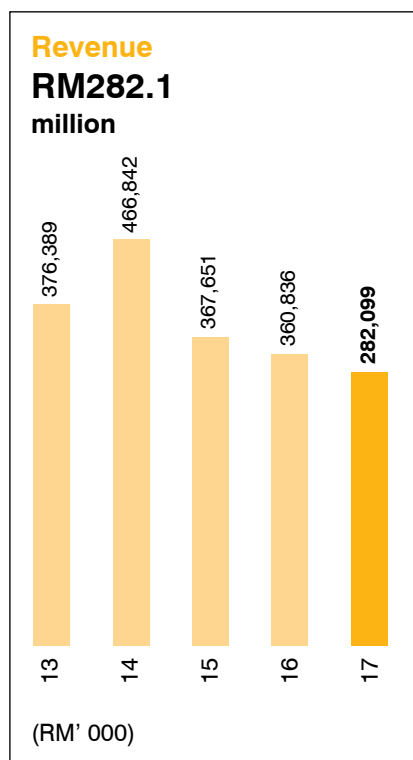
CORPORATE STRUCTURE



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%	❖	Jasnia Sdn. Bhd.	Property Development
100%	❖	Juru Heights Sdn. Bhd.	Property Development
100%	❖	Langstone Sdn. Bhd.	Investment Holding & Operation of Car Park
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



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

FINANCIAL HIGHLIGHTS (cont'd)

Summarised Group Statement of Profit or Loss and Other Comprehensive Income

	Financial Year Ended 31 December				
	Audited	Audited	Audited	Audited	Audited
	2013	2014	2015	2016	2017
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	376,389	466,842	367,651	360,836	282,099
Gross Profit	136,695	160,560	153,218	163,913	131,341
Profit Before Tax	117,709	138,242	135,745	148,765	110,610
Net Profit Attributable to Equity Holders	64,986	102,141	101,118	112,203	84,051

Summarised Group Financial Position

	Audited	Audited	Audited	Audited	Audited
	2013	2014	2015	2016	2017
	RM'000	RM'000	RM'000	RM'000	RM'000
Total non-current assets	157,130	325,434	363,423	328,985	313,093
Total current assets	339,779	336,346	410,534	420,163	435,596
Total assets	496,909	661,780	773,957	749,148	748,689
Share capital	197,113	210,390	212,074	213,676	287,520
Share premium	63,921	67,396	67,927	69,135	-*
Other reserves	1,387	975	1,560	1,633	958*
Retained earnings	47,646	118,231	178,207	251,980	292,739
Shareholders' equity	310,067	396,992	459,768	536,424	581,217
Non-controlling interests	3,515	2,409	2,736	2,562	1,880
Total non-current liabilities	73,819	121,928	140,251	97,365	68,536
Total current liabilities	109,508	140,451	171,202	112,797	97,056
	496,909	661,780	773,957	749,148	748,689
Net assets per share (RM)	0.79	0.94	1.08	1.26	1.34

* 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

	2013	2014	2015	2016	2017
Gross Profit Margin	36.32%	34.39%	41.67%	45.43%	46.56%
Profit Before Tax Margin	31.27%	29.61%	36.92%	41.23%	39.21%
Net Profit Margin	17.27%	21.88%	27.50%	31.10%	29.79%
Short term funds and cash and bank balances (RM'000)	125,939	138,147	183,918	120,836	105,284
Total borrowings (RM'000)	98,169	152,956	188,409	138,155	106,425
Net Gearing (net of cash)	Net Cash	3.73%	0.98%	3.23%	0.20%

CHAIRMAN'S STATEMENT



Dear Shareholders,

2017 Economic & Sector Review

The Malaysian economy recorded a robust Gross Domestic Product (GDP) growth of 5.9 percent in 2017, compared to 4.2 percent in the previous year. While buoyed by global sentiment, this performance was also boosted by strong exports and private sector demand. At the same time, the Ringgit strengthened against the US Dollar and rose to be the second-strongest performing currency in Asia.

Even in the midst of a strengthening economy in 2017, the property sector remained subdued, and the downtrend continued. The soft property sector in 2017 was largely due to perception from the purchasers' perspective. Not only did they have to grapple with stringent loan requirements imposed by the banks, buyers were also affected by the unfavourable market sentiment. This was further compounded with the serious mismatch between the prices of new property launches and what purchasers can afford.

Given the uncertainty and cautious sentiment, it was hardly surprising that property developers deferred planned launches, tampered original sales targets, and recalibrated their focus towards affordable and mid-market landed offerings in a bid to capture buyer attention. This led to a keenly competitive landscape amongst the few new launches, as developers strived to outdo each other in giving buyers the best-value-for-money products. The report by National Property Information Centre (NAPIC) lent credence to the slower 2017, with approximately 5 percent fewer property transactions for the 9 months' period in 2017 as compared to the similar period in 2016.

2018 Property Sector Outlook

The Malaysian property market is expected to remain flat in 2018, with buyers continuing to exercise caution in committing to high value transactions such as property purchases. However, residential landed Mainland Penang properties are expected to generate interest from potential buyers, as their offerings meet the considerations of most homebuyers with the amenities provided and at more affordable prices.

Also, the high prices of houses on the island create a platform for Mainland Penang to fill the gap in property ownership. A major pull factor for Mainland Penang is that it allows buyers to possess landed homes for their families in fully integrated townships rather than in apartments with limited living space.

Awards

Tambun Indah is proud to be ranked within the top 30 property developers in The Edge Property Excellence Awards 2017.

CHAIRMAN'S STATEMENT (cont'd)



Artist's impression : Pearl Saujana Permai

Appreciation

On behalf of the Group, I would like to express sincere thanks to the authorities, our business partners, and valued customers for their cooperation and support to the Group during the year. To our shareholders, thank you for your kind support and confidence in us.

On behalf of the Board, I would also like to express my gratitude to management and staff for their dedication, effort and contribution during the year. I am grateful to the members of the Board for their enduring commitment towards achieving sustainable growth and enhancing shareholders' value.

Thank you.

Lai Fook Hoy

Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS



Financial Performance

The Group's financial year ended 31 December 2017 (FY2017) reflected another challenging year for the Malaysian property market. The property development sector remained bearish on the back of cautious consumer spending amidst uncertain economic sentiment and stringent criteria of financial institutions constraining the disbursement availability of housing loans.

Against this backdrop, Tambun Indah launched fewer new projects in the year under review, commensurate with buyers' cautious stance. Therefore, group revenue for FY2017 stood at RM282.1 million compared to RM360.8 million previously, sustained mainly by progress billings for ongoing projects. Consequently, Tambun Indah delivered profit before tax (PBT) of RM110.6 million and net profit attributable to shareholders of RM84.1 million in FY2017. In comparison, the Group reported PBT and net profit of RM148.8 million and RM112.2 million respectively a year ago.

Correspondingly, basic earnings per share decreased to 19.5 sen in FY2017 from 26.4 sen a year ago.

In FY2017, the primary revenue drivers for the Group were property development and property management segments, accounting for RM277.2 million or 98% (FY2016: RM356.6 million or 99%) of the Group's total revenue. This was mainly underpinned by revenue recognition from ongoing construction of projects in Bandar Tasek Mutiara (Pearl City) during the financial year, bolstered by sales from new launches and three successful completed developments in Penang, namely Straits Garden in Jelutong, Camellia Park in Butterworth and Permai Residensi in Bukit Mertajam.

The Group's investment holding segment recorded improved revenue of RM4.9 million (FY2016: RM4.2 million), with the addition of improved rental income from Straits Garden commercial shop.

Tambun Indah made conscientious efforts to maintain a strong balance sheet as part of reinforcing our foundation amidst the soft property development landscape. As at end-FY2017, shareholders' equity rose to RM581.2 million from RM536.4 million in the previous period on higher retained earnings. Total borrowings reduced to RM106.4 million from RM138.2 million in the previous year-end, as did the short term funds and cash and bank balances to RM105.3 million from RM120.8 million. This has resulted the Group being in positive financial health with a net gearing of 0.002 times.

The Group's net assets attributable to shareholders stood at RM581.2 million, an improvement from RM536.4 million as at end-FY2017. On a per share basis, net assets attributable to shareholders improved to RM1.34 from RM1.26 in the same period.

Dividends

The Group is committed to the payment of annual dividends and has a progressive dividend policy that pays 40% to 60% of net profit, excluding any valuation gain or loss on investment properties.

Tambun Indah declared an interim single-tier dividend of 3.0 sen per share in respect of FY2017 which was paid on 12 February 2018.

The Board had also proposed a final single-tier dividend of 4.7 sen per share for shareholders' approval at the forthcoming Annual General Meeting.

Together, total dividends declared in respect of FY2017 amounts to 7.7 sen per share, representing a dividend payout of approximately RM33.4 million which constitutes 40% of the Group's net profit, excluding valuation gain on investment properties.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

Operations Review

Property Development

With 24 years' experience in innovative property development and vast number of satisfied home-buyers, Tambun Indah remains dedicated to not just building homes, but to strengthening communities as well, by creating developments of outstanding quality and sustainable living environment in a strategic location. We are pleased to note buyers' appreciation of these attributes, demonstrated by a strong take-up rate of 69.65% across ongoing projects valued at total Gross Development Value (GDV) of RM848.5 million in end-FY2017.

During the financial year under review, Tambun Indah has launched two new projects, Pearl Evergreen and Pearl Saujana Permai, with a combined GDV of RM133.1 million.

As at end-2017, the on-going projects are as follow:-

Project	Estimated Gross Development Value (RM million)
Raintree Park 1 338 units of landed homes (terrace, semi-detached, linked semi-detached and duplex villas) within a gated and guarded community and with club-house facilities	171.9
Raintree Park 2 426 units of landed homes (terrace, semi-detached, linked semi-detached and duplex villas) within a gated and guarded community and with club-house facilities	224.6
Avenue Garden 312 units of serviced apartments within a 17-storey building	97.2
Pearl Tropika 279 units of double storey landed homes (terrace and semi-detached)	149.8
Pearl Saujana Permai 219 units of double storey landed homes (terrace and semi-detached)	110.8
Pearl Evergreen 30 units of double storey landed homes (semi-detached and bungalow)	22.3
Residensi Bukit Kecil, Bukit Mertajam 122 units of double storey landed homes within a gated and guarded community and with club-house facilities	71.9
Total	848.5

With the exception of Residensi Bukit Kecil, the on-going projects are part of the developments in the growing township of Pearl City.

In FY2017, Tambun Indah successfully sold 289 units of properties valued at RM146.3 million in total. Unbilled sales at end-December 2017 stood at RM66.0 million which would be recognised in the next two years.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)



Pearl City

Tambun Indah's 1,200-acre Pearl City township is ideally located in the southern area of Mainland Penang, which is the hotbed of commercial and industrial development and thus anticipated to witness strong population growth for many years to come.

The Group's flagship township saw two newly launched projects in 2017, namely Pearl Evergreen and Pearl Saujana Permai. Pearl Evergreen is an exclusive eco-living residential community, comprising 30 units of double-storey linked semi-detached houses and bungalows. Pearl Saujana Permai in the meantime offers a total of 219 residential units of double-storey semi-detached houses and double-storey terrace houses.

Both developments are strategically located close to North-South Highway, Penang Second Bridge, Penang Science Park, Bukit Minyak Industrial Park and more. It is also surrounded by comprehensive amenities, broad choice of learning institutions, supermarkets, shops, and other facilities. These two projects have achieved cumulative take-up rate of 19% as at end-2017, amidst challenging outlook of the property development sector in Malaysia.

Pearl City currently has developed more than 7,000 homes since its commencement more than 10 years ago, and today boasts a significant population within a vibrant integrated township. To foster community sustainability, the Group successfully developed and delivered a futsal court and Pearl City hawker complex to the Seberang Prai Municipal Council (MPSP) for community's convenience and enjoyment. The Group has also partnered with Telekom Malaysia to facilitate the deployment of converged telecommunications and smart services, including UniFi into Tambun Indah's developments. These complement the existing facilities of various reputable schools, food and beverage outlets, retail outlets and Pearl City Mall which began operations in 2016.



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

Property Investment

Tambun Indah's portfolio of investment properties comprises of the Group's prime assets within its development. The Group continues to yield a steady revenue stream from its investment properties, such as GEMS International School (Pearl City) and Straits Garden Commercial Shop, as well as the recurring income from the joint venture company, TNC Capital Sdn Bhd which owns Pearl City Mall.

GEMS International School (Pearl City), with capacity of up to an enrolment of 1,500 students, started its first semester intake in September 2015. With the increasing preferences for premium English-medium international schools in Malaysia, GEMS International School, being the first international school in Mainland Penang, meets the needs of the local residents and is poised for a strong growth potential.



GEMS International School



Pearl City Mall

At the heart of Pearl city is the 170,000 sq ft Pearl City Mall, which is master leased to C-Mart, a well-known mall chain in Northern Peninsular widely visited by the general public and has begun operations since 2016.

Pearl City Mall continued to stamp its mark in bringing reputable brands, attracting Quan-U furniture store, one of the largest furniture manufacturers in Asia, during the year. This new addition will benefit the residents in the township as well as the surrounding vicinity, hence further creating more value to Pearl City Business Park.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

Operational and Financial Risks

Like all domestic property developers in Malaysia, Tambun Indah's operations are mainly influenced by the nation's economic wellbeing, federal and state regulations and policies.

Industry reports indicate that the local property development industry for 2018 is estimated to continue being challenging due to soft consumer spending, stringent loan requirements, and increasing cost of living.

The Group is mindful of new players entering and existing players accelerating their expansion in Mainland Penang. The Group has proactively taken steps to solidify its position by adapting our products offerings to meet buyers' needs and embarking on localised marketing strategies to reflect current sentiment.

In response to the challenging market conditions, the Group would focus on further enhancing the value of our existing landbank by offering various amenities to capture prevailing trend of property buyers. The Group would also supplement these efforts by maintaining an efficient cost structure and healthy financial position. The Group also continually engages the public to attract prospective buyers of various focus groups via strategic marketing and advertising, thus enabling valuable two-way feedback for future decision-making.

Overall, Tambun Indah intends to continue managing inherent risk to the property management sector through efficient operational model and prudent financial administration.



Growth Strategies

We remain resolute in the Tambun Indah's capability for growth on the back of our strategically-located landbanks, strong balance sheet and integrated sustainable living approach to property development.

In FY2018, we hope to launch two new projects with total GDV of RM158.0 million, comprising Palma Residency and Palm Garden. Palma Residency is a landed gated and guarded community which is located at a prime location in Alma, Bukit Mertajam, comprising 90 units of terrace house. Palm Garden in the meantime offers a total of 335 units of serviced apartments in two 18-storey blocks adjacent to GEMS International School.



The Group currently has a pipeline GDV of RM3.0 billion yet to be developed and is expected to contribute positively to the Group's revenue over the next seven years.

To gain top-of-mind awareness and demonstrate our enduring commitment to improvement, the Group will continue to focus on further developing its existing landbank in Pearl City and equipping the township with new and exciting living solutions to foster stronger community lifestyles and promote vibrancy.

At the same time, Tambun Indah's healthy balance sheet places us in prime position to constantly look out for compelling landbank opportunities for future expansion. This would be our foremost priority to ensure sustainable continuity in the long term.

Conclusion

Overall, the Group has overcome a tough FY2017 and the current difficult environment is expected to persist into the next financial year. Nevertheless, Tambun Indah is confident that with the Group's strong brand name, strategically-placed established developments and right product strategies, we will continue to move forward resiliently and strive towards enriching the lives of communities together.

On behalf of the Board, we would like to convey our sincere appreciation to our shareholders, business associates, staff, stakeholders and most importantly our customers for your continued support and belief in Tambun Indah.

Ir. Teh Kiak Seng
Managing Director

SUSTAINABILITY STATEMENT

OUR APPROACH ON SUSTAINABILITY

At Tambun Indah Land Berhad (“Tambun Indah” or “the Group”), the pursuance of sustainability has always been an integral part of our business process as we strive to achieve continual financial performance and consistent growth. Recognising the overwhelming importance of sustainability in our business, we have endeavoured to embed sustainable elements within practices throughout our organisation.

Henceforth, our maiden statement on sustainability is aimed at illustrating our sustainability themes and what we have achieved this year in addressing the economic, environmental and social aspects of sustainability in relation to the Group.

Our journey towards establishing the Sustainability Reporting framework, as introduced by Bursa Malaysia Securities, will involve the formalisation of our governance structure, to effectively oversee the management of sustainability matters deemed material by our stakeholders. Alongside, we will be developing a materiality assessment process and its matrix, as well as a reporting mechanism that tracks our progress against key sustainability targets in the upcoming financial year.

IDENTIFYING OUR SUSTAINABILITY THEMES

Tambun Indah is committed to creating and upholding long-term value for our stakeholders, categorised between Internal Stakeholders, consisting of employees among others and External Stakeholders that primarily including, but not limited to, buyers, service suppliers, investors and the local communities. From the preliminary identification process, such groups have been the targeted source of information for us in identifying essential sustainability interests and concerns.

As a group, we explored the means of assessing our sustainability standpoint among key figures within departments such as Sales and Marketing, Project and Contract, Finance, Human Resource and Corporate Administration. Towards this end, we ascertained that the underlying theme and ambition for sustainability for the Group are as follows:-

- ✓ **Product Responsibility and Reputation**
- ✓ **Sustaining Local Service Supply**
- ✓ **Environmental Stewardship**
- ✓ **Talent Retention and Development**
- ✓ **Community Engagement Initiatives**

The Group understands and acknowledges that in order to progress towards meeting its sustainability goals, its existing themes will continue to grow and evolve. Therefore the Group will have a constant and consistent sense of focus on sustainability for long-term value creation to all its stakeholders.

PRODUCT RESPONSIBILITY AND REPUTATION

Tambun Indah recognises that sustainability in its business is achieved and maintained through the delivery of quality, reliable and durable products to its customers. This builds brand equity and connection with our customers, and we will continuously work to develop and sustain this relationship. Policies and procedures have always been in place within the Group towards ensuring the quality of deliverables within a productive and time efficient manner. The Group consistently encourages its experienced and knowledgeable management team to be focused on the branding of Tambun Indah to be synonymous with quality, functionality, and appeal in its project developments.

This is in addition to the emphasis placed on after-sales services, whereby any feedbacks from customers are treated and addressed with utmost prominence by the Group. Such opportunities are used as a means to provide good customer service, as well as to engage with customers to understand ‘quality housing’ from their perspective. In this regard, the Group must also adapt to change, so as to be able to provide new products should circumstances change.

SUSTAINING LOCAL SERVICE SUPPLY

With consideration of a sound supply chain environment, the Group advocates for a fair and ethical conduct of engagement with local goods and service suppliers, such as contractors and consultants. We believe this encourages a high level of objectivity and impartiality in supply selection which will ultimately lead to a long term and mutually beneficial relationship between us and suppliers.

Throughout the Group’s history, we have predominantly focused our engagement with competent and resourceful suppliers that are based within the Group’s significant location of operation. For measure, the main consideration for the Group in sourcing suppliers has been the location of each supplier, of which suppliers are sourced from the Northern and Central region of Peninsular Malaysia and with a majority of them originating from the surrounding local vicinity of Mainland Penang.

This is motivated from the core opinion of the Group that we believe in making a positive impact on regional economic growth and development through the commitment of our business plans and operations. Moving forward, hence, this practice will be upheld with the reflection on expanding our engagements to include diversity in the type of supply and growth of capacity, where possible.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL STEWARDSHIP

In a world increasingly concerned about environmental preservation, Tambun Indah has considered an active role in environment stewardship as part of our strategy towards sustainability. With the belief that the actions of today would ultimately leave a footprint on our future generation, the Group drives operations that are environmentally responsible, and that adequate steps are taken to protect and effectively manage risks that may adversely impact the surrounding environment.

During 2017, we took on the opportunity to sponsor and participate in Seberang Prai Municipal Council (MPSP) 60th Merdeka Day program which was initiated for the tree sapling planting around various location in Seberang Prai, Penang. In total, the Group contributed 100 tecoma tree saplings and had a team of employees voluntarily participated in the event which eventually achieved the planting of 3000 saplings, an achievement which was recorded in the Malaysia Book of Records.



Majlis Perbandaran Seberang Perai 60th Merdeka Day tree sapling planting program at Pearl City, Simpang Ampat, Penang

In addition, the Group adopts energy and water efficient strategies in its operations. A culture is embedded among its employees and contractors for the conservation of electricity, water and paper during the day to day operations.

As a continuous effort, the Group will consider assessing the various aspects of environmental concerns that may relate to the efficiency of waste management practices, the feasibility of managing recyclable materials and the viability of using sustainable building materials in the near future.

TALENT RETENTION AND DEVELOPMENT

With employees as the vital component of an organisation's operation, their performance, commitment and loyalty to the job are not only critical in achieving goals and objectives but fundamental for the Group's long-term success and sustainability. In this respect, Tambun Indah recognises the need to enhance its human capital foundation by strengthening leadership and encouraging the advancement of skills and knowledge in order to attract and retain the right talent.

For the objective of enhancing personal and career development of employees, training and development programmes/courses conducted in-house as well as by external parties were routinely organised throughout 2017, involving each management tier of the Group. Additionally, in support of continuous pursuance of education, examination leave has been part of each employee's benefit within the Group.

The Group's performance appraisal structure and open-workplace culture has also encouraged better understanding of performance development needs of our employees along being a means of healthy communication in between each tier of management.

Health and workplace safety are also important aspects of the Group's operations. Promotion of worksite safety has been instilled in all workers, including contract workers.

SUSTAINABILITY STATEMENT (CONT'D)

Furthermore, wellbeing and safety of employees was on the Group's main concern, when we granted compensation leave to employees, who were affected in the wake of the flood disaster which impacted the community of Penang in 2017. Likewise, to accomplish a sense of belonging among the employees and as a token of gratitude in recognising their efforts, we have continued the practice of conducting team gatherings, company trips and annual company dinners.

Ultimately, the abovementioned efforts have preceded us in achieving low rate of employee turnover over the last three years, which highlighted a rate of 4% to 9% for the period between 2015 to 2017. Human capital management, therefore, becomes a part of our overall effort and strategy to achieve cost effectiveness and sustainable performance within the Group.



Company trip to Hainan, People's Republic of China



Staff Appreciation Dinner 2017

COMMUNITIES ENGAGEMENT INITIATIVES

Contribution to the society is an important perspective of Tambun Indah as we acknowledge that our operations can have considerable impact on the surrounding communities. Hence, we strive to be socially aware and act responsibly for the benefits of the society by conducting activities that support social causes, promote healthy living and provide educational opportunities.

Activities conducted throughout 2017 take the form of outreach programmes, corporate sponsorships, in-kind donations and so forth. The various local cultural events and community activities that were supported by the Group through sponsorship, participation and employee volunteerism can be outlined within the following highlights:-

Provision of Infrastructure and Amenities

In 2017, Tambun Indah successfully completed a development project for the local community of Bandar Tasek Mutiara whereby the Pearl City hawker complex and futsal court was successfully constructed and handed over to the Seberang Prai Municipal Council (MPSP) in June 2017. The effort was undertaken by the Group in line with our continuous consideration of the local community's needs, as with this project, to provide the community with a convenient facility infrastructure.

Besides, the Group initiated a collaboration signing with Telekom Malaysia with the objective to cooperate and facilitate the deployment of converged telecommunications and smart services into the Group's development projects. The co-operation was established in order to provide the community within each project with an updated infrastructure and the opportunity to access seamless communication facility.



TM Collaboration Agreement signing ceremony



Official opening of Pearl City Hawker Complex and Futsal Court Simpang Ampat, Penang

SUSTAINABILITY STATEMENT (CONT'D)



Fun Ride event held at Bandar Tasek Mutiara, Simpang Ampat, Penang

Building Local Community Relation

The Group undertook the initiative in sponsoring and participating a “Fun Ride” event held at Bandar Tasek Mutiara during the year. Said event was treated as a means of engagement between the Group and resident association committees, local residents, surrounding schools’ board of committees, as well as local authorities.

Moreover, throughout the year, we supported various local resident associations through the sponsorship of fishing competition and Mid-Autumn Festival celebration, intended for cultivating and sustaining proactive relationship with the local communities.



Opening ceremony of the late “Tan Choon Ghee” art exhibition in Penang Art Gallery

Promoting Local Arts and Culture

In line to supporting local arts heritage, Tambun Indah portrayed sincere support when we took the opportunity in sponsoring monograph for the art exhibition of the paintings by the late Tan Choon Ghee. Similarly, the Group sponsored the Butterworth Fringe Festival that was held concurrently with George Town Festival as well as contributed to the Karnival Pesta Tanglung 2017 which was a community cultural event held by the local council of Seberang Perai Selatan.



Blood donation drive in collaboration with Hospital Pulau Pinang at Bandar Tasek Mutiara Sales Gallery, Simpang Ampat, Penang

Charitable Efforts

Towards this cause, during 2017, the Group contributed monetary donation to a total of 31 non-profit organisations, charitable bodies, local religious associations and fund-raising events held by local educational institution, which aimed at providing assistances to the special needs, less fortunate and senior community groups. Besides, the Group organised a blood donation drive at the Sales Gallery in Bandar Tasek Mutiara in collaboration with Hospital Pulau Pinang as part of a public awareness event.

Along with the aim of providing on-going assistance in developing the community surrounding the Group's project, we also sponsored the cost of maintenance works carried out at a local secondary school, Sekolah Menengah Bandar Tasek Mutiara, alongside the provision of necessary fixtures and fittings.

From the abovementioned efforts, it is the viewpoint of Tambun Indah that a symbiosis exists between a company and the community in which without the latter, uncertainties may be induced into the Group's sustainability.

TOWARDS A SUSTAINABLE FUTURE

In our journey towards embedding sustainability into our business, the Group was led to reassessing its current operations and reviewing its performance in another essential perspective. As the Group commits itself in balancing good Economic performance with responsible Environmental and Social considerations, the Group will ensure that the notion of sustainability be embedded within our organisation as an important corporate culture.

We will be looking forward to further seek enhancement opportunities and mitigate foreseeable risks in delivering true and sustainable value for our stakeholders. This will be our long term commitment in recognising the need of a sustainable future.

DIRECTORS' PROFILE

Lai Fook Hoy

Independent Non-Executive Chairman

Lai Fook Hoy, a Malaysian, aged 67, 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 Remuneration Committee, a member of the Audit Committee and 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 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

Managing Director

Teh Kiak Seng, a Malaysian, aged 68, Male, is the founder of our Group. He was appointed to the Board of Tambun Indah on 19 March 2008 and is presently the Managing Director.

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.

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

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 Theng Theng

Executive Director

Teh Theng Theng, a Malaysian, aged 54, Female, was appointed to the Board of Tambun Indah on 23 November 2010 and is presently an Executive Director of the Group.

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.

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

Teh Deng Wei

Executive Director

Teh Deng Wei, a Malaysian, aged 31, Male, was appointed to the Board of Tambun Indah on 18 November 2016 and is presently an Executive Director of the Group.

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 is the son of Teh Kiak Seng, the Managing Director of the Group 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.

DIRECTORS' PROFILE (CONT'D)

Tsai Chia Ling

Non-Independent Non-Executive Director

Tsai Chia Ling, a Taiwanese, aged 39, Female, was appointed to the Board of Tambun Indah on 27 July 2012 as an alternate director to Mr Tsai Yung Chuan and is presently the Non Independent Non-Executive Director. She is also a member of 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. Currently, she is the Executive Director of Chin Well Holdings Berhad, a company listed on the Main Market of Bursa Securities.

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.

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali

Independent Non-Executive Director

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali, a Malaysian, aged 69, Male, was appointed to the Board of Tambun Indah on 15 April 2011 and is presently the Independent Non-Executive Director. He is also the Chairman of Nominating Committee, a member of the Audit Committee and a member of Remuneration Committee.

He is a member of the Malaysian Institute of Accountants, a Fellow of the Association of Chartered Certified Accountants (UK), a Fellow of the Institute of Chartered Accountants (England and Wales) and a member of the Malaysian Institute of Certified Public Accountants. He holds a Masters in Business Administration (MBA) from the University of Leicester, England, a M.Sc. in International Business Administration from SOAS, University of London.

He is currently an Executive Director of Prolexus Berhad.

He was previously attached to an international accounting firm as a partner and has more than 30 years of experience in statutory audits, financial accounting and corporate finance.

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.

DIRECTORS' PROFILE (CONT'D)

Yeoh Chong Keat

Independent Non-Executive Director

Yeoh Chong Keat, a Malaysian, aged 59, Male, was appointed to the Board of Tambun Indah on 23 November 2010 and is an Independent Non-Executive Director. He is the Chairman of Audit Committee, a member of the Nominating Committee and a member of the Remuneration Committee.

He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Chartered Tax Institute of Malaysia, a Chartered Accountant of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants.

Yeoh Chong Keat trained and qualified as a Chartered Accountant with Deloitte Haskins & Sells, Birmingham, United Kingdom (now part of PwC network.) and was formerly the head of a leading corporate services firm for over 10 years before founding Archer Corporate Services Sdn. Bhd which provides corporate secretarial and advisory services to private and public listed companies. He is the President/CEO of Archer Corporate Services Sdn. Bhd.

He has accumulated a wealth of experience in audit, tax, financial and management consulting and corporate secretarial work with "Big Four" firms in the United Kingdom and Malaysia. He is a Director of Lien Hoe Corporation Berhad, AbleGroup Berhad, and Advancecon Holdings Berhad which are listed on the Main Market of Bursa Securities. He is also a director of Axis REIT Managers Berhad (which manages Axis REIT, whose units are listed on the Main Market of Bursa Securities).

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.

Yeoh Chong Keat 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.

Yeoh Chong Keat resigned from the Board on 12 March 2018.

SENIOR MANAGERIALS' PROFILE

Thaw Yeng Cheong

Project Director

Thaw Yeng Cheong, a Malaysian, aged 59, Male, was appointed as an Executive Director on 1 June 2010. He heads the project department of the Company and oversees the planning, design, approvals, costing and implementation of the projects. On 19 November 2013, he resigned as the Executive Director to focus primarily on his duties and responsibilities as Project Director of the Group.

He graduated with a Bachelor of Architecture degree from University of Bombay on 11 February 1984. He is a Certified Member of the Financial Planning Association of Malaysia and has been involved in the property development industry in a senior managerial role with an architectural consultant firm from 1985 to 2010. Throughout his career, he was involved in the design, concept inception, management, budgeting and building processes. His experience ranges across diversified projects comprising of residential, commercial, industrial and institutional development which includes housing, hotels, schools, hospitals, factories, community halls and resorts.

During his tenure with the consultant firm, he had dealt with several established listed and non-listed property development companies. Among his involvement with notable clients are IJM Corporation Bhd, DNP Land Sdn Bhd, Lion Properties Sdn Bhd and Oriental Interest Bhd, among others.

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.

Thaw Yeng Cheong does not hold any directorship in any public companies and listed issuers.

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.

Lim Beng Hoe

Senior General Manager

Lim Beng Hoe, a Malaysian, aged 54, 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 27 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. He 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 of 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 & Aeon Big hypermarket mall in Alor Setar.

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.

Lim Beng Hoe does not hold any directorship in any public companies and listed issuers.

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.

SENIOR MANagements' PROFILE (CONT'D)

Neoh Sze Tsin

Chief Financial Officer

Neoh Sze Tsin, a Malaysian, aged 35, Male, joined Tambun Indah Group as Finance and Admin Manager on 29 April 2008. 1 May 2011, he was promoted to Group Financial Controller where he was in charge of the Group's accounting, corporate finance, tax and treasury functions. He was appointed as the Chief Financial Officer of the Group on 19 November 2013.

He graduated with a professional accountancy qualification from the Association of Chartered Certified Accountants in 2008. He is a member of the Malaysian Institute of Accountants and fellow member of the Association of Chartered Certified Accountants.

He started his career as an audit assistant in a medium size audit firm in 2002 and held the position of manager before he left in 2007. During his tenure with the audit firm, he was involved in various audit engagements and corporate assignments relating to the initial public offerings (IPO) of public companies on the Malaysian stock exchange. His experiences also include providing assurance and consulting services to public listed and local corporations covering various industry sectors ranging from property development, construction, manufacturing and trading.

In 2007, he joined Tejari Technologies Berhad (now known as 1 Utopia Berhad), a publicly listed company on the ACE Market of Bursa Malaysia Securities Berhad as Internal Audit and Risk Management Manager. Subsequently, he left Tejari Technologies Berhad in 2008 and joined Tambun Indah Group.

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.

Neoh Sze Tsin does not hold any directorship in any public companies and listed issuers.

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.

Roselyn Tan

Deputy General Manager

Roselyn Tan, a Malaysian, aged 41, Female, joined the Group as Deputy General Manager on 1 November 2016.

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 17 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 is currently managing the corporate affairs and general administration of the Group.

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.

Roselyn Tan does not hold any directorship in any public companies and listed issuers.

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 Framework

The Board of Tambun Indah Land Berhad ("the Company"), believes that corporate governance is essential for delivering sustainable value and is vital for the success of the business of the Company and its subsidiaries' ("the Group"). The Board 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.

This statement sets out the Company's corporate governance practices with reference to the Principles and Recommendations in the Malaysian Code of Corporate Governance issued on 26 April 2017 ("CG Code" or "the Code"). As at the date of this statement, the Board is pleased to present this statement and explain how the Company has applied the three (3) principles which are set out within the Code:

- (a) Board leadership and effectiveness;
- (b) Effective audit and risk management; and
- (c) Integrity in corporate reporting and meaningful relationship with stakeholders.

In addition, further disclosure was made with regard to the three (3) principles as abovementioned within a Corporate Governance Report, which is available on the Company's website www.tambunindah.com.

Compliance with the Code

The Board considers that the Company has complied with the provisions and applied the main principles of the CG Code for the whole of the financial year ended 31 December 2017 ("FY2017") except for the following:-

- Practice 4.1 (At least half the Board comprises Independent Directors)
- Practice 7.2 (The Board discloses on a named basis the top five (5) senior management's remuneration 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 - including voting in absentia; and remote shareholders' participation at General Meeting)

BOARD LEADERSHIP

Role of the Board

The Board takes full ownership in facilitating its ongoing oversight and overall performance of the Group and their executive responsibility in providing leadership within a structure of prudent business decisions and effective controls which enables risk to be appropriately assessed and managed for running the day-to-day business of the Group that will enhance shareholders' value and long term business sustainability and growth of the Group as a whole.

The members of the Board have been selected based upon the criteria of recognized skills, experience and capabilities in their specific field of expertise and a diversity of viewpoints and knowledge which directly benefits the operations of the business. Further details regarding the details and background of each Board member is disclosed in the Directors' Profile section of this Annual Report.

Role and Responsibilities of the Board

The Board provides entrepreneurial leadership as well as overseeing the overall performance objectives and long term success and sustainability of the Group. The Group has a clearly defined organisational chart and framework of assigning authority and responsibility to its specific requirements. The manual on Limits of Authorities (LOA) approved by the Board sets out clear authority limits to ensure checks and balances through segregation of duties.

The Board, in discharging its leadership's role, essentially covers the following functions:-

Strategic Planning

The strategic planning process begins at the senior management level after assessment and review of the business environment as well as the progress of the previous year's activities. The senior management also takes into consideration feedback from its employees, customers and other stakeholders of the Group with which the Group conducts its business to ensure the best outcome for the ensuing year, and in the best interest of the Group and its stakeholders.

Based on the above, the senior management prepares the business plan and presents the internal profit forecast for the review and approval of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

BOARD LEADERSHIP (cont'd)

Role and Responsibilities of the Board (cont'd)

Conduct of the Group's business

There is a clear division of responsibilities between the Chairman and the Managing Director. The Chairman of the Group has no executive function and is responsible for orderly conduct and proceedings of meetings. In addition, the Chairman is also responsible in promoting a culture of openness and active participation in meetings.

The Managing Director of the Group is responsible for the overall operation and financial performance of the Group. The Managing Director heads a senior management team in the day-to-day operation of the Group. The senior management team consists of senior employees holding the positions of Executive Director, Project Director, Chief Financial Officer, Senior General Manager and Deputy General Manager. The senior management will be invited to attend the Board meetings and to provide the Board with any such relevant information or updates, as and when required by the Board.

The role of Independent Non-Executive Directors is particularly important to the Group being fundamental to good corporate governance. The Independent Non-Executive Directors' role is to provide unbiased, objective and independent views, advice and judgements, taking into account the long-term interest of shareholders, employees, customers, suppliers and other stakeholders of the Group.

Succession Planning

According to the LOA and the Board Charter, the Managing Director is responsible for the succession planning of key management positions across the Group. Nevertheless, the Board still assumes the responsibility to ensure there is an effective and orderly succession planning in the Group.

The Managing Director reviews candidates for key management positions and shall propose the remuneration for these appointments. In this respect, the Managing Director will take into consideration the profiles, experiences, personality, professionalism, and personal achievements of the new candidates. The remuneration framework is set out in 'Remuneration of Directors and Senior Management Personnel' section of this CG Overview Statement.

The Managing Director also determines the training needs of the senior management team, and the remuneration of key management based on their performance, contribution, leadership, achievement, and other deliverables in their respective positions.

The Managing Director shall inform the Board of any resignation or termination of key management, and the impact of such to the operations of the Group. The Board shall monitor the progress of the Group's succession planning through periodic updates from the Managing Director.

Risk Assessment and Management

The Board, through the Risk Management Committee oversees the overall risk management framework of the Group. The Audit Committee, through the assistance of the outsourced internal auditors, assists the Board in risk assessment review, and monitoring the effectiveness of the risk management implementation based on risk based audit plan.

The Risk Management Committee reports to the Board on the risks profiles as well as the on-going risk management implementation and actions undertaken to mitigate the risks identified. The Risk Management Committee also updates the Board of their continuous review of the risk profiles and the adequacy of its control procedures throughout the Group.

The Board determines the changes in risk management policies based on the risk assessments and ensures appropriate systems are implemented in managing principal risks identified.

Investor Relations and Shareholders' Communications

The Board believes in building investor confidence through good corporate governance practices. As such, the Company has in place, the Investor Relations team with the objective of creating shareholders' value and enhancing shareholders' confidence of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

BOARD LEADERSHIP (cont'd)

Role and Responsibilities of the Board (cont'd)

Investor Relations and Shareholders' Communications (cont'd)

The Company has designated the senior management together with the appointed Investor Relation consultants as persons responsible for the handling of discussions and disclosures with investors, fund managers, financial analysts and the public.

The Board reviews and approves all quarterly financial and other important announcements, and is mindful that material information is announced in a timely manner.

Internal Control Systems

The Board is responsible for maintaining an appropriate system of internal control to safeguard the shareholders' value and the assets of the Group.

The activities of the internal audit functions are set out in the Audit Committee Report section of this Annual Report. Further details pertaining to the Group's internal control system and its effectiveness are available in the Risk Management and Internal Control Statement section of this Annual Report.

In addition to the above functions, the Board is also tasked to decide and approve amongst others, the financial statements, quarterly results, material acquisitions and/or disposals of the Group's fixed assets, new investment, divestment, corporate restructuring, establishment of joint ventures, related party transactions and new appointments to the Board.

The Board is also committed towards sustainable development. The Group's sustainability strategy encompasses the community, workplace, marketplace and environment. Details are set out in the Sustainability Statement section of this Annual Report.

Schedule Matters Reserved to the Board

The Board has established procedures in relation to matters which require a decision of the Board and matters can be delegated to the management.

The Board adopts the following schedule of matters specifically reserved for its approval and/or supported by any recommendations as may be made from time to time by the Board Committees as appropriate:

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

Company Secretary

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. Every Board member is provided with a Corporate Calendar, which contains details of compliance issues, meeting schedules and events. In addition, the Company Secretaries also update the Board on circulars received from Bursa Malaysia Securities Berhad as well as amendments or changes to the Listing Requirements, which are relevant to the Company.

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, if required.

The Company Secretaries are responsible for proper maintenance of secretarial records and attend to the auditors in annual statutory audits on the Company's statutory records in connection with the audit of the financial statements of the Group and the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

BOARD LEADERSHIP (cont'd)

Company Secretary (cont'd)

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 regularly keep themselves abreast of the regulatory changes and developments in corporate governance through attendance at various continuous training programmes.

Board Charter

The Company's Board Charter provides guidance to the Board in fulfillment of its roles, functions, duties and responsibilities. The Board Charter is available on the Company's website, www.tambunindah.com.

The Board reviews the Board Charter annually and from time to time to reflect any changes to the Group's policies and procedures as well as any amended relevant rules and regulations. In February 2017, the Board reviewed and approved certain revisions in the Board Charter to ensure its relevance and compliance with current rules and legislations.

Board Committees

The Board delegates certain areas of responsibilities to Board Committees, each with predefined terms of reference and responsibilities; and the Board receives reports of their proceedings and deliberations. Where the Board Committees have no authority to make decisions on matters reserved for the Board, recommendations would be tabled to the Board for its approval. The Chairman of the respective Board Committees shall report the outcome of the Committee meetings to the Board and relevant decisions are incorporated in the minutes of the Board meetings.

Further details of the Board Committees are set out below.

1) Audit Committee

The Board had set up an Audit Committee comprising entirely of Independent Directors. The Audit Committee is chaired by Mr. Yeoh Chong Keat, a practicing accountant with more than 30 years of audit, tax, and advisory experience. Mr. Yeoh Chong Keat has formally resigned as at 12 March 2018 and his replacement will be appointed within three (3) months.

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

2) Nominating Committee

The Board had set up a Nominating Committee comprising wholly Non-Executive Directors, a majority of whom are independent.

The Nominating Committee consists of :

Name	Designation	Directorate
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Chairman	Independent & Non-Executive
Tsai Chia Ling	Member	Non-Independent & Non-Executive
Yeoh Chong Keat (resigned on 12 March 2018*)	Member	Independent & Non-Executive
Lai Fook Hoy	Member	Independent & Non-Executive

* Mr. Yeoh Chong Keat has formally resigned as at 12 March 2018 and his replacement will be appointed within three (3) months.

The Nominating Committee is guided by a predefined terms of reference and in particular, its duties are to assess :-

- the candidates for all directorships;
- the Directors who are to fill the seats of Board Committees;
- the Directors who are seeking re-election at annual general meeting;
- the effectiveness of the Board as a whole, and Board Committees;
- the performance of individual Directors;
- the independence of Independent Directors; and
- Boardroom diversity, length of service and any other duties as required by the Board.

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (CONT'D)

BOARD LEADERSHIP (cont'd)

Board Committees (cont'd)

2) Nominating Committee (cont'd)

The Nominating Committee met once during the financial year ended 31 December 2017 to carry out the assessment of the Board, Board Committees, the performance of individual Directors, the independence of Independent Directors, the appointment of a new Director, the Directors due for retirement by rotation, Directors' trainings and Board diversity.

3) Remuneration Committee

The Board had set up a Remuneration Committee ("RC") comprising mainly Independent Non-Executive Directors.

The Remuneration Committee consists of :

Name	Designation	Directorate
Lai Fook Hoy	Chairman	Independent & Non-Executive
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Member	Independent & Non-Executive
Yeoh Chong Keat (resigned on 12 March 2018*)	Member	Independent & Non-Executive
Teh Kiak Seng (resigned on 1 March 2018)	Member	Executive

*Mr. Yeoh Chong Keat has formally resigned as at 12 March 2018 and his replacement will be appointed within three (3) months.

The Remuneration Committee is guided by a predefined terms of reference and in particular, the following duties :-

- to establish and recommend to the Board, the remuneration package of the Directors and senior management.
- to consider other remunerations or rewards as referred to the Remuneration Committee by the Board.

The Remuneration Committee met twice during the financial year ended 31 December 2017 to review and recommend the remunerations of Directors and senior management.

The Remuneration Committee adopts a formal and transparent process in determining the remuneration of the Directors and senior management. The remuneration of the Executive Directors and senior management is structured to link rewards to their respective contributions in supporting the Group's corporate objectives, strategy and culture. The Remuneration Committee's objective is to ensure that there is a competitive remuneration framework in place to reward, motivate, and retain Executive Directors and senior management to manage the Group successfully as well as to drive the Group's businesses to greater growth and maximise long term shareholders' value.

All Directors and senior management are also covered under a Directors and Officers Liability Insurance Policy against any liability incurred by them in discharging their duties while holding the office as Directors and senior management of the Group.

The aggregate remuneration of the Directors for the financial year ended 31 December 2017 is presented under Note 26 of the financial statements.

Board Attendance

The Board met 5 times during the financial year ended 31 December 2017. The details of attendance are as follows :

Name	No. of Board Meetings Attended
Lai Fook Hoy	5/5
Teh Kiak Seng	5/5
Teh Theng Theng	5/5
Teh Deng Wei	5/5
Tsai Chia Ling	3/5
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	4/5
Yeoh Chong Keat (resigned on 12 March 2018*)	5/5

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

BOARD LEADERSHIP (cont'd)

Board Attendance (cont'd)

*Mr. Yeoh Chong Keat has formally resigned as at 12 March 2018 and his replacement will be appointed within three (3) months.

The Nominating Committee, upon its recent annual assessment carried out, is satisfied that all Directors had committed sufficient time in discharging their responsibilities.

BOARD'S EFFECTIVENESS

Board Composition and Independence

The Group is led and controlled by an effective Board. The Board comprises of individuals who are highly experienced in their respective fields, and whose knowledge, background, ability and judgment are the requisites as expected by the stakeholders.

There is a strong and independent element on the Board too. This is fundamental to good corporate governance as it facilitates the exercise of independent and objective judgment as well as ensuring key issues and strategies are reviewed, constructively challenged, and fully discussed in the long-term interest of the shareholders and stakeholders of the Group.

As at 31 December 2017, there were seven (7) Board members; of which three (3) are Independent Directors and four (4) are Non-Independent Directors representing forty-three percent (43%) of Independent Directors on the Board.

As at 12 March 2018, an Independent Director, Mr. Yeoh Chong Keat has formally resigned and his replacement will be appointed within three (3) months. As such, presently there are six (6) Board members; of which two (2) are Independent Directors and four (4) are Non-Independent Directors representing thirty-three percent (33%) of Independent Directors on the Board.

Thus, the Board's composition complies with the Main Market Listing Requirements of Bursa Malaysia that requires a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is higher to be Independent Directors. However, the current composition of the Board does not comprise of at least half of Independent Directors as stated within the Code.

Nonetheless, The Board is helmed by the Chairman (Mr Lai Fook Hoy) which is an Independent Director, and the sub-committees consist mainly of Independent Directors. The Board operates in the manner that ensures that Directors exercise independent judgement and with the interest of the shareholders are always in the forefront when important decisions are made by the Board. The Board, through the Nomination Committee reviews the composition of the Board yearly.

The Board annually reviews the composition of the Board and its Committees to ensure that there exists appropriate mix of experiences, skills and knowledge to effectively discharge their respective responsibilities in spearheading the Group's growth and future direction.

The profile of each Director is set out in the Directors' Profile section of this Annual Report.

Even though the Board has representatives of the substantial shareholders, the presence of the Independent Directors ensures that there is no undue influence or domination in the decision making process of the Board. The Independent Directors play an important role in the Board's responsibilities, being actively involved in the various Board committees, and contribute to performance monitoring and corporate governance by providing independent assessment and opinion.

The Board is satisfied that its current size and composition is adequate for its purpose.

Appointments to the Board

Any proposed appointment of new Board members or proposed re-appointment of Directors will be assessed by the Nominating Committee. In evaluating the appointment of new Directors, in addition to assessment of the candidate's skills and experience, character, integrity, competency, the Nominating Committee also takes into consideration whether the candidate is able to devote time to effectively discharge his role as a Director.

The Nominating Committee will, upon its assessment, submit its recommendation to the Board for approval. The Company Secretary is then responsible to ensure relevant procedures relating to the appointment of the new Directors are properly executed.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

BOARD'S EFFECTIVENESS (cont'd)

Appointments to the Board (cont'd)

Upon appointment, the new Directors will be given a copy of the Board Charter, and provided with an induction programme to familiarize the new Directors with the business activities, corporate governance practices, and other policies of the Group. The programme also allows the new Directors to get acquainted with the management.

SELECTION AND NOMINATION PROCESS

Director's Core Areas of Expertise

Director's core areas of expertise are listed in the Directors' Profile section of this Annual Report.

Diversity

The Board recognises the benefits of having a diverse Board, and believes diversity to be an essential element in maintaining a competitive advantage in achieving its corporate objectives.

The Board believes that a mixed gendered and ethnically diverse boardroom would offer different ideas and perspectives, which will enable better insights in serving the Group's diverse customers base and enhance the Group's presence in the marketplace.

The Nominating Committee will consider a number of aspects, including but not limited to, gender, age, ethnicity, education background, professionalism, experiences, skills, industry knowledge, length of service and the requirements of the Group's business in determining the optimum composition of the Board.

The Nominating Committee, upon its recent assessment carried out, is satisfied that the current composition of the Board is adequate for its purpose and has the appropriate diverse blend of gender, ethnicity, and age.

As the Board recognizes the importance of diversity and hence has established a guideline within the Board Charter stating that the Board will adhere to a minimum of at least one specific female Board Member. At present, the current composition of the Board with two (2) female Directors out of six (6) Board members, translates to a 33% female representation on the Board.

Time Commitment

The Nominating Committee assesses whether the Directors who hold multiple Board representations are able to and have been devoting sufficient time to discharge their responsibilities adequately. Accordingly, the Directors of the Company do not hold more than 5 Directorships in public listed companies as prescribed by the Main Market Listing Requirements. Directors are required to notify the Managing Director before accepting any new Directorships in public listed companies, and of his time commitment in fulfilling his role to make positive contributions to the Board.

The Nominating Committee recognizes that its assessment of each Director's ability to discharge his or her duties adequately cannot be confined to the criterion of the number of his or her Board representations as time requirements are very subjective. Thus, the Nominating Committee takes into account the contributions by the Directors during Board, or Board Committees, meetings and their attendance at such meetings, in addition to their principal duties as Non-Executive Directors of the Company.

The Board has committed to meet at least once every quarter. The quarterly Board meetings are scheduled in advance before the end of each financial year so as to enable the Directors to plan accordingly and to fit the year's meetings into their schedules. In addition, Board meetings may be convened as and when need arises to consider urgent proposals or matters that require expeditious decision or deliberation by the Board.

The Board also resolves and approves certain Company's matters vide circular resolutions. The circular resolutions are drawn up with detailed information and must be signed by a majority of Directors.

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (CONT'D)

SELECTION AND NOMINATION PROCESS (cont'd)

Conflicts of Interest

The Directors are required to inform the Board of any actual or potential conflict of interest that may exist or be thought to exist in relation to particular items of business, preferably in advance. The Directors are required to disclose their shareholdings in the Company, other Directorships and any potential conflict of interest. The Directors should abstain themselves from discussion or decision on matters in which they have a conflicting interest, unless resolved otherwise by the remaining members of the Board.

Information Provided to the Directors

The Board is provided with sufficient and timely information to enable it to discharge its duties effectively. At least 7 days prior to Board meetings, all Directors are provided with the agendas and Board papers to enable the Directors to participate effectively in the meetings.

The Board and its Committees have full and unrestricted access to all information of the Group. Such information is not only quantitative, but also includes other information which is deemed necessary for them to make an informed decision. Senior Management may be invited to Board meetings to provide insights into matters being discussed and to furnish clarification on issues that may be raised by the Board.

The Directors may obtain further information, which they may require in discharging their duties such as seeking independent professional advice, if necessary, at the Company's expense.

Board Evaluation

The Nominating Committee annually assesses the Board as a whole, Board Committees, and the contribution of each individual Director by way of customized self-assessment questionnaires. The results of the annual assessment are compiled by the Secretary, and presented to the Nominating Committee for evaluation, and subsequently tabled to the Board for deliberation.

Director Self-Assessment whereby actions to be taken by individual directors, Audit Committee Member Self-Assessment for actions to be taken by the individual Audit Committee members, Independent Director Self-Assessment for actions to be taken by the individual Independent Directors as well as the Assessment of the Board and Board Committees to be taken by the Nomination Committee evaluating the board mix and composition, boardroom activities, decision making, meetings and investor relations. The annual assessment incorporates the evaluation of the Directors' commitment to serve the company with due diligence and integrity and as the confidence to stand up for a point of view.

In the annual assessment of the Board for financial year ended 2017, the Board was satisfied with the current composition, the contribution of each Board member, as well as the mix of skills of the Directors to enable the Board to discharge its responsibilities effectively.

The Board values the importance of the role of Independent Directors to strengthen the Board as a whole. The role of Independent Directors is to bring independent and objective judgment to the Board. This mitigates risks arising from conflict of interests or undue influence from interested parties. Where any Director has an interest in any matter under deliberation, he is required to declare his interest and abstain from participating in the discussions and voting on the matter. None of the current Independent Directors hold office exceeding a cumulative term of 9 years.

The Nominating Committee assesses the Independent Directors annually. The Nominating Committee is chaired by Encik Taufiq Ahmad @ Ahmad Mustapha Ghazali, an accountant with more than 30 years of experience in audit and finance including in-depth knowledge of operational strategies in the finance industry.

Questionnaires will be sent to the Independent Directors to self-evaluate their "independence", in addition to the criteria of independence as set out in the Main Market Listing Requirements. The Nominating Committee will then assess and table its recommendations to the Board.

The Nominating Committee, upon its recent annual assessment carried out, is satisfied that the Independent Directors have been able to discharge their responsibilities in an independent manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

SELECTION AND NOMINATION PROCESS (cont'd)

Re-election and Re-appointment of Directors

On the assessment of existing Directors who are seeking re-election at the annual general meeting of the Company, the Nominating Committee will review their regular and timely attendance of meetings, level of participation in Board matters, and whether they have sufficient time to fulfill their responsibilities on the Board. During deliberations on the performance of a particular Director who is a member of the Nominating Committee, that member abstained from the discussions.

Business Ethics, Integrity and Whistleblowing

The Whistle-Blowing Policy formulated in the Board Charter provides a formal communication channel, where the employees or any other stakeholders can communicate matters of concern, that are raised in good faith, without any fear of reprisal. The matters of concern will be assessed, independently investigated and where appropriate, actions will be taken to address the issues raised.

The Board has formalized and adopted a Code of Business Conduct on 18 May 2017 and has revised said Code in February 2018, which sets out the business practices, standards and ethical conduct expected from all employees in the course of their employment with the Group. In addition, the Directors, officers and employees are committed to observe and maintain high standards of integrity in carrying out their roles and responsibilities and to comply with the Group's policies as well as the relevant applicable laws and regulations.

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, Board members are also encouraged to attend training programmes conducted by competent professionals that are relevant to the Group's operations and businesses.

For the financial year ended 31 December 2017, the Directors had attended the following trainings:

Name	Trainings Attended
Yeoh Chong Keat	Seminar Percukaian Kebangsaan 2017 National Tax Conference 2017 In-house Training on the New Malaysian Code on Corporate Governance Audit Quality Enhancement Programme for SMPs 2017 Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers
Lai Fook Hoy	Workshop on Driving Financial Integrity and Performance- Enhancing Case Study Workshop for Independent Directors Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers
Tsai Chia Ling	Companies Act 2016 Seminar GST Seminar on Manufacturing
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	National Tax Conference 2017 MIA International Accountants Conference 2017 How to Manage Impairment of Various Assets Directors' Continuing Education Programme (DCEP) Financial Instruments Updates- A Review of MFRS9 (2014) Version Sustainability Forum for Directors/CEOs Improving Board Risk Oversight Effectiveness Release of the Malaysia Code on Corporate Governance ICAEW Economic Insight Q4 2017
Teh Kiak Seng	Healthcare Facility Management System Innovative Formwork System for Buildings & Infrastructures Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (CONT'D)

SELECTION AND NOMINATION PROCESS (cont'd)

Board Development (cont'd)

For the financial year ended 31 December 2017, the Directors had attended the following trainings: (cont'd)

Name	Trainings Attended
Teh Theng Theng	Companies Act 2016: New Expectations and Challenges for Business in 2017 Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers Companies Act Update Property Seminar
Teh Deng Wei	Mandatory Accreditation Programme for Directors of Public Listed Companies Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers Companies Act Update

The Nominating Committee, upon its recent annual assessment carried out, is satisfied with the Directors' own evaluation of their training needs and had attended training to increase their knowledge and understanding of recent developments in laws, regulations and business practices to aid them in the discharge of their duties and responsibilities as Directors of the Company.

The Nominating Committee had recommended the current practice be maintained and a Directors' training policy is not required at this juncture. The Board supported the recommendation of the Nominating Committee.

Remuneration of Directors and Senior Management Personnel

The remuneration framework for Executive Directors and senior management covers all aspects of remuneration including fees, salaries, allowances, bonuses, incentives, statutory contributions and benefits-in-kind.

The Board then determines the remuneration package of the Executive Directors and senior management as recommended by the Remuneration Committee and each individual Director shall abstain from deliberation on his own remuneration.

Non-executive Directors are paid Directors' fees and allowance at meetings of the Board and Board Committees. In addition, the chairman of the Board, and chairman of Board Committees also receive an annual fixed fee in recognition for their responsibilities and commitment required. The fees are determined by the Board as recommended by the Remuneration Committee, and are subject to shareholders' approval at the annual general meeting. The remuneration of the Directors of the Company for 2017 is as follows:-

Name	Fees*	Allowance*	Salary and other emoluments**	Bonus **	Defined contribution plan **	Benefits in Kind **	Total
	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)
Non-Executive Director							
Lai Fook Hoy	61,667	2,500	-	-	-	-	64,167
Tsai Chia Ling	42,000	1,500	-	-	-	-	43,500
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	52,000	2,000	-	-	-	-	54,000
Yeoh Chong Keat	58,000	2,500	-	-	-	-	60,500
	213,667	8,500	-	-	-	-	222,167
Executive Director							
Teh Kiak Seng	40,000	-	1,876,535	500,000	356,250	35,200	2,807,985
Teh Theng Theng	40,000	-	493,717	132,400	93,667	6,600	766,384
Teh Deng Wei	40,000	-	751,672	200,000	142,500	17,400	1,151,572
	120,000	-	3,121,924	832,400	592,417	59,200	4,725,941
Total	333,667	8,500	3,121,924	832,400	592,417	59,200	4,948,108

* Fees and allowance received on Company level

** Salary and other emoluments, bonus, defined contribution plan and benefit in kind received on Group level

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (CONT'D)

SELECTION AND NOMINATION PROCESS (cont'd)

Remuneration of Directors and Senior Management Personnel (cont'd)

The Group is aware of the importance of transparency in disclosing the remuneration of its senior management. Due to the competitive human resource environment for personnel with requisite knowledge and experience in the industry, the Company is in the opinion that specific disclosure on named basis will be considered as unfavorable towards the Group. In providing further insight on the level of remuneration paid to the senior management team, the Company has taken the step to disclose the senior management remuneration in aggregate. The aggregate sum of remuneration for these members of the key senior management team for the FY2017 is approximately RM1.2 million.

Sustainability

The Board is also committed towards sustainable development in regards to conducting business and the impact. The Group's sustainability strategy encompasses the community, workplace, marketplace and environment. Economic, environmental and social sustainability factors are considered in determining and considering our risks. Details are set out in the Sustainability Statement section of this Annual Report.

ACCOUNTABILITY AND EFFECTIVE AUDIT

Audit and Risk Management Committee

The Board had set up an Audit Committee comprising entirely of Independent Directors. The Audit Committee is chaired by Mr. Yeoh Chong Keat, a practicing accountant with more than 30 years of audit, tax, and advisory experience. Mr. Yeoh Chong Keat has formally resigned as at 12 March 2018 and his replacement will be appointed within three (3) months.

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

The Board had set up a Risk Management Committee comprising of Executive Directors and senior management.

The Risk Management Committee consists of :

Name	Designation	Position
Teh Kiak Seng	Chairman	Managing Director
Teh Theng Theng	Member	Executive Director
Teh Deng Wei	Member	Executive Director
Thaw Yeng Cheong	Member	Project Director
Neoh Sze Tsin	Member	Chief Financial Officer
Lim Beng Hoe (appointed on 7 August 2017)	Member	Senior General Manager
Roselyn Tan (appointed on 7 August 2017)	Member	Deputy General Manager

External Auditor

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 the financial year, the Audit Committee reviewed the scope of 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 Group and of the Company. The Audit Committee also discussed with the external auditors in respect of the accuracy and completeness of the accounting records, the accounting principles, the effectiveness of the Group's internal control and business risk management including any other pertinent matter that should be brought to the attention of the Audit Committee relating to the audit of the Group's financial statements. The Audit Committee met with the external auditors twice without the presence of the Executive Directors and management of the Group.

The Audit Committee also ensures the management provides a timely response to any request of documents or queries raised by the external auditors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

ACCOUNTABILITY AND EFFECTIVE AUDIT (cont'd)

External Auditor (cont'd)

The Audit Committee assesses 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 independency and objectivity of the external auditors.

The existing external auditors, BDO Chartered Accountants had been re-appointed by shareholders of the Company since financial year 2010. In compliance with the Malaysian Institute of Accountants, BDO rotates its audit partner every 5 years to ensure objectivity, independence and integrity of the audit opinions.

BDO had also confirmed to the Audit Committee in writing that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee, upon its recent annual assessment carried out, is satisfied with the suitability of BDO 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 as the external auditors of the Company at the forthcoming annual general meeting.

Risk Management and Internal Audit

The Board through the Risk Management Committee reviews the adequacy of the Group's risk management framework to ensure risk management and internal controls are in place. The Group had adopted a risk management framework to enhance its risk management capabilities. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the risk management framework.

The Board adopts a Risk Management Handbook which encapsulates the risk management policies and strategies of the Group. The guide was developed and customised based on the foundation of FERMA: 2002, Risk Management Standard framework, among others in view of the practices of the Group's environment and operation.

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.

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.

For the function of internal audit, the Group had outsourced its internal audit role to an independent professional firm of consultants, i.e. Sterling Business Alignment Consulting who is a corporate member of The Institute of Internal Auditors Malaysia (IIAM), to provide the Board with the assurance it requires regarding the adequacy and integrity of the system of internal control. With the engagement, the internal auditors have disclosed that there are no relationships or conflict of interest in the discharge of its responsibilities and that they remained independent and have no direct operational responsibility or authority over any of the activities audited.

The internal audit exercises are carried out based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework in assessing the effectiveness of the Group's internal control system. Each quarterly audit is engaged by approximately 2 to 5 audit personnel depending to the areas of audit. From the review, opportunities for improvement to the system of internal control were identified and presented to the Audit Committee via internal audit reports, whilst the management formulated the relevant action plans to address the issues noted.

Further details of the risk management and internal control are set out under Statement on Risk Management and Internal Control of the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

INTEGRITY IN CORPORATE REPORTING

Corporate Disclosure Policies and Procedures

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 and the Financial Reporting Standards. In the preparation of the financial statements, the Directors have taken the necessary steps to ensure all applicable accounting policies are applied consistently, and supported by reasonable and prudent judgement.

During the financial year, 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 Board level. The Board then discussed and approved the annual financial statements and quarterly financial results for release to Bursa Securities and the Securities Commission respectively at the close of trading.

RELATIONS WITH STAKEHOLDERS

Stakeholder Engagement

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 investment community.

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 prepares analyst presentations and corporate briefings to keep investors apprised of the Group's developments and financial performance.

Shareholders and the investment community can also access the Company's official website (www.tambunindah.com) to obtain up-to-date information of the Group such as the financial performance, corporate information, media activities, latest and upcoming product launches etc.

The Board supports and encourages active shareholders' participation at its annual general meetings 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 behalf in any general meeting.

The Company allows the appointment of proxy who is not a member of the Company. As for the exempt authorised nominee with shares in the Company for multiple beneficial owners in one securities account, there is no limit on the number of proxies to be appointed.

The notice of annual general meeting ("AGM") will be sent to shareholders at least 28 days before the time appointed for holding the meeting. Any proposed resolution to be considered under special business will be accompanied by explanatory notes to facilitate understanding and evaluation of the shareholders.

The Company implements poll voting for all resolutions set out in the notice of AGM, pursuant to the requirement of the Main Market Listing Requirement. An independent scrutineer is appointed to undertake the polling process and thereafter, the results are announced via Bursa LINK. The results can also be accessed via the Company's website at www.tambunindah.com.

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. Board members and senior management will be present at the meeting to respond to any questions from shareholders. The Company's external auditors are also present to address issues relating to the audits and the auditors' report.

This statement was approved by the Board on 12 April 2018.

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 financial year ended 31 December 2017. This has been prepared in accordance to 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 audit 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 controls 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 Registry of Risk is maintained to identify principal business risks and updated for changes in the risk profile which identify the risk factors, statement of risk, risk owner, impact, likelihood and risk control actions. The Risk Management Handbook summarizes risk management methodology, approach and processes, roles and responsibilities, and various risk management concept. The respective risk owners are accountable to identify risks and to ensure 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 Group and Audit Committee on the implementation and monitoring of the Group Risk Management Policy and Strategy. The working group comprised of all the Executive Management team that comprises of Executive Directors and Heads of Department.
- The duties of the Risk Management Working Group include: -
 - Assessment and monitoring of all risks associated with the operations of the Group;
 - Development and implementation of internal compliance and control systems and procedures to manage risk;
 - Assessment and monitoring of the effectiveness of controls instituted;
 - Review and make recommendations to the Board in relation to Risk Management;
 - Consider, and make recommendations to the Board in connection with, the compliance by the Group with its Risk Management Strategy;
 - Report to the Board on any material changes to the risk profile of the Group;
 - Monitor and refer to the Board any instances involving material breaches or potential breaches to the Group's Risk Management Strategy;
 - 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
 - Undertake an independent review on an annual basis, in accordance with the Group's Risk Management framework and to 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 key elements of the Group's risk management framework include: (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.

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. The Audit Committee is chaired by an Independent Non-Executive Director, and its members comprises of Independent Non-Executive Directors. Sterling is free from any relationships or conflict 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 in 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 (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems.

The internal audit adopts accepted auditing practices in developing its audit plan which addresses the critical business processes, internal control gaps, effectiveness and adequacy of the existing state of internal control and recommend possible improvements to the internal control process. On a quarterly basis, the internal auditors report to the Audit Committee on areas for possible improvement, and Management's response to such recommendations. Follow-up audits are also carried out and the outcome reported to the Audit Committee to ensure weaknesses identified have been or are being addressed.

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

For the financial year ended 31st December 2017, 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 2017 – Mar 2017)	May 2017	Epiland Properties Sdn Bhd	• Building Maintenance
2 nd Quarter (Apr 2017 – Jun 2017)	Aug 2017	Palmington Sdn Bhd	• Sales and Marketing • Sales Administration (Project: Pearl Tropika and Avenue Garden)
3 rd Quarter (Jul 2017 – Sep 2017)	Nov 2017	Tambun Indah Land Berhad	• Human Resources
4 th Quarter (Oct 2017 – Dec 2017)	Feb 2018	<ul style="list-style-type: none"> • Tambun Indah Land Berhad • Palmington Sdn Bhd • Premcourt Development Sdn Bhd • Tambun Indah Development Sdn Bhd • Denmas Development Sdn Bhd 	• Finance and Accounts

During the financial year under review, Sterling presented their follow-up status reports on previously reported audited findings in respect of the following functional scopes for various subsidiaries of the Group:-

Follow Up Status of Various Functional Scopes Reported By Sterling	Date of Follow up Status Report
<ul style="list-style-type: none"> • Project Management • Control of Progress Claims (from Main Contractor) • Management Information System • Administration • Legal • Pre-Contract Management • Post-Contract Management • Sales and Marketing • Sales Administration 	18 May 2017
entities: Ascention Sdn Bhd Palmington Sdn Bhd	

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

Internal Audit Functions (cont'd)

Follow Up Status of Various Functional Scopes Reported By Sterling	Date of Follow up Status Report
<ul style="list-style-type: none"> Sales and Marketing Sales Administration Project Management Control of Progress Claims (from Main Contractor) Management Information System Administration Legal 	22 November 2017

Other Key Elements of Internal Controls

The Group also has 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 are followed up, if any, 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 Managing Director, Executive Directors 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 2017.

Assurance from the Management

The Board had received assurance from the Managing Director and Chief Financial Officer 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 have reviewed this Statement in accordance to Paragraph 15.23 of the MMLR of Bursa Securities. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes 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 towards 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 2017 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 minutes of the Board Meeting held on 12 April 2018.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee consists of :

Name	Designation	Directorate
Yeoh Chong Keat (resigned on 12 March 2018*)	Chairman	Independent Non-Executive
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Member	Independent Non-Executive
Lai Fook Hoy	Member	Independent Non-Executive

* Mr. Yeoh Chong Keat had formally resigned as at 12 March 2018 and his replacement will be appointed within three (3) months.

Meetings and attendance

A total of 5 Audit Committee meetings were held during the financial year ended 31 December 2017 and the details of attendance are as follows:-

Name	No. of Meetings Attended
Yeoh Chong Keat (resigned on 12 March 2018)	5 / 5
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	4 / 5
Lai Fook Hoy	5 / 5

The Chief Financial Officer, the Deputy 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 without executive Board members and management present at least twice a year.

SUMMARISED ACTIVITIES OF THE AUDIT COMMITTEE

The activities of the Audit Committee during the financial year ended 31 December 2017 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 arise within the Group.
- Reviewed and assessed the risk management activities of the Company and the Group.
- Reviewed and verified the allocation of options to eligible employees of the Group pursuant to 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.

INTERNAL AUDIT FUNCTION

The Company engaged 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.

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION (cont'd)

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 on the actions to be taken. Each quarter, the internal auditors would 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 2017 was RM119,342.

The activities of the internal auditors during the financial year ended 31 December 2017 were summarised as follows:-

- 1) Followed up review on the findings reported in the previous financial quarters.
- 2) Reviewed the building maintenance function in respect of the Group's property management division.
- 3) Reviewed the functional areas of sales and marketing and sales administration in respect of the Group's on-going projects.
- 4) Reviewed the Risk Register, Risk Matrix and Risk Management Framework of the Group.
- 5) Reviewed the human resource, finance and account functions of the Group.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The details of the ESOS are set out as follows:-

	As at 31 December 2017
Total number of options granted	13,561,000
Total number of options vested	13,255,000
Total number of options exercised	9,804,000
Total number of options lapsed	700,000
Total options outstanding	3,507,000

Granted to Directors	As at 31 December 2017
Total number of options granted	6,200,000
Total number of options vested	5,900,000
Total number of options exercised	4,900,000
Total number of options lapsed	300,000
Total options outstanding	1,000,000

The number of options granted to Directors as at 31 December 2017 includes the options of a Director who had resigned subsequent to the financial year ended 31 December 2017.

	During the financial year ended 31 December 2017	Since commencement of the ESOS on 05 June 2012
Granted to Directors & Senior Management		
Aggregate Maximum Allocation	-	50.0%
Actual Allocation	41.9%	35.2%

ADDITIONAL COMPLIANCE INFORMATION

1. MATERIAL CONTRACTS

No material contracts were entered by the Company or its subsidiaries with directors' or major shareholders' since the previous financial year ended 31 December 2016 and in the financial year ended 31 December 2017.

2. UTILISATION OF PROCEEDS

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 2017 was as follow:

	Group (RM)	Company (RM)
Fees paid or payable to the external auditor		
- Audit Fees	165,200	35,000
- Non-Audit Fees	48,100	38,100
Non-Audit fees paid or payable to an affiliated firm of the external auditor for tax compliance and tax advisory services	84,050	5,300
Total	297,350	78,400

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

There were no recurrent related party transactions of a revenue or trading nature conducted pursuant to shareholders' mandate during the financial year ended 31 December 2017.

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 2017, 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 and other irregularities.

This statement is made in accordance with the Board Resolution dated 12 April 2018.

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. PT 1801 ((Formerly known as Lot 20, Lot 21, Part of Lot 21483 (Formerly known as Part of Lot 8747) & Part of Lot 21484 (Formerly known as Part of Lot 22)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Villa Raintree 1, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for residential development	N/A	23.34	4,392,077	04.05.2011
2. PT 1800 ((Formerly known as Lot 116, Part of Lot 21483 (Formerly known as Part of Lot 8747) & Part of Lot 21484 (Formerly known as Part of Lot 22)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Villa Raintree II, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for residential development	N/A	28.59	37,608,035	04.05.2011
3. PT 1802 (Formerly known as Part of Lot 21483 (Formerly known as Part of Lot 8747)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Pearl Tropika, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for residential development	N/A	19.49	24,105,892	04.05.2011
4. Lot 24937 to Lot 24941 (Formerly known as part of Lot 8746 and Part of Lot 21482 (Formerly known as Part of 8747)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Low Cost Flat, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for residential development	N/A	10.79	10,212,998	04.05.2011
5. Lot 24318 (Formerly known as PT 2374 (Formerly known as Part of Lot 23200 (Formerly known as Part of Lot 8753)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Avenue Garden, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for residential development	N/A	2.50	12,913,808	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
6.	Lots 11130, 11139, PT 2376 to PT 2403 (Formerly known as 11141, 11142, 11143, 11144, 11145, 11146, 11147, 11148, 11150, 11151, 11152, 11153, 11156 & 11157), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Pearl Evergreen, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for residential development	N/A	2.16	8,995,003	11.06.2014
7.	Lot 24320 to Lot 24538 ((Part of Lot 21482 (Formerly known as Part of Lot 8747) and Part of Lot 21485 (Formerly known as Part of Lot 22)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Pearl Saujana Permai, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for residential development	N/A	7.17	33,588,672	04.05.2011
8.	Lot 24539 to Lot 24926 ((Part of Lot 1345, Part of Lot 21482 (Formerly known as Part of Lot 8747) and Part of Lot 21485 (Formerly known as Part of Lot 22)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Pearl Saujana, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for residential development	N/A	13.77	12,491,187	04.05.2011
9.	PT 3178 (Formerly known as part of Lot 21487 (Formerly known as Lot 8749) and Lot 21192), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Pearl Botanik, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for residential development	N/A	30.26	21,334,526	04.05.2011
10.	PT 3030 to PT 3177 (Formerly known as part of Lot 21487 (Formerly known as Lot 8749)) and Lot 21192, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Pearl Impiana, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for residential development	N/A	5.58	7,109,818	04.05.2011
11.	Part of Lot 23201 (Formerly known as Part of Lot 8753), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Central Avenue, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for commercial development	N/A	8.56	8,209,781	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
12. Part of Lot 13, Part of Lot 14, Lot 24, Part of Lot 24934 (Formerly known as part of Lot 1345), Lot 1383, Lot 1393, Part of Lot 24933, 24935 & 24936 (Formerly known as part of Lot 21482 (Formerly known as part of Lot 8747)) and Part of Lot 21486 (Formerly known as part of Lot 16), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for residential development	N/A	58.19	35,607,132	04.05.2011
13. Lot 25291 (Formerly known as part of Lot 21488 (Formerly known as part of Lot 8749)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for residential development	N/A	19.80	11,163,849	04.05.2011
14. Lot 32865 (Formerly known as Lot 1708), Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang.	Freehold	Development land approved for residential development	N/A	4.75	14,552,229	02.06.2014
15. Lots 32472 (Formerly known as Lot 1430), 32474 (Formerly known as Lot 1428), 32476 (Formerly known as Lot 30264) Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang and Lots 535 & 537 Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang.	Freehold	Development land approved for residential development	N/A	5.17	12,997,815	21.05.2015
16. Lot 114 & Lot 1067, Mukim 15, Seberang Perai Selatan, Pulau Pinang (Jalan Tasek Mutiara 1, Simpang Ampat).	Freehold	Land held for development	N/A	44.33	27,397,150	30.06.2010
17. PT 1431 (Formerly known as part of Lot 21027 (Formerly known as part of Lot 9758)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara Simpang Ampat).	Freehold	Land held for development	N/A	2.60	1,543,853	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
18.	Part of Lot 13, Lot 8936, Lot 10016, Lot 10017, Lot 10023, Part of Lot 21486 (Formerly known as part of Lot 16), Part of Lot 24933 & Part of Lot 24936 (Both formerly known as part of Lot 8746 and part of Lot 21482 (Formerly known as part of Lot 8747)), and PT 1432 & PT 1433, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Land held for development	N/A	33.95	30,732,003	04.05.2011
19.	Lot 10272, Mukim 10 (Formerly known as part of Lot 123), Bandar Bukit Mertajam, Seberang Perai Tengah, Pulau Pinang.	Freehold	Land held for development	N/A	0.41	699,728	03.11.2009
20.	Lot 148, Seksyen 5, Bandar Bukit Mertajam, Seberang Perai Tengah, Penang.	Freehold	Land held for development	N/A	0.47	793,986	14.05.2012
21.	Part of Lot 14, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	0.16	124,716	07.05.2013
22.	Lots 8764, 8768, 8775 & 11159 Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang and PT 1427 & PT 1428 (Formerly known as Lots 8776, 8777, 10019 & 10020), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Amenities Land, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land held for development	N/A	18.62	386,897	04.05.2011
23.	Lot 1368, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	24.09	15,469,198	13.11.2013
24.	Lot 21030 (Formerly Lot 1471), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	15.62	5,795,708	30.06.2010

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
25.	Lots 4738 & 4741, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	20.88	13,400,866	21.10.2013
26.	Lots 1428, 1433, 1445, 8748, 25292 & 25293 (Part of Lot 21488 (Formerly known as Part of Lot 8749)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	38.32	21,534,978	04.05.2011
27.	Lot 21024 (Formerly known as Lot 1076), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	0.58	231,916	11.06.2014
28.	Lots 159, 1429 & 32473 (Formerly known as part of Lot 1430), 32475 (Formerly known as part of Lot 1428), 32477 (Formerly known as part of Lot 30264) Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang and Lots 528, 535, 536, 1718, 1868, 1869, 1870, 1871, 1872, 1873 & 31596 Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang.	Freehold	Land held for development	N/A	14.38	29,546,118	21.05.2015

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	19	153/ 459.12	1,000,000	31.12.2017
2. No. 10-12 Pangsapuri Pantai Jalan Wisma Pantai 1 12200 Butterworth Pulau Pinang	Freehold	3-bedroom penthouse	21	NA/139	340,000	31.12.2017
3. No. 1-03 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	21	NA/147	315,000	31.12.2017
4. No. 1-04 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	21	NA/125	270,000	31.12.2017
5. No. 7-04 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	21	NA/145	340,000	31.12.2017
6. No. 7-05 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	21	NA/120	285,000	31.12.2017
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	21	NA/6,171	3,663,381	31.12.2017
8. No. 5099 Dahlia Park Jalan Kampung Benggali 12200 Butterworth Pulau Pinang	Freehold	Double storey terrace shop office	4	205/409.98	1,300,000	31.12.2017
9. No. 15 Jalan Villa Tanjung Villa Tanjung 12300 Butterworth Pulau Pinang	Freehold	Double storey terrace shop office	4	133/256.60	1,318,000	*

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
10.	No. 17 Jalan Villa Tanjung Villa Tanjung 12300 Butterworth Pulau Pinang	Freehold	Double storey terrace shop office	4	110/209.96	1,098,000	*
11.	Part of Lot 23201 & Lot 23202 (Both formerly known as Part of Lot 8753), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang and PT 2375 (Formerly known as Part of Lot 23200 (Formerly known as Part of Lot 8753)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Land held for investment purpose	N/A	178,590/NA	38,022,525	04.05.2011
12.	Lot 24317 (Formerly known as PT 2373 (Formerly known as Part of Lot 23200 (Formerly known as Part of Lot 8753)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara, Simpang Ampat, International School).	Freehold	International School	3	32,255/19,508	51,000,000	31.12.2017
13.	No. 3-02 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	21	NA/169	380,000	31.12.2017
14.	No. 10-02 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	21	NA/143	340,000	31.12.2017
15.	No. 10-03 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	21	NA/169	400,000	31.12.2017
16.	No. 10-04 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	21	NA/131	310,000	31.12.2017

Remark:

* Based on the value of Sales & Purchased Agreement entered during the year.

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
17.	No. 10-05 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	21	NA/151	350,000	31.12.2017
18.	349-01-01, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	2	NA/88	995,000	31.12.2017
19.	349-02-01, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	2	NA/288	1,275,000	31.12.2017
20.	349-03-01, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	2	NA/288	1,130,000	31.12.2017
21.	349-01-03, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	2	NA/125	1,300,000	31.12.2017
22.	349-02-03, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	2	NA/105	434,000	31.12.2017
23.	349-03-03, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	2	NA/105	383,000	31.12.2017
24.	349-01-04, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	2	NA/125	1,300,000	31.12.2017
25.	349-02-04, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	2	NA/105	434,000	31.12.2017
26.	349-03-04, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	2	NA/105	383,000	31.12.2017
27.	349-01-05, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	2	NA/125	1,300,000	31.12.2017
28.	349-02-05, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	2	NA/105	434,000	31.12.2017
29.	349-03-05, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	2	NA/105	383,000	31.12.2017
30.	349-01-06, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	2	NA/125	1,300,000	31.12.2017
31.	349-02-06, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	2	NA/105	434,000	31.12.2017
32.	349-03-06, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	2	NA/105	383,000	31.12.2017

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
33.	349-01-09, Jalan Jelutong, 11600 Penang	Freehold	A shop lot, and 4 levels of multi-storey 102 bays of covered car parks	2	NA/1,376	3,757,000	31.12.2017
34.	349-02-09, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	2	NA/217	960,000	31.12.2017
35.	349-03-09, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	2	NA/217	850,000	31.12.2017
36.	349-01-10, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	2	NA/18	170,000	31.12.2017

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	21	NA/137	185,954	19.06.2013
2.	No. 4-01 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	21	NA/117	213,606	04.06.2014
3.	No. 4-03 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	21	NA/135	200,542	24.07.2012
4.	No. 4-04 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	21	NA/126	145,000	22.12.2010
5.	No. 12-01, 12-02 & 12A-01 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	3 penthouse office lots	21	NA/878	1,292,543	30.06.2010

ANALYSIS OF SHAREHOLDINGS

AS AT 30 MARCH 2018

Total number of issued shares : 433,302,517
 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	23	0.38	519	0.00
100 to 1,000	702	11.47	549,960	0.13
1,001 to 10,000	3,521	57.52	18,753,350	4.33
10,001 to 100,000	1,634	26.69	50,577,520	11.67
100,001 to 21,665,124 (*)	238	3.89	156,022,324	36.01
21,665,125 and above (**)	3	0.05	207,398,844	47.86
TOTAL	6,121	100.00	433,302,517	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	No. of issued shares			
	Direct	%	Deemed	%
Siram Permai Sdn. Bhd.	142,800,001	32.96	-	-
Amal Pintas Sdn. Bhd.	36,102,449	8.33	-	-
Teh Kiak Seng	28,496,394	6.58	142,800,001 ^(N1)	32.96
Tsai Yung Chuan	500,000	0.12	36,102,449 ^(N2)	8.33
Tsai Chang Hsiu-Hsiang	-	-	36,102,449 ^(N2)	8.33
Tsal Chia Ling	-	-	36,102,449 ^(N2)	8.33

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	No. of issued shares			
	Direct	%	Deemed	%
Teh Kiak Seng	28,496,394	6.58	142,800,001 ^(N1)	32.96
Teh Theng Theng	1,860,965	0.43	-	-
Tsai Chia Ling	-	-	36,102,449 ^(N2)	8.33
Lai Fook Hoy	4,116,262	0.95	-	-
Yeoh Chong Keat (resigned on 12 Mar 2018)	300,000	0.07	-	-
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	1,000,000	0.23	-	-

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 30 MARCH 2018 (CONT'D)

LIST OF TOP 30 HOLDERS AS AT 30 MARCH 2018

NO	NAME	HOLDINGS	%
1	SIRAM PERMAI SDN BHD	142,800,001	32.96%
2	AMAL PINTAS SDN BHD	36,102,449	8.33%
3	TEH KIAK SENG	28,496,394	6.58%
4	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	9,628,419	2.22%
5	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEN KHAI VOON</i>	9,215,400	2.13%
6	WYZ CAPITAL SDN BHD	7,788,000	1.80%
7	POH CHEAN HUNG	6,201,658	1.43%
8	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC OPPORTUNITIES FUND</i>	5,333,400	1.23%
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)</i>	5,324,600	1.23%
10	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI</i>	5,300,000	1.22%
11	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)</i>	4,297,300	0.99%
12	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 9)</i>	4,240,681	0.98%
13	LAI FOOK HOY	4,116,262	0.95%
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD</i>	3,611,000	0.83%
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (ARIM)</i>	3,400,000	0.78%
16	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND</i>	3,026,400	0.70%
17	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>OOI SIEW HWA</i>	2,975,440	0.69%
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KENANGA ISLAMIC INVESTORS BHD FOR LEMBAGA TABUNG HAJI</i>	2,344,800	0.54%
19	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD <i>CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND</i>	2,297,100	0.53%
20	LIM KHUAN ENG	2,190,000	0.51%
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (PHEIM)</i>	2,160,200	0.50%
22	TEH CHING CHING	2,003,497	0.46%
23	CITIGROUP NOMINEES (ASING) SDN BHD <i>CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC</i>	1,918,100	0.44%
24	TEH THENG THENG	1,860,965	0.43%
25	AMANAHRAYA TRUSTEES BERHAD <i>PB ISLAMIC SMALLCAP FUND</i>	1,614,700	0.37%
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR MAYBANK ISLAMIC ASSET MANAGEMENT SDN BHD (RESIDENT)</i>	1,447,800	0.33%
27	CITIGROUP NOMINEES (ASING) SDN BHD <i>CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES</i>	1,389,500	0.32%
28	OOI SIEW HWA	1,331,360	0.31%
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KNGA SML CAP FD)</i>	1,302,500	0.30%
30	UOB KAY HIAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR UOB KAY HIAN (HONG KONG) LIMITED (A/C CLIENTS)</i>	1,262,100	0.29%

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS



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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 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	84,261,536	15,397,270
Attributable to:		
Owners of the parent	84,050,597	15,397,270
Non-controlling interests	210,939	0
	84,261,536	15,397,270

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 2016:	
Final single tier dividend of 7.0 sen per ordinary share, paid on 11 August 2017	30,329,776
In respect of financial year ended 31 December 2017:	
Interim single tier dividend of 3.0 sen per ordinary share, paid on 12 February 2018	12,999,076
	43,328,852

The Directors propose a final single tier dividend of 4.7 sen per ordinary share amounting to RM20,365,218 in respect of the financial year ended 31 December 2017, 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 the effect of adoption of Companies Act, 2016 as disclosed in Note 17 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 427,351,165 to 433,302,517 by way of issuance of 5,951,352 new ordinary shares pursuant to the followings:

- (a) Issuance of 610,000 new ordinary shares for cash pursuant to the exercise of Employees' Share Options Scheme.
- (b) Issuance of 5,341,352 new ordinary shares pursuant to the exercise of warrants.

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 Scheme;
- (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 Scheme;
- (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 Scheme;
- (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 Scheme;
- (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 1.1.2017	Movements during the financial year			Outstanding as at 31.12.2017	Exercisable as at 31.12.2017
			Granted	Exercised	Lapsed		
5 June 2012	0.50	20,000	0	0	0	20,000	20,000
2 May 2013	0.85	10,000	0	(10,000)	0	0	0
15 November 2013	1.27	787,000	0	(288,000)	0	499,000	499,000
28 May 2014	1.75	183,000	0	0	0	183,000	183,000
17 December 2014	1.45	1,166,000	0	0	(60,000)	1,106,000	1,106,000
15 June 2015	1.51	318,000	0	0	(10,000)	308,000	308,000
1 December 2015	1.25	782,000	0	(160,000)	0	622,000	622,000
21 June 2016	1.25	189,000	0	(119,000)	0	70,000	70,000
16 December 2016	1.24	137,000	0	(13,000)	(65,000)	59,000	59,000
3 July 2017	1.30	0	191,000	(20,000)	0	171,000	171,000
18 December 2017	0.92	0	19,000	0	0	19,000	19,000
		3,592,000	210,000	(610,000)	(135,000)	3,057,000	3,057,000

The Company has been granted exemption by the Companies Commission of Malaysia vide its letter dated 13 February 2018 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 209,000 options and above.

There were no employees of the Company and of the subsidiaries who were granted 209,000 options and above under the ESOS during the financial year.

DIRECTORS' REPORT (CONT'D)

DIRECTORS

The Directors who have held for office since the date of the last report are:

Teh Kiak Seng *
 Teh Theng Theng *
 Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
 Lai Fook Hoy
 Tsai Chia Ling
 Teh Deng Wei *
 Yeoh Chong Keat (Resigned on 12 March 2018)

* 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)
 Dr. Samsudin Bin Osman Cassim
 Teoh Chin Joo (Resigned on 11 July 2017)
 Teoh Chin Liong (Alternate to Teoh Chin Joo) (Resigned on 11 July 2017)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares, options over ordinary shares and warrants in the Company and of its related corporations during the financial year ended 31 December 2017 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 1.1.2017	Converted/ Bought	Sold	Balance as at 31.12.2017
<u>Shares in the Company</u>				
Direct interests				
Teh Kiak Seng *	25,299,794	213,000	0	25,512,794
Teh Theng Theng	1,860,965	0	0	1,860,965
Yeoh Chong Keat	300,000	0	0	300,000
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	1,000,000	0	0	1,000,000
Lai Fook Hoy	4,016,262	50,000	0	4,066,262
Indirect interests				
Teh Kiak Seng*	142,450,001	350,000	0	142,800,001
Tsai Chia Ling**	36,102,449	0	0	36,102,449

	Number of warrants		
	Balance as at 1.1.2017	Bought	Converted
			Balance as at 31.12.2017

Warrants in the Company

Indirect interests

Teh Kiak Seng*	350,000	0	(350,000)	0
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* Deemed interested by virtue of shareholdings in Siram Permai Sdn. Bhd.

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (cont'd)

	← Number of options over ordinary shares →			
	Balance as at 1.1.2017	Movement during the financial year		Balance as at 31.12.2017
		Granted	Exercised	
<u>Share options in the Company</u>				
Teh Deng Wei	1,000,000	0	0	1,000,000

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 or 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 a benefit 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(b) to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling 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 RM15,000.

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

DIRECTORS' REPORT (CONT'D)

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 had satisfied themselves that there are no known bad debts and that provision need not be 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 the making of provision for doubtful debts in the financial statements of the Group and the Company;
 - (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.
- (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.

DIRECTORS' REPORT (CONT'D)

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2017 amounted to RM35,000 and RM130,200 respectively.

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

Teh Kiak Seng
Director

Teh Theng Theng
Director

Penang
12 April 2018

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 66 to 121 have been drawn up in accordance with 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 2017 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 Theng Theng
Director

Penang
12 April 2018

STATUTORY DECLARATION

I, Neoh Sze Tsin (MIA 31442), 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 page 66 to 121 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 12 April 2018

Neoh Sze Tsin

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 2017 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 66 to 121.

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 2017, and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards ('FRSs') 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' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters 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.

Recognition of revenue and expenses for property development

We refer to Note 24 and Note 25 to the financial statements on the recognition of revenue and expenses for property development, which is based on stage of completion method. The determination of stage of completion is dependent on the estimated cost of completion for the project, which requires significant judgement by the management.

Audit response

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

- (a) Reviewed estimated total costs to complete through inquiries with operational and financial personnel of the Group;
- (b) Vouched documentation to support cost estimates made including contract variations and cost contingencies; and
- (c) Compared prior contract budgets to actual outcomes to assess reliability of management's budgeting processes and controls.

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.

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

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises 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 FRSs 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (cont'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.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF: 0206
Chartered Accountants

Penang
12 April 2018

Koay Theam Hock
02141/04/2019 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Group		Company	
	NOTE	2017 RM	2016 RM	2017 RM	2016 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	3,476,056	3,960,973	0	0
Investment properties	6	118,336,906	117,406,521	0	0
Land held for property development	7	147,657,117	160,482,136	0	0
Investments in subsidiaries	8	0	0	283,798,876	283,634,864
Investment in an associate	9	554,807	1,328,895	590,829	831,079
Investment in a joint venture	10	25,906,731	26,051,943	0	0
Deferred tax assets	11	17,161,700	19,755,000	0	0
		<u>313,093,317</u>	<u>328,985,468</u>	<u>284,389,705</u>	<u>284,465,943</u>
Current assets					
Inventories	12	10,085,053	1,378,211	0	0
Property development costs	13	200,775,141	203,636,006	0	0
Trade and other receivables	14	116,300,746	89,427,921	16,985,409	40,184,173
Current tax assets		3,150,766	4,885,049	161,257	97,383
Short term funds	15	10,727,601	37,560,905	727,510	8,358,374
Cash and bank balances	16	94,556,740	83,274,678	11,441,873	4,368,665
		<u>435,596,047</u>	<u>420,162,770</u>	<u>29,316,049</u>	<u>53,008,595</u>
TOTAL ASSETS		<u>748,689,364</u>	<u>749,148,238</u>	<u>313,705,754</u>	<u>337,474,538</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	287,520,424	213,675,582	287,052,845	213,675,582
Reserves	18	293,696,744	322,748,033	13,567,625	110,804,974
		<u>581,217,168</u>	<u>536,423,615</u>	<u>300,620,470</u>	<u>324,480,556</u>
Non-controlling interests	8 (f)	1,879,803	2,561,977	0	0
TOTAL EQUITY		<u>583,096,971</u>	<u>538,985,592</u>	<u>300,620,470</u>	<u>324,480,556</u>

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017 (CONT'D)

		Group		Company	
	NOTE	2017 RM	2016 RM	2017 RM	2016 RM
LIABILITIES					
Non-current liabilities					
Borrowings	19	68,536,326	97,365,572	0	0
Current liabilities					
Trade and other payables	23	55,028,051	70,419,236	13,085,284	12,993,982
Borrowings	19	37,889,095	40,789,814	0	0
Current tax liabilities		4,138,921	1,588,024	0	0
		97,056,067	112,797,074	13,085,284	12,993,982
TOTAL LIABILITIES		165,592,393	210,162,646	13,085,284	12,993,982
TOTAL EQUITY AND LIABILITIES		748,689,364	749,148,238	313,705,754	337,474,538

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 2017

		Group		Company	
	NOTE	2017 RM	2016 RM	2017 RM	2016 RM
Revenue	24	282,099,122	360,836,253	15,801,100	37,003,600
Cost of sales	25	(150,758,150)	(196,922,775)	0	0
Gross profit		131,340,972	163,913,478	15,801,100	37,003,600
Other income					
- Interest income		3,482,349	4,620,694	1,336,576	1,636,228
- Other income		1,099,084	9,476,984	151,220	87,969
Selling and distribution expenses		(7,935,847)	(8,401,036)	0	0
Administrative expenses		(14,623,805)	(18,636,420)	(1,641,083)	(4,250,105)
Finance costs		(3,620,818)	(4,755,907)	0	0
Share of profit/(loss) of an associate, net of tax	9	13,412	(10,686)	0	0
Share of profit of a joint venture, net of tax	10	854,788	2,558,183	0	0
Profit before tax		110,610,135	148,765,290	15,647,813	34,477,692
Tax expense	27	(26,348,599)	(35,536,800)	(250,543)	(197,018)
Profit for the financial year		84,261,536	113,228,490	15,397,270	34,280,674
Total other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		84,261,536	113,228,490	15,397,270	34,280,674
Profit for the financial year attributable to:					
Owners of the parent		84,050,597	112,203,066	15,397,270	34,280,674
Non-controlling interests	8 (f)	210,939	1,025,424	0	0
		84,261,536	113,228,490	15,397,270	34,280,674
Earnings per ordinary share attributable to equity holders of the Company:					
Basic (Sen)	28 (a)	19.48	26.36		
Diluted (Sen)	28 (b)	19.48	26.16		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Group	NOTE	Non-distributable				Distributable				Total	
		Share capital	Share premium	Share options reserve	Capital reserve	Warrants reserve	Retained earnings	attributable to owners of the parent	Non-controlling interests	Total equity	
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2016		212,073,907	67,927,097	938,927	467,579	153,343	178,207,493	459,768,346	2,736,553	462,504,899	
Profit for the financial year		0	0	0	0	0	112,203,066	112,203,066	1,025,424	113,228,490	
Other comprehensive income, net of tax		0	0	0	0	0	0	0	0	0	
Total comprehensive income		0	0	0	0	0	112,203,066	112,203,066	1,025,424	113,228,490	
Transactions with owners											
Issuance of ordinary shares pursuant to:											
- ESOS	17	489,500	941,480	(243,160)	0	0	0	1,187,820	0	1,187,820	
- Warrants	17	1,112,175	266,922	0	0	(44,487)	0	1,334,610	0	1,334,610	
Dividends	29	0	0	0	0	0	(38,430,678)	(38,430,678)	0	(38,430,678)	
Dividends paid to non-controlling interests of subsidiaries		0	0	0	0	0	0	0	(1,200,000)	(1,200,000)	
Share options granted under ESOS		0	0	360,451	0	0	0	360,451	0	360,451	
Total transactions with owners		1,601,675	1,208,402	117,291	0	(44,487)	(38,430,678)	(35,547,797)	(1,200,000)	(36,747,797)	
Balance as at 31 December 2016		213,675,582	69,135,499	1,056,218	467,579	108,856	251,979,881	536,423,615	2,561,977	538,985,592	

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

Group	NOTE	Non-distributable				Distributable				Total equity RM
		Share capital RM	Share premium RM	Share options reserve RM	Capital reserve RM	Warrants reserve RM	Retained earnings RM	attributable to owners of the parent RM	Non-controlling interests RM	
Balance as at 1 January 2017		213,675,582	69,135,499	1,056,218	467,579	108,856	251,979,881	536,423,615	2,561,977	538,985,592
Profit for the financial year		0	0	0	0	0	84,050,597	84,050,597	210,939	84,261,536
Other comprehensive income, net of tax		0	0	0	0	0	0	0	0	0
Total comprehensive income		0	0	0	0	0	84,050,597	84,050,597	210,939	84,261,536
Transactions with owners										
Issuance of ordinary shares pursuant to:										
- ESOS	17	842,434	87,692	(164,996)	0	0	0	765,130	0	765,130
- Warrants	17	3,244,594	67,044	0	0	(106,827)	0	3,204,811	0	3,204,811
Dividends	29	0	0	0	0	0	(43,328,852)	(43,328,852)	0	(43,328,852)
Dividends paid to non-controlling interests of subsidiaries		0	0	0	0	0	0	0	(600,000)	(600,000)
Acquisition of shares from non-controlling interests		0	0	0	0	0	312	312	(293,113)	(292,801)
Share options granted under ESOS		0	0	101,555	0	0	0	101,555	0	101,555
Transfer of share option reserve to retained earnings upon lapse of ESOS		0	0	(35,480)	0	0	35,480	0	0	0
Transfer of warrant reserve to retained earnings upon expiry		0	0	0	0	(2,029)	2,029	0	0	0
Total transactions with owners		4,087,028	154,736	(98,921)	0	(108,856)	(43,291,031)	(39,257,044)	(893,113)	(40,150,157)
Transfer pursuant to Companies Act, 2016*		69,757,814	(69,290,235)	0	(467,579)	0	0	0	0	0
Balance as at 31 December 2017		287,520,424	0	957,297	0	0	292,739,447	581,217,168	1,879,803	583,096,971

* Pursuant to the Companies Act, 2016, the credit balance in the share premium account and capital reserve account have been transferred to the share capital account.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

Company	NOTE	Non-distributable			Distributable		Total equity RM
		Share capital RM	Share premium RM	Share options reserve RM	Warrants reserve RM	Retained earnings RM	
Balance as at 1 January 2016		212,073,907	67,927,097	938,927	153,343	44,654,405	325,747,679
Profit for the financial year		0	0	0	0	34,280,674	34,280,674
Other comprehensive income, net of tax		0	0	0	0	0	0
Total comprehensive income		0	0	0	0	34,280,674	34,280,674
Transactions with owners							
Issuance of ordinary shares pursuant to:							
- ESOS	17	489,500	941,480	(243,160)	0	0	1,187,820
- Warrants	17	1,112,175	266,922	0	(44,487)	0	1,334,610
Dividends	29	0	0	0	0	(38,430,678)	(38,430,678)
Share options granted under ESOS		0	0	360,451	0	0	360,451
Total transactions with owners		1,601,675	1,208,402	117,291	(44,487)	(38,430,678)	(35,547,797)
Balance as at 31 December 2016		213,675,582	69,135,499	1,056,218	108,856	40,504,401	324,480,556

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

Company	NOTE	Non-distributable				Distributable	
		Share capital RM	Share premium RM	Share options reserve RM	Warrants reserve RM	Retained earnings RM	Total equity RM
Balance at 1 January 2017		213,675,582	69,135,499	1,056,218	108,856	40,504,401	324,480,556
Profit for the financial year		0	0	0	0	15,397,270	15,397,270
Other comprehensive income, net of tax		0	0	0	0	0	0
Total comprehensive income		0	0	0	0	15,397,270	15,397,270
Transactions with owners							
Issuance of ordinary shares pursuant to:							
- ESOS	17	842,434	87,692	(164,996)	0	0	765,130
- Warrants	17	3,244,594	67,044	0	(106,827)	0	3,204,811
Dividends	29	0	0	0	0	(43,328,852)	(43,328,852)
Share options granted under ESOS		0	0	101,555	0	0	101,555
Transfer of share option reserve to retained earnings upon lapse of ESOS		0	0	(35,480)	0	35,480	0
Transfer of warrant reserve to retained earnings upon expiry		0	0	0	(2,029)	2,029	0
Total transactions with owners		4,087,028	154,736	(98,921)	(108,856)	(43,291,343)	(39,257,356)
Transfer pursuant to Companies Act, 2016*		69,290,235	(69,290,235)	0	0	0	0
Balance at 31 December 2017		287,052,845	0	957,297	0	12,610,328	300,620,470

* Pursuant to the Companies Act, 2016, the credit balance in the share premium account has been transferred to the share capital account.

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
		2017	2016	2017	2016
	NOTE	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		110,610,135	148,765,290	15,647,813	34,477,692
Adjustments for:					
Depreciation of property, plant and equipment	5	624,135	735,585	0	0
Dividend income		0	0	(15,801,100)	(37,003,600)
Gain on disposal of property, plant and equipment		(18,866)	(4,266)	0	0
Impairment loss on investment in subsidiaries	8 (c), (d)	0	0	128,789	2,885,583
Impairment loss on investment in an associate		0	0	240,250	0
Interest income		(3,482,349)	(4,620,694)	(1,336,576)	(1,636,228)
Interest paid		3,620,818	4,755,907	0	0
Net gain from fair value adjustments on investment properties	6	(791,000)	(5,192,426)	0	0
Property, plant and equipment written off		858	4,738	0	0
Share of profit of a joint venture, net of tax	10	(854,788)	(2,558,183)	0	0
Share of (profit)/loss of an associate, net of tax	9	(13,412)	10,686	0	0
Share options granted under ESOS		101,555	360,451	101,555	360,451
Operating profit/(loss) before changes in working capital		109,797,086	142,257,088	(1,019,269)	(916,102)
Changes in working capital:					
Land held for property development		12,825,019	46,428,924	0	0
Inventories		(8,706,842)	1,585,478	0	0
Property development costs		2,860,865	(73,084,868)	0	0
Trade and other receivables		(26,872,825)	1,897,173	23,198,764	(20,492,097)
Trade and other payables		(15,550,355)	(45,751,396)	(67,868)	13,536
Cash generated from/(used in) operations		74,352,948	73,332,399	22,111,627	(21,394,663)
Interest received		3,482,349	4,620,694	1,336,576	1,636,228
Tax paid		(22,682,089)	(45,283,127)	(375,000)	(350,000)
Tax refunded		3,211,970	3,788,600	60,583	615,701
Net cash from/(used in) operating activities		58,365,178	36,458,566	23,133,786	(19,492,734)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

		Group		Company	
		2017	2016	2017	2016
	NOTE	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of RPS in a joint venture	10 (f)	0	(4,000,000)	0	0
Acquisition of shares from non-controlling interests		(292,801)	0	(292,801)	0
Dividend income from:					
- an associate		787,500	1,350,000	787,500	1,350,000
- subsidiaries		0	0	15,013,600	35,653,600
Proceeds from disposal of property, plant and equipment		18,868	4,812	0	0
Purchase of investment properties	6	(139,385)	(4,765,526)	0	0
Purchase of property, plant and equipment	5	(140,078)	(121,277)	0	0
Redemption of RPS in a joint venture	10 (g)	1,000,000	0	0	0
Net changes in deposits pledged with licensed banks		(149,172)	537,098	0	0
Net cash from/(used in) investing activities		1,084,932	(6,994,893)	15,508,299	37,003,600
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(43,169,682)	(38,321,746)	(43,169,682)	(38,321,746)
Dividends paid to non-controlling interests of subsidiaries		(600,000)	(1,200,000)	0	0
Drawdowns of bank borrowings		35,200,000	15,800,000	0	0
Interest paid		(3,620,818)	(4,755,907)	0	0
Proceeds from the issuance of shares pursuant to:					
- ESOS		765,130	1,187,820	765,130	1,187,820
- Warrants		3,204,811	1,334,610	3,204,811	1,334,610
Repayments of bank borrowings		(66,900,902)	(65,960,744)	0	0
Repayments of hire purchase creditors		(29,063)	(93,020)	0	0
Net cash used in financing activities		(75,150,524)	(92,008,987)	(39,199,741)	(35,799,316)
Net decrease in cash and cash equivalents		(15,700,414)	(62,545,314)	(557,656)	(18,288,450)
Cash and cash equivalents at beginning of the financial year		117,422,215	179,967,529	12,727,039	31,015,489
Cash and cash equivalents at end of the financial year	16 (d)	101,721,801	117,422,215	12,169,383	12,727,039

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings (Note 19)		Hire purchase creditors (Note 20)	
	Group RM	Company RM	Group RM	Company RM
At January 2017	138,126,323	0	29,063	0
Cash flows	(31,700,902)	0	(29,063)	0
At December 2017	106,425,421	0	0	0

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 2017 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 12 April 2018.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have 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 set out on pages 66 to 121 have been prepared in accordance with Financial Reporting Standards ('FRSs') and the provisions of the Companies Act, 2016 in Malaysia.

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 2017 (CONT'D)

4. OPERATING SEGMENTS (cont'd)

(a) Business segments

	Investment holding RM	Property development and management RM	Other operations RM	Group RM
2017				
Revenue:				
Total revenue	21,682,054	277,399,473	0	299,081,527
Inter-segment revenue	(16,787,905)	(194,500)	0	(16,982,405)
Revenue from external customers	4,894,149	277,204,973	0	282,099,122
Interest income	292,482	3,135,940	53,927	3,482,349
Finance costs	0	(3,620,818)	0	(3,620,818)
Net finance income/(expense)	292,482	(484,878)	53,927	(138,469)
Depreciation of property, plant and equipment	(72,549)	(551,586)	0	(624,135)
Segment profit before income tax	5,631,311	105,294,722	40,224	110,966,257
Share of profit of an associate, net of tax	0	13,412	0	13,412
Share of profit of a joint venture, net of tax	854,788	0	0	854,788
Tax expense	(470,621)	(25,869,500)	(8,478)	(26,348,599)
Other non-cash items:				
- net gain from fair value adjustments on investment properties	791,000	0	0	791,000
- gain on disposal of property, plant and equipment	0	18,866	0	18,866
- property, plant and equipment written off	0	(858)	0	(858)
Investment in an associate	0	554,807	0	554,807
Investment in a joint venture	0	25,906,731	0	25,906,731
Additions to non-current assets other than financial instruments and tax assets	139,385	2,248,691	0	2,388,076
Segment assets	367,530,108	698,751,243	2,676,012	1,068,957,363
Segment liabilities	14,203,947	202,913,824	291,196	217,408,967

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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
2016				
Revenue:				
Total revenue	42,859,034	356,690,041	190,186	399,739,261
Inter-segment revenue	(38,591,477)	(140,000)	(171,531)	(38,903,008)
Revenue from external customers	4,267,557	356,550,041	18,655	360,836,253
Interest income	1,115,540	3,477,328	27,826	4,620,694
Finance costs	53,600	(4,809,507)	0	(4,755,907)
Net finance income/(expense)	1,169,140	(1,332,179)	27,826	(135,213)
Depreciation of property, plant and equipment	(72,755)	(662,830)	0	(735,585)
Segment profit/(loss) before income tax	5,703,352	143,585,278	(245,458)	149,043,172
Share of loss of an associate, net of tax	0	(10,686)	0	(10,686)
Share of profit of a joint venture, net of tax	2,558,183	0	0	2,558,183
Tax expense	(411,761)	(35,118,315)	(6,724)	(35,536,800)
Other non-cash items:				
- net gain from fair value adjustments on investment properties	5,192,426	0	0	5,192,426
- gain on disposal of property, plant and equipment	0	4,266	0	4,266
- property, plant and equipment written off	(4,738)	0	0	(4,738)
Investment in an associate	0	1,328,895	0	1,328,895
Investment in a joint venture	0	26,051,943	0	26,051,943
Additions to non-current assets other than financial instruments and tax assets	4,774,750	7,925,048	0	12,699,798
Segment assets	369,710,982	690,435,332	3,213,008	1,063,359,322
Segment liabilities	14,311,454	247,967,414	785,930	263,064,798

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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:

	2017 RM	2016 RM
Revenue		
Total revenue for reportable segments	299,081,527	399,739,261
Elimination of inter-segmental revenues	(16,982,405)	(38,903,008)
Group's revenue per consolidated statement of profit or loss and other comprehensive income	<u>282,099,122</u>	<u>360,836,253</u>
Profit for the financial year		
Total profit for reportable segments	110,966,257	149,043,172
Unallocated amounts:		
- corporate expenses	(356,122)	(277,882)
Profit before tax	110,610,135	148,765,290
Tax expense	(26,348,599)	(35,536,800)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	<u>84,261,536</u>	<u>113,228,490</u>
Assets		
	2017 RM	2016 RM
Total assets for reportable segments	1,068,957,363	1,063,359,322
Elimination of investments in subsidiaries	(284,624,970)	(284,360,957)
Elimination of inter-segment balances	(55,955,495)	(54,490,176)
	<u>728,376,898</u>	<u>724,508,189</u>
Deferred tax assets	17,161,700	19,755,000
Current tax assets	3,150,766	4,885,049
Group's assets per consolidated statement of financial position	<u>748,689,364</u>	<u>749,148,238</u>
Liabilities		
	2017 RM	2016 RM
Total liabilities for reportable segments	217,408,967	263,064,798
Elimination of inter-segment balances	(55,955,495)	(54,490,176)
	<u>161,453,472</u>	<u>208,574,622</u>
Current tax liabilities	4,138,921	1,588,024
Group's liabilities per consolidated statement of financial position	<u>165,592,393</u>	<u>210,162,646</u>

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 2017 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RM	Computers RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Renovation RM	Air conditioners RM	Construction- in- progress RM	Total RM
At cost								
Balance as at 1 January 2017	2,422,966	755,384	1,271,524	2,112,486	272,077	17,530	46,277	6,898,244
Additions	0	16,175	55,500	68,403	0	0	0	140,078
Disposal	0	0	0	(142,600)	0	0	0	(142,600)
Written off	0	(18,986)	(5,907)	0	0	0	0	(24,893)
Balance as at 31 December 2017	2,422,966	752,573	1,321,117	2,038,289	272,077	17,530	46,277	6,870,829
Accumulated depreciation								
Balance as at 1 January 2017	315,057	455,548	650,012	1,392,708	108,169	15,777	0	2,937,271
Current charge	70,264	109,400	113,830	301,681	27,207	1,753	0	624,135
Disposal	0	0	0	(142,598)	0	0	0	(142,598)
Written off	0	(18,981)	(5,054)	0	0	0	0	(24,035)
Balance as at 31 December 2017	385,321	545,967	758,788	1,551,791	135,376	17,530	0	3,394,773
Carrying amount								
Balance as at 31 December 2017	2,037,645	206,606	562,329	486,498	136,701	0	46,277	3,476,056

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

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

Group	Buildings RM	Computers RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Renovation RM	Air conditioners RM	Construction- in- progress RM	Total RM
At cost								
Balance as at 1 January 2016	2,422,966	657,293	1,254,518	2,117,944	272,077	17,530	46,277	6,788,605
Additions	0	98,091	23,186	0	0	0	0	121,277
Disposal	0	0	0	(5,458)	0	0	0	(5,458)
Written off	0	0	(6,180)	0	0	0	0	(6,180)
Balance as at 31 December 2016	2,422,966	755,384	1,271,524	2,112,486	272,077	17,530	46,277	6,898,244
Accumulated depreciation								
Balance as at 1 January 2016	244,793	318,727	540,435	1,009,100	80,961	14,024	0	2,208,040
Current charge	70,264	136,821	111,019	388,520	27,208	1,753	0	735,585
Disposal	0	0	0	(4,912)	0	0	0	(4,912)
Written off	0	0	(1,442)	0	0	0	0	(1,442)
Balance as at 31 December 2016	315,057	455,548	650,012	1,392,708	108,169	15,777	0	2,937,271
Carrying amount								
Balance as at 31 December 2016	2,107,909	299,836	621,512	719,778	163,908	1,753	46,277	3,960,973

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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 off 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) The carrying amount of the property, plant and equipment of the Group under hire purchase at the end of the reporting period is as follows:

	Group	
	2017	2016
	RM	RM
Motor vehicles	0	3

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

The Group has developed certain criteria based on FRS 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.

- (d) The buildings with carrying amount of RM2,037,645 (2016: RM2,107,909) have been charged to banks for credit facilities granted to the Group (Note 21).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

6. INVESTMENT PROPERTIES

	Group	
	2017	2016
	RM	RM
Fair value		
Freehold land and buildings		
Balance as at 1 January	79,523,381	65,725,423
Reclassification	0	8,605,532
Fair value adjustments:		
- gain	791,000	8,945,000
- loss	0	(3,752,574)
Balance as at 31 December	80,314,381	79,523,381
At cost		
Construction-in-progress		
Balance as at 1 January	37,883,140	47,139,621
Additions	139,385	4,765,526
Transfer to property development cost (Note 13)	0	(5,416,475)
Reclassification	0	(8,605,532)
Balance as at 31 December	38,022,525	37,883,140
Total investment properties	118,336,906	117,406,521

- (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.
- (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 PA International Property Consultants (Penang) Sdn. Bhd.. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

6. INVESTMENT PROPERTIES (cont'd)

(c) Comparison method

The comparison/cost method of valuation entails separate valuations of the land and 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 is valued by reference to transactions of similar lands in the surrounding area with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics.

Completed 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.

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

	Group	
	2017	2016
	RM	RM
Level 2		
Freehold land and buildings	80,314,381	79,523,381

Investment properties at Level 2 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.

(e) Investment properties with a carrying amount of RM59,046,000 (2016: RM58,255,000) have been charged to bank for credit facilities granted to the Group (Note 21 and Note 22).

(f) Direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

	Group	
	2017	2016
	RM	RM
Insurance	4,542	80,429
Quit rent and assessment	161,429	98,596
Repair and maintenance	18,341	33,610

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

7. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2017	2016
	RM	RM
Balance as at 1 January		
- Freehold land, at cost	132,203,770	177,737,418
- Development costs	28,278,366	29,173,642
	<u>160,482,136</u>	<u>206,911,060</u>
Add: Cost incurred during the financial year		
- Freehold land, at cost	23,050	0
- Development costs	2,085,563	7,812,995
	<u>2,108,613</u>	<u>7,812,995</u>
Less: Transfers to property development costs (Note 13)		
- Freehold land, at cost	(11,588,608)	(45,533,648)
- Development costs	(3,345,024)	(8,708,271)
	<u>(14,933,632)</u>	<u>(54,241,919)</u>
Balance as at 31 December		
- Freehold land, at cost	120,638,212	132,203,770
- Development costs	27,018,905	28,278,366
	<u>147,657,117</u>	<u>160,482,136</u>

- (a) 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.

- (b) The freehold land held for property development with carrying amount of RM107,473,494 (2016: RM147,251,540) have been charged to banks for credit facilities granted to subsidiaries (Note 21 and Note 22).

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017	2016
	RM	RM
At cost		
Unquoted ordinary shares	169,796,518	169,503,717
Redeemable preference shares	134,000,000	134,000,000
Less: Impairment losses	(19,997,642)	(19,868,853)
	<u>283,798,876</u>	<u>283,634,864</u>

- (a) Investment in subsidiaries is stated in the separate financial statements at cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

(b) Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity		Principal activities
		2017	2016	
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
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
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%	50%	Property development

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of company	Country of incorporation	Effective interest in equity		Principal activities
		2017	2016	
<i>Held through TKS Land Sdn. Bhd.:</i>				
Ascention Sdn. Bhd.	Malaysia	50%	50%	Property development
CBD Land Sdn. Bhd.	Malaysia	50%	50%	Property development
<i>Held through Palmington Sdn. Bhd.:</i>				
Novinia Sdn. Bhd.	Malaysia	100%	100%	Dormant

All subsidiaries above are audited by BDO, Malaysia.

- (c) Impairment loss on investments in subsidiaries amounting to RM128,789 in respect of Epiland Properties Sdn. Bhd. and Juru Heights Sdn. Bhd., have been recognised during the financial year due to declining business operations. The recoverable amount was determined based on a value-in-use calculation using cash flow projections based on financial budget approved by the management covering a three (3)-year period. The discount rate applied to the cash flow projections was 7.9% based on the weighted average cost of capital of the Company.
- (d) In the previous financial year, impairment loss on investments in subsidiaries amounting to RM2,885,583 in respect of Denmas Sdn. Bhd., Epiland Properties Sdn. Bhd., Juru Heights Sdn. Bhd. and Tokoh Edaran Sdn. Bhd., have been recognised during the financial year due to declining business operations. The recoverable amount was determined based on a value-in-use calculation using cash flow projections based on financial budget approved by the management covering a three (3)-year period. The discount rate applied to the cash flow projections was 7.4% based on the weighted average cost of capital of the Company.
- (e) 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 2017, and Ascention Sdn. Bhd. from 29 December 2011 to 31 December 2017). 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

	Zipac Development Sdn. Bhd.	Ascention Sdn. Bhd.	CBD Land Sdn. Bhd.	Total
2017				
NCI percentage of ownership interest and voting interest	50%	50%	50%	
Carrying amount of NCI (RM)	0 ^	1,502,069	377,734	1,879,803
Profit allocated to NCI (RM)	843	203,427	6,669	210,939

^ Acquisition of non-controlling interests during the financial year as disclosed in Note 8 (h) to the financial statements.

2016

NCI percentage of ownership interest and voting interest	50%	50%	50%	
Carrying amount of NCI (RM)	292,270	1,898,642	371,065	2,561,977
Profit allocated to NCI (RM)	421	980,034	44,969	1,025,424

- (g) 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:

	Zipac Development Sdn. Bhd.	Ascention Sdn. Bhd.	CBD Land Sdn. Bhd.
2017			
Assets and liabilities			
Non-current asset	0 ^	0	0
Current assets	0 ^	3,306,316	757,837
Non-current liabilities	0 ^	0	0
Current liabilities	0 ^	(302,179)	(2,370)
Net assets	0 ^	3,004,137	755,467
Results			
Revenue	0	628,511	0
Profit for the financial year	1,686	406,854	13,338
Total comprehensive income	1,686	406,854	13,338
Cash flows from operating activities	0 ^	241,368	7,498
Cash flows used in investing activities	0 ^	(809,151)	0
Cash flows used in financing activities	0 ^	(1,200,000)	0
Net (decrease)/increase in cash and cash equivalents	0 ^	(1,767,783)	7,498
Dividend paid to NCI	0	(600,000)	0

^ Acquisition of non-controlling interests during the financial year as disclosed in Note 8 (h) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (g) 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: (cont'd)

	Zipac Development Sdn. Bhd.	Ascention Sdn. Bhd.	CBD Land Sdn. Bhd.
2016			
Assets and liabilities			
Non-current asset	0	120,000	0
Current assets	586,609	4,583,875	749,594
Non-current liabilities	0	0	0
Current liabilities	(2,070)	(906,592)	(7,465)
Net assets	584,539	3,797,283	742,129
Results			
Revenue	0	5,062,930	0
Profit for the financial year	842	1,960,068	89,938
Total comprehensive income	842	1,960,068	89,938
Cash flows from/(used in) operating activities	626	(476,544)	157,118
Cash flows used in investing activities	0	(339)	0
Cash flows used in financing activities	0	(2,400,000)	0
Net increase/(decrease) in cash and cash equivalents	626	(2,876,883)	157,118
Dividend paid to NCI	0	(1,200,000)	0

- (h) Acquisition of non-controlling interests

On 5 July 2017, the Group acquired the remaining 50% equity interest in Zipac Development Sdn. Bhd. for a consideration of RM292,801 satisfied by cash. The carrying amount of net assets of Zipac Development Sdn. Bhd. in the Group's financial statements on the date of acquisition was RM586,225. The Group adjusted the differences arose from the increase in stake with increase in retained earnings of RM312 and a reduction in non-controlling interest of RM293,113.

9. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
At cost				
Unquoted ordinary shares	831,079	831,079	831,079	831,079
Share of post acquisition reserves, net of dividends received	(276,272)	497,816	0	0
Less: Impairment losses	0	0	(240,250)	0
	554,807	1,328,895	590,829	831,079

- (a) Investment in an associate is stated in the separate financial statements at cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

9. INVESTMENT IN AN ASSOCIATE (cont'd)

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

Name of company	Country of incorporation	Effective interest in equity		Principal activity
		2017	2016	
Ikhtiar Bitara Sdn. Bhd. #	Malaysia	45%	45%	Property development

Associate not audited by BDO, Malaysia

The associate is accounted for using the equity method in the consolidated financial statements.

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 2017 have been used and appropriate adjustments have been made for the effects of transactions between 31 October 2017 to 31 December 2017.

(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% (2016: 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:

	2017 RM	2016 RM
Assets and liabilities		
Current assets	1,376,452	3,633,431
Current liabilities	(63,498)	(600,282)
Net assets	1,312,954	3,033,149
Results		
Revenue	0	0
Profit/(Loss) for the financial year	29,805	(23,748)
Total comprehensive income/(loss)	29,805	(23,748)
Cash flows (used in)/from operating activities	(492,479)	555,450
Cash flows (used in)/from investing activity	(670)	23,100
Cash flows used in financing activity	(1,750,000)	(7,000,000)
Net decrease in cash and cash equivalents	(2,243,149)	(6,421,450)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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:

	2017 RM	2016 RM
As at 31 December		
Share of net assets of the Group	(175,646)	598,442
Goodwill	730,453	730,453
Carrying amount in the statement of financial position	554,807	1,328,895
 Share of results of the Group for the financial year ended 31 December		
Share of profit/(loss) of the Group	13,412	(10,686)
Share of other comprehensive income of the Group	0	0
Share of total comprehensive income/(loss) of the Group	13,412	(10,686)
 Other information		
Dividend received	787,500	1,350,000

10. INVESTMENT IN A JOINT VENTURE

	Group	
	2017 RM	2016 RM
Unquoted equity shares, at cost	1	1
Redeemable preference shares	22,500,000	23,500,000
Share of post acquisition reserves, net of dividend received	3,406,730	2,551,942
	25,906,731	26,051,943

- (a) Investment in a joint venture is stated in the separate financial statements at cost.
- (b) The details of the joint venture are as follows:

Name of company	Country of incorporation	Effective interest in equity		Principal activities
		2017	2016	
TNC Capital Sdn. Bhd.	Malaysia	50%	50%	Building and leasing of properties

- (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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

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

(c) Classification of joint arrangement (cont'd)

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 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:

	2017 RM	2016 RM
Assets and liabilities		
Non-current assets	51,304,076	51,304,076
Current assets	1,266,367	1,578,670
Current liabilities	(756,980)	(778,859)
Net assets	51,813,463	52,103,887
Proportion of the ownership of the Group	50%	50%
Carrying amount of the investment in a joint venture	25,906,731	26,051,943
Results		
Revenue	2,420,001	1,936,001
Other income	54,865	3,737,864
Expenses including taxation	(765,290)	(557,498)
Profit for the financial year	1,709,576	5,116,367
Share of profit by the Group for the financial year	854,788	2,558,183

(f) Acquisition of RPS

In the previous financial year, the Group acquired RPS amounting to RM4,000,000 in respect of TNC Capital Sdn. Bhd..

(g) Redemption of RPS

During the financial year, the Group redeemed RPS amounting to RM1,000,000 in respect of the TNC Capital Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

11. DEFERRED TAX

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

	Group	
	2017	2016
	RM	RM
Balance as at 1 January	(19,755,000)	(15,602,000)
Recognised in profit or loss (Note 27):		
- property development costs	1,664,100	320,000
- investment properties	546,100	817,000
Relating to changes in tax rates	0	870,000
Over/(Under)provision in prior years	383,100	(6,160,000)
Balance as at 31 December	<u>(17,161,700)</u>	<u>(19,755,000)</u>
Presented after appropriate offsetting:		
Deferred tax assets, net	(17,161,700)	(19,755,000)
Deferred tax liabilities, net	0	0
	<u>(17,161,700)</u>	<u>(19,755,000)</u>

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

	2017	2016
	RM	RM
Deferred tax liabilities of the Group		
Balance as at 1 January		
- property development costs	0	1,281,000
Recognised in profit or loss (Note 27):		
- property development costs	0	(1,281,000)
Balance as at 31 December	<u>0</u>	<u>0</u>

Deferred tax assets of the Group

Balance as at 1 January		
- property development costs	19,755,000	16,883,000
Recognised in profit or loss (Note 27):		
- property development costs	(1,664,100)	(1,601,000)
- investment properties	(546,100)	(817,000)
Relating to changes in tax rates	0	(870,000)
(Over)/Underprovision in prior year	(383,100)	6,160,000
Balance as at 31 December	<u>17,161,700</u>	<u>19,755,000</u>
- property development costs		

- (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	
	2017	2016
	RM	RM
Property, plant and equipment	47,100	47,100
Unused tax losses	878,200	733,600
	<u>925,300</u>	<u>780,700</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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: (cont'd)

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 deductible temporary differences do not expire under the current tax legislation.

12. INVENTORIES

	Group	
	2017 RM	2016 RM
At cost		
Completed properties held for sale	10,085,053	1,378,211

The cost of completed properties held for sale comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

13. PROPERTY DEVELOPMENT COSTS

	Freehold land, at cost RM	Development costs RM	Total RM
Group			
Cumulative property development costs			
Balance as at 1 January 2017	165,435,188	676,163,502	841,598,690
Incurred during the financial year	0	141,503,770	141,503,770
Transfer from land held for property development (Note 7)	11,588,608	3,345,024	14,933,632
Transferred to inventories	(977,874)	(8,355,527)	(9,333,401)
Cost eliminated due to completion of projects	(23,138,981)	(389,023,428)	(412,162,409)
Balance as at 31 December 2017	152,906,941	423,633,341	576,540,282
Cumulative costs recognised in the statement of profit or loss and other comprehensive income			
Balance as at 1 January 2017	(88,299,191)	(549,663,493)	(637,962,684)
Recognised during the financial year	(12,257,659)	(137,707,207)	(149,964,866)
Cost eliminated due to completion of projects	23,138,981	389,023,428	412,162,409
Balance as at 31 December 2017	(77,417,869)	(298,347,272)	(375,765,141)
Property development costs as at 31 December 2017	75,489,072	125,286,069	200,775,141
Cumulative property development costs			
Balance as at 1 January 2016	159,651,556	646,223,051	805,874,607
Incurred during the financial year	0	213,641,881	213,641,881
Transfer from land held for property development (Note 7)	45,533,648	8,708,271	54,241,919
Transfer from investment properties (Note 6)	0	5,416,475	5,416,475
Transferred to inventories	(63,319)	(430,482)	(493,801)
Cost eliminated due to completion of projects	(39,686,697)	(197,395,694)	(237,082,391)
Balance as at 31 December 2016	165,435,188	676,163,502	841,598,690

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

13. PROPERTY DEVELOPMENT COSTS (cont'd)

	Freehold land, at cost RM	Development costs RM	Total RM
Cumulative costs recognised in the statement of profit or loss and other comprehensive income			
Balance as at 1 January 2016	(110,091,688)	(570,648,256)	(680,739,944)
Recognised during the financial year	(17,894,200)	(176,410,931)	(194,305,131)
Cost eliminated due to completion of projects	39,686,697	197,395,694	237,082,391
Balance as at 31 December 2016	(88,299,191)	(549,663,493)	(637,962,684)
Property development costs as at 31 December 2016	77,135,997	126,500,009	203,636,006

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

	2017 RM	2016 RM
Directors of the subsidiaries		
Executive Directors		
Directors' remuneration (Note 26)		
- other emoluments	0	5,736
Interest on:		
- Interest on revolving credit	710,871	247,019
- Interest on term loans	1,567,327	2,526,696

Interest capitalised in property development costs at rates ranging from 4.57% to 5.45% (2016: 4.55% to 5.45%) per annum.

Freehold land held under development with carrying amount of RM132,458,521 (2016: RM91,699,435) has been charged to banks for credit facilities granted to subsidiaries (Note 22).

Included in Directors' remuneration of the Group are contributions to a defined contribution plan of RMNil (2016: RM650).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Trade receivables				
Third parties	59,155,430	9,536,567	0	0
Retention sums	19,222,369	36,001,383	0	0
Accrued billings in respect of property development costs	34,484,237	39,467,652	0	0
	112,862,036	85,005,602	0	0
Other receivables				
Non-trade receivables	1,746,096	2,866,217	0	3,670
Amounts due from subsidiaries	0	0	16,962,880	40,155,860
	1,746,096	2,866,217	16,962,880	40,159,530
Loan and receivables	114,608,132	87,871,819	16,962,880	40,159,530
Deposits and prepayments				
Deposits	1,511,056	1,441,010	9,933	9,933
Prepayments	181,558	115,092	12,596	14,710
	1,692,614	1,556,102	22,529	24,643
Total trade and other receivables	116,300,746	89,427,921	16,985,409	40,184,173
Financial instruments classification:				
Total trade and other receivables (excluded prepayments)	116,119,188	89,312,829	16,972,813	40,169,463
Cash and bank balances (Note 16)	94,556,740	83,274,678	11,441,873	4,368,665
Total loans and receivables	210,675,928	172,587,507	28,414,686	44,538,128

All trade and other receivables are denominated in RM.

(a) Trade receivables

The normal trade credit terms granted by the Group and the Company are generally on 21 working days term (2016: 21 working days) and 30 days term (2016: 30 days) respectively. They are recognised at their original billing amounts, which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2017	2016
	RM	RM
Neither past due nor impaired	99,511,587	77,306,209
1 to 30 days past due not impaired	5,897,974	3,890,800
31 to 60 days past due not impaired	3,962,415	3,405,979
61 to 90 days past due not impaired	2,146,970	16,289
More than 91 days past due not impaired	1,343,090	386,325
	112,862,036	85,005,602

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

14. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Based on past experience, the Board believes that no allowance for impairment is necessary in respect of those balances.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables of RM13,350,449 (2016: RM7,699,393) that are past due but not impaired mainly arose from customers for whom there are no recent historical of default, purchasers with end financing from reputable financial institutions. The management is of the view that there is no objective evidence that the receivables are not fully recoverable.

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable.

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

	Group	
	2017	2016
	RM	RM
Within one (1) year	14,704,312	28,055,679
Within two (2) years	4,518,057	7,945,704
	19,222,369	36,001,383

(c) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured and payable upon demand in cash and cash equivalents.

Included in amounts due from subsidiaries is an amount of RM16,962,880 (2016: RM40,015,651) which is non-trade in nature, bears interest at 4% (2016: 4%) per annum. The remaining amounts due from subsidiaries were interest-free.

(d) Credit risk concentration profile

The Group and the Company do not have any significant exposure to any individual customer or counterparty nor do not have any major concentration of credit risk related to any financial instruments.

(e) 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.

15. SHORT TERM FUNDS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Financial assets at fair value through profit or loss				
Fixed income trust funds in Malaysia (Note 16)	10,727,601	37,560,905	727,510	8,358,374

All short term funds are denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

15. SHORT TERM FUNDS (cont'd)

- (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 principal guaranteed 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.

16. CASH AND BANK BALANCES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash and bank balances	84,370,056	67,148,020	11,435,980	4,362,961
Deposits with licensed banks	10,186,684	16,126,658	5,893	5,704
	<u>94,556,740</u>	<u>83,274,678</u>	<u>11,441,873</u>	<u>4,368,665</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 RM32,450,759 (2016: RM20,183,909) 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 effective interest rate of deposits with both licensed banks of the Group and of the Company are 2.95% - 3.30% (2016: 2.95% - 3.30%) and 3.30% (2016: 3.30%) per annum respectively.
- (c) Included in the deposits with licensed banks is an amount of RM3,562,540 (2016: RM3,413,368) 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	
	2017	2016	2017	2016
	RM	RM	RM	RM
Short term funds placed with a financial institution (Note 15)	10,727,601	37,560,905	727,510	8,358,374
Cash and bank balances	84,370,056	67,148,020	11,435,980	4,362,961
Deposits with licensed banks	10,186,684	16,126,658	5,893	5,704
	<u>105,284,341</u>	<u>120,835,583</u>	<u>12,169,383</u>	<u>12,727,039</u>
Less:				
Deposits pledged with licensed banks	(3,562,540)	(3,413,368)	0	0
	<u>101,721,801</u>	<u>117,422,215</u>	<u>12,169,383</u>	<u>12,727,039</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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 bank balances was:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Fixed rate				
Deposits with licensed banks	10,186,684	16,126,658	5,893	5,704
Floating rates				
Short term funds (Note 15)	10,727,601	37,560,905	727,510	8,358,374
Cash and bank balances	54,679,992	40,690,166	11,170,380	3,242,027
	65,407,593	78,251,071	11,897,890	11,600,401

Sensitivity analysis for fixed rate cash and bank balances 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 RM261,422 (2016: RM342,427) and RM46,085 (2016: RM54,112) respectively.

17. SHARE CAPITAL

	2017		2016	
	No. of shares	RM	No. of shares	RM
Group				
Issued and fully paid				
Balance as at 1 January	427,351,165	213,675,582	424,147,815	212,073,907
Issued for cash pursuant to:				
- ESOS	610,000	842,434	979,000	489,500
- Warrants	5,341,352	3,244,594	2,224,350	1,112,175
Transfer from share premium account pursuant to the Companies Act, 2016	0	69,290,235	0	0
Transfer from capital reserve account pursuant to the Companies Act, 2016	0	467,579	0	0
Balance as at 31 December	433,302,517	287,520,424	427,351,165	213,675,582
Company				
Issued and fully paid				
Balance as at 1 January	427,351,165	213,675,582	424,147,815	212,073,907
Issued for cash pursuant to:				
- ESOS	610,000	842,434	979,000	489,500
- Warrants	5,341,352	3,244,594	2,224,350	1,112,175
Transfer from share premium account pursuant to the Companies Act, 2016	0	69,290,235	0	0
Balance as at 31 December	433,302,517	287,052,845	427,351,165	213,675,582

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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 427,351,165 to 433,302,517 by way of:

- (i) Issuance of 610,000 new ordinary shares pursuant to exercise of ESOS at the following option prices:

Exercise price (RM)	0.85	1.24	1.25	1.27	1.30
No. of shares issued	10,000	13,000	279,000	288,000	20,000

- (ii) Issuance of 5,341,352 new ordinary shares pursuant to the exercise of warrants.

- (b) In the previous financial year, the issued and paid-up share capital of the Company was increased from 424,147,815 to 427,351,165 by way of:

- (i) Issuance of 979,000 new ordinary shares pursuant to exercise of ESOS at the following option prices:

Exercise price (RM)	0.50	0.85	1.25	1.27
No. of shares issued	35,000	30,000	798,000	116,000

- (ii) Issuance of 2,224,350 new ordinary shares pursuant to the exercise of warrants.

- (c) The owners of the parent 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.
- (d) With the introduction of the Companies Act, 2016 effective 31 January 2017, the concepts of authorised share capital and par value of share capital have been abolished. Consequently, balance within the share premium account of RM69,290,235 has been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Companies Act, 2016. Notwithstanding this provision, the Company may utilise its share premium account for purposes stipulated in Section 618(3) of the Companies Act, 2016 for a transitional period of 24 months from 31 January 2017. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the member as a result of this transition.
- (e) Pursuant to Section 618(4) of Companies Act, 2016, the credit standing in the capital reserve of RM467,579 has been transferred to the share capital account.

18. RESERVES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Non-distributable:				
Share premium	0	69,135,499	0	69,135,499
Share options reserve	957,297	1,056,218	957,297	1,056,218
Capital reserve	0	467,579	0	0
Warrants reserve	0	108,856	0	108,856
	957,297	70,768,152	957,297	70,300,573
Distributable:				
Retained earnings	292,739,447	251,979,881	12,610,328	40,504,401
	293,696,744	322,748,033	13,567,625	110,804,974

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

18. RESERVES (cont'd)

(a) Share premium

The share premium of the Group and the Company represents premium arising from the issuance of ordinary shares of the Company at issue price above par value.

With the introduction of the Companies Act, 2016 effective 31 January 2017, the balance within the share premium account has been transferred to the share capital account as disclosed in Note 17(d) to the financial statements.

(b) Share options reserve

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.

(c) Capital reserve

The capital reserve arose from subsidiaries' redemption of redeemable preference shares pursuant to the requirements of Section 61 of the Companies Act, 1965 in Malaysia.

With the introduction of the Companies Act, 2016 effective 31 January 2017, the balance within the capital reserve account has been transferred to the share capital account as disclosed in Note 17(e) to the financial statements.

(d) Warrants reserve

The warrants of 44,200,000 issued pursuant to the rights issue exercise of the Company were constituted by a deed poll dated 27 April 2012 ('Deed Poll'). The warrants were listed on Main Market of Bursa Malaysia Securities Berhad on 4 June 2012. The main features of the warrants were as follows:

- (i) Each warrant will entitle its registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price, subject to adjustment in accordance with the provision of the Deed Poll.
- (ii) The exercise price of each warrant had been fixed at RM0.60, subject to adjustments under certain circumstances in accordance with the provision of the Deed Poll.
- (iii) The expiry date of warrants shall be the day falling on the fifth (5th) year of the date of issue of the warrants, whereupon any warrant, which has not been exercised will lapse and cease thereafter to be valid for any purpose.
- (iv) The ordinary shares to be issued pursuant to the exercise of the warrants will rank pari passu in all respect with the existing issued ordinary share of the Company.

The warrants expired on 30 May 2017. Consequently, warrants reserve in relation to the unexercised warrants was transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

19. BORROWINGS

	Group	
	2017	2016
	RM	RM
<u>Current liabilities</u>		
Secured		
Hire purchase creditors (Note 20)	0	29,063
Revolving credit (Note 21)	12,700,000	7,400,000
Term loans (Note 22)	25,189,095	33,360,751
	<u>37,889,095</u>	<u>40,789,814</u>
<u>Non-current liabilities</u>		
Secured		
Hire purchase creditors (Note 20)	0	0
Term loans (Note 22)	68,536,326	97,365,572
	<u>68,536,326</u>	<u>97,365,572</u>
<u>Total borrowings</u>		
Hire purchase creditors (Note 20)	0	29,063
Revolving credit (Note 21)	12,700,000	7,400,000
Term loans (Note 22)	93,725,421	130,726,323
	<u>106,425,421</u>	<u>138,155,386</u>

All borrowings are denominated in RM.

(a) The interest rate per annum of borrowings that were effective as at the end of reporting period were as follows:

	Group	
	2017	2016
	%	%
Hire purchase creditors	N/A	4.61 - 4.66
Revolving credit	5.02	5.01
Term loans	<u>4.52 - 5.45</u>	<u>4.35 - 5.45</u>

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

	Group	
	2017	2016
	RM	RM
Fixed rate		
Hire purchase creditors	<u>0</u>	<u>29,063</u>
Floating rate		
Revolving credit	12,700,000	7,400,000
Term loans	93,725,421	130,726,323
	<u>106,425,421</u>	<u>138,126,323</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

19. BORROWINGS (cont'd)

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

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group as at 31 December 2017. 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 decrease or increase by RM382,920 (2016: RM497,005), as a result of higher or lower interest expense on these borrowings.

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 RM236,002 (2016: RM296,400), as a result of higher or lower interest expense on these borrowings.

- (c) The maturity of the revolving credits is as follows:

	Group	
	2017	2016
	RM	RM
Not later than one (1) year	12,700,000	7,400,000

- (d) The maturity of the term loans is as follows:

	Group	
	2017	2016
	RM	RM
Not later than one (1) year	25,189,095	33,360,751
Later than one (1) year and not later than two (2) years	31,159,178	28,789,848
Later than two (2) years and not later than three (3) years	9,903,730	31,148,273
Later than three (3) years and not later than four (4) years	9,135,138	9,895,901
Later than four (4) years and not later than five (5) years	3,890,280	9,193,270
Later than five (5) years	14,448,000	18,338,280
	93,725,421	130,726,323

- (e) 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 2017				
Borrowings	41,855,679	60,041,264	16,775,751	118,672,694
As at 31 December 2016				
Borrowings	46,069,736	88,207,665	21,328,216	155,605,617

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

20. HIRE PURCHASE CREDITORS

	Group	
	2017	2016
	RM	RM
Minimum hire purchase payments:		
- not later than one (1) year	0	29,475
- later than one (1) year but not later than five (5) years	0	0
Total minimum hire purchase payments	0	29,475
Less: future interest charges	0	(412)
Present value of hire purchase payments	0	29,063

Repayable as follows:

Current liabilities

- not later than one (1) year	0	29,063
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- (a) Hire purchase creditors are fixed rate instruments. Sensitivity analysis at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rates.
- (b) In the previous financial year, the carrying amounts of hire purchase of the Group as at the end of the reporting period that do not approximate their fair values are:

	Group	
	Carrying amount	Fair Value
	RM	RM

As at 31 December 2016

Hire purchase creditors	29,063	28,171
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The fair value of hire purchase obligations is categorised as Level 2 in the fair value hierarchy. There were no transfer between levels in the hierarchy in the previous financial year.

21. REVOLVING CREDIT

The revolving credit is secured by legal charge over the Group's property, plant and equipment, investment properties and development land as disclosed in Note 5, Note 6 and Note 7 to the financial statements.

22. TERM LOANS

The term loans are secured by:

- (a) Legal charge over the Group's investment properties and development land as disclosed in Note 6, Note 7 and Note 13 to the financial statements; and
- (b) Corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Trade payables				
Third parties	30,610,587	28,250,291	0	0
Progress billings in respect of property development costs	2,007,480	25,098,668	0	0
	32,618,067	53,348,959	0	0
Other payables				
Other payables	242,674	502,450	25,108	156
Accruals	6,498,697	1,488,622	61,100	153,920
Dividend payable	12,999,076	12,839,906	12,999,076	12,839,906
Deposits received	2,669,537	2,239,299	0	0
	22,409,984	17,070,277	13,085,284	12,993,982
Total trade and other payables	55,028,051	70,419,236	13,085,284	12,993,982
Financial instruments classification:				
Total trade and other payables	55,028,051	70,419,236	13,085,284	12,993,982
Borrowings (Note 19)	106,425,421	138,155,386	0	0
Total financial liabilities carried at amortised cost	161,453,472	208,574,622	13,085,284	12,993,982

All trade and other payables are denominated in RM.

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group is 30 days (2016: 30 days). Included in trade payables of the Group is retention sum on contracts amounting to RM24,214,786 (2016: RM28,219,799).

- (b) Amount due to customers for contract work

The amount due to customers for contract work are represented by:

	Group	
	2017	2016
	RM	RM
Construction contract costs	0	22,910,300
Attributable profits	0	917,636
	0	23,827,936
Progress billings	0	(23,827,936)
	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

23. TRADE AND OTHER PAYABLES (cont'd)

- (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 summarised in the table below:

	On demand or within one year RM
Group	
As at 31 December 2017	
Trade and other payables	55,028,051
As at 31 December 2016	
Trade and other payables	70,419,236
Company	
As at 31 December 2017	
Trade and other payables	13,085,284
As at 31 December 2016	
Trade and other payables	12,993,982

24. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Property development	277,176,973	356,381,641	0	0
Contract revenue	0	18,655	0	0
Rental income from investment properties	4,750,221	4,158,727	0	0
Operation of car park	143,928	108,830	0	0
Property management fees	28,000	168,400	0	0
Dividend income	0	0	15,801,100	37,003,600
	282,099,122	360,836,253	15,801,100	37,003,600

- (a) The amount of property development revenue and expenses recognised in respect of development units that have been sold is determined by reference to the stage of completion of development activity at the end of the reporting period. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

Revenue from sale of completed properties is recognised upon the finalisation of sale and purchase agreement by end of the reporting period and when the risks and rewards of ownership have passed to the customers.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

24. REVENUE (cont'd)

- (a) In estimating the total costs to complete, the Group considers the completeness and accuracy of its cost estimation, including its obligations to contract variations, claims and cost contingencies.
- (b) Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs or by reference to the physical completion of the contract.
- (c) Rental income from investment properties is recognised based on accrual basis.
- (d) Operation of car park income is recognised based on receipt basis.
- (e) Property management fees are recognised when services are rendered.
- (f) Dividend income is recognised when the right to receive payment is established.

25. COST OF SALES

	Group	
	2017	2016
	RM	RM
Property development	150,758,150	196,904,140
Contract works	0	18,635
	150,758,150	196,922,775

26. DIRECTORS' REMUNERATION

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Directors of the Company				
Executive Directors				
Directors' fee	120,000	85,000	120,000	85,000
Salaries and other emoluments	3,121,924	2,443,426	0	0
Bonus	832,400	955,500	0	0
Defined contribution plan	592,417	508,950	0	0
Total Executive Directors' remuneration (exclude benefits-in-kind)	4,666,741	3,992,876	120,000	85,000
Estimated money value of benefits-in-kind	59,200	44,700	59,200	44,700
Total Executive Directors' remuneration (including benefits-in-kind)	4,725,941	4,037,576	179,200	129,700
Directors of the Company				
Non-executive Directors				
Directors' fee	213,667	210,000	213,667	210,000
Other emoluments	8,500	9,000	8,500	9,000
Total Non-Executive Directors' remuneration	222,167	219,000	222,167	219,000
Total Directors' remuneration				
- fee	333,667	295,000	333,667	295,000
- other emoluments	4,555,241	3,916,876	8,500	9,000
	4,888,908	4,211,876	342,167	304,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

26. DIRECTORS' REMUNERATION (cont'd)

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Directors of the subsidiaries				
Executive Directors				
Directors' fee	28,500	36,000	0	0
Salaries and other emoluments	0	433,689	0	0
Defined contribution plan	0	64,850	0	0
	28,500	534,539	0	0
Estimated money value of benefits-in-kind	0	15,500	0	0
Less:				
- capitalised in property development costs (Note 13)	0	(5,736)	0	0
Total Executive Directors' remuneration (including benefits-in-kind)	28,500	544,303	0	0

Movements in share options granted under the ESOS during the financial year were as follows:

	2017	2016
	Unit	Unit
Director of the Company		
Executive Director		
As at 1 January	1,000,000	0
Transferred from *	0	1,000,000
As at 31 December	1,000,000	1,000,000
Director of the subsidiary		
Executive Director		
As at 1 January	0	1,000,000
Transferred to *	0	(1,000,000)
As at 31 December	0	0

* In the previous of financial year, the Director of the subsidiary has been appointed as the Director of the Company on 18 November 2016.

The terms and conditions of the share options are detailed in Note 31 to the financial statements.

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	
	2017	2016
Executive Directors		
RM250,000 - RM300,000	0	1
RM750,001 - RM800,000	1	0
RM800,001 - RM850,000	0	1
RM1,100,001 - RM1,150,000	1	0
RM2,750,001 - RM2,800,000	1	1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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: (cont'd)

	Number of directors	
	2017	2016
Non-executive Directors		
RM1 - RM50,000	1	1
RM50,001 - RM100,000	3	3
Directors of the Subsidiaries		
Executive Director		
RM1 - RM50,000	1	2
RM450,000 - RM500,000	0	1

27. TAX EXPENSE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current tax expense based on profit for the financial year	24,308,200	34,077,490	252,800	188,200
Real property gain tax	0	33,545	0	0
(Over)/Underprovision of tax in prior years	(552,901)	5,578,765	(2,257)	8,818
	23,755,299	39,689,800	250,543	197,018
Deferred tax (Note 11):				
- relating to origination and reversal of temporary differences	2,210,200	1,137,000	0	0
- changes in tax rate	0	870,000	0	0
- over/(under)provision in prior years	383,100	(6,160,000)	0	0
	26,348,599	35,536,800	250,543	197,018

The Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated taxable profits for the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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	
	2017	2016	2017	2016
	RM	RM	RM	RM
Profit before tax	110,610,135	148,765,290	15,647,813	34,477,692
Tax at the applicable tax rate of 24% (2016: 24%)	26,546,400	35,703,700	3,755,500	8,274,600
Tax effects in respect of:				
Non-taxable income	(604,700)	(3,938,200)	(3,792,100)	(8,977,300)
Non-allowable expenses	575,000	3,407,160	289,400	890,900
Different tax rate for the first RM500,000 of chargeable income	(33,000)	(31,270)	0	0
Real property gain tax	0	33,545	0	0
Relating to changes in tax rate	0	870,000	0	0
(Over)/Underprovision of tax in prior years	(552,901)	5,578,765	(2,257)	8,818
Over/(Under)provision of deferred tax in prior years	383,100	(6,160,000)	0	0
Deferred tax assets not recognised during the financial year	34,700	78,000	0	0
Utilisation of deferred tax assets previously not recognised	0	(4,900)	0	0
Tax expense for the financial year	26,348,599	35,536,800	250,543	197,018

Tax savings of the Group are as follows:

	Group	
	2017	2016
	RM	RM
Arising from utilisation of previous unrecognised tax losses and capital allowances	0	4,900

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	
	2017	2016
	RM	RM
Profit attributable to equity holders of the parent	84,050,597	112,203,066

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

28. EARNINGS PER ORDINARY SHARE (cont'd)

(a) Basic (cont'd)

	Group	
	2017	2016
	Unit	Unit
Weighted average number of ordinary shares in issue	427,351,165	424,147,815
Effects of:		
- exercise of ESOS	434,896	318,160
- exercise of warrants	3,633,865	1,168,870
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	431,419,926	425,634,845
Basic earnings per ordinary share (sen)	19.48	26.36

(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	
	2017	2016
	RM	RM
Profit attributable to equity holders of the parent	84,050,597	112,203,066

	Group	
	2017	2016
	Unit	Unit
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	431,419,926	425,634,845
Effects of dilution:		
- ESOS	41,425	200,191
- unexercised warrants	0	3,133,559
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	431,461,351	428,968,595
Diluted earnings per ordinary share (sen)	19.48	26.16

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

29. DIVIDENDS

	Group/Company			
	2017		2016	
	Dividend per share Sen	Amount of dividend net of tax RM	Dividend per share Sen	Amount of dividend net of tax RM
Dividends paid/declared:				
In respect of financial year ended 31 December 2016:				
Final single tier dividend	7.0	30,329,776	0	0
In respect of financial year ended 31 December 2017:				
Interim single tier dividend	3.0	12,999,076	0	0
In respect of financial year ended 31 December 2015:				
Final single tier dividend	0	0	6.0	25,590,772
In respect of financial year ended 31 December 2016:				
Interim single tier dividend	0	0	3.0	12,839,906
	10.0	43,328,852	9.0	38,430,678

A final single tier dividend in respect of the financial year ended 31 December 2017 of 4.7 sen per ordinary share amounting to RM20,365,218 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 2018.

30. EMPLOYEE BENEFITS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Wages, salaries and bonuses	5,701,126	9,565,111	0	0
Directors' fee	148,500	121,000	120,000	85,000
Contributions to defined contribution plan	755,848	1,369,487	0	0
Social security contributions	52,117	52,070	0	0
Share options granted under ESOS	101,455	360,551	50,700	276,624
Other benefits	946,125	1,275,715	154,400	142,438
	7,705,171	12,743,934	325,100	504,062

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM4,695,241 and RM120,000 (2016: RM4,521,679 and RM85,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

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:

- (a) Directors, and confirmed employees of the Group who have served at least 2 years of continuous services are eligible under the Scheme;
- (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 Scheme;
- (c) Not more than 50% of the shares available under the ESOS should be allocated in aggregate, to 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 Scheme;
- (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 Scheme;
- (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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

31. EMPLOYEE SHARE OPTIONS SCHEME ('ESOS') (cont'd)

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

	←	Number of options over ordinary shares			→	
	Outstanding as at 1.1.2017	Movements during the financial year			Outstanding as at 31.12.2017	Exercisable as at 31.12.2017
		Granted	Exercised	Lapsed		
2017						
5 June 2012	20,000	0	0	0	20,000	20,000
2 May 2013	10,000	0	(10,000)	0	0	0
15 November 2013	787,000	0	(288,000)	0	499,000	499,000
28 May 2014	183,000	0	0	0	183,000	183,000
17 December 2014	1,166,000	0	0	(60,000)	1,106,000	1,106,000
15 June 2015	318,000	0	0	(10,000)	308,000	308,000
1 December 2015	782,000	0	(160,000)	0	622,000	622,000
21 June 2016	189,000	0	(119,000)	0	70,000	70,000
16 December 2016	137,000	0	(13,000)	(65,000)	59,000	59,000
3 July 2017	0	191,000	(20,000)	0	171,000	171,000
18 December 2017	0	19,000	0	0	19,000	19,000
	3,592,000	210,000	(610,000)	(135,000)	3,057,000	3,057,000
Weighted average exercise prices (RM)	1.36	1.27	1.25	1.35	1.38	1.38
Weighted average remaining contractual life (months)	5	60*				53

* Extension of ESOS for five (5) years until 4 June 2022.

	←	Number of options over ordinary shares			→	
	Outstanding as at 1.1.2016	Movements during the financial year			Outstanding as at 31.12.2016	Exercisable as at 31.12.2016
		Granted	Exercised	Lapsed		
2016						
5 June 2012	55,000	0	(35,000)	0	20,000	20,000
30 November 2012	2,000	0	0	(2,000)	0	0
2 May 2013	40,000	0	(30,000)	0	10,000	10,000
15 November 2013	993,000	0	(116,000)	(90,000)	787,000	787,000
28 May 2014	183,000	0	0	0	183,000	183,000
17 December 2014	1,166,000	0	0	0	1,166,000	1,016,000
15 June 2015	318,000	0	0	0	318,000	318,000
1 December 2015	1,529,000	0	(681,000)	(66,000)	782,000	762,000
21 June 2016	0	306,000	(117,000)	0	189,000	189,000
16 December 2016	0	137,000	0	0	137,000	137,000
	4,286,000	443,000	(979,000)	(158,000)	3,592,000	3,422,000
Weighted average exercise prices (RM)	1.34	1.25	1.21	1.25	1.36	1.36
Weighted average remaining contractual life (months)	17					5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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)

	Exercise price RM	Exercise period
2017		
5 June 2012	0.50	5.6.2012 - 4.6.2022
2 May 2013	0.85	2.5.2013 - 4.6.2022
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

Share options exercised during the financial year resulted in the issuance of 610,000 (2016: 979,000) ordinary shares at an average price of RM1.25 (2016: RM1.21) each. The related weighted average ordinary share price at the date of exercise was RM1.43 (2016: RM1.47).

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	
	3 July 2017	18 December 2017
Fair values of share options (RM):	0.23	0.13
Weighted average share price (RM)	1.44	1.02
Weighted average exercise price (RM)	1.30	0.92
Expected volatility (%)	29.40	32.19
Expected life (years)	5.00	4.46
Risk free rate (%)	2.95	3.30
Expected dividend yield (%)	6.95	9.82

	Grant dates	
	21 June 2016	16 December 2016
Fair values of share options (RM):	0.21	0.17
Weighted average share price (RM)	1.38	1.37
Weighted average exercise price (RM)	1.25	1.24
Expected volatility (%)	32.00	31.50
Expected life (years)	0.92	0.46
Risk free rate (%)	3.80	3.30
Expected dividend yield (%)	6.50	6.55

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

32. CONTINGENT LIABILITIES

	Group/Comany	
	2017	2016
	RM	RM
Corporate guarantee given to banks for credit facilities granted to subsidiaries - unsecured	179,329,000	212,849,000

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 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 could 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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	
	2017	2016	2017	2016
	RM	RM	RM	RM
Progress claims charged to an associate	0	18,634	0	0
Rental paid to a company of which a Director has interest	118,400	168,600	0	9,900
Dividend received from:				
- an associate	0	0	787,500	1,350,000
- subsidiaries	0	0	15,013,600	35,653,600
Interest charged to subsidiaries	0	0	1,156,165	631,756
Sales of development property to Director of the Company	401,295	0	0	0
Consultant fee charged to an associate	12,000	12,000	0	0

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

- (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	
	2017	2016	2017	2016
	RM	RM	RM	RM
Short term employee benefits	5,401,437	4,881,589	342,167	304,000
Contributions to defined contribution plan	744,461	677,944	0	0
	6,145,898	5,559,533	342,167	304,000

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

34. CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd)

(a) Capital management (cont'd)

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 2017 and 31 December 2016.

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 less short term funds and cash and bank balances. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Borrowings (Note 19)	106,425,421	138,155,386	0	0
Less:				
Short term funds (Note 15)	(10,727,601)	(37,560,905)	(727,510)	(8,358,374)
Cash and bank balances (Note 16)	(94,556,740)	(83,274,678)	(11,441,873)	(4,368,665)
Net debt	1,141,080	17,319,803	(12,169,383)	(12,727,039)
Total capital	581,217,168	536,423,615	300,620,470	324,480,556
Net debt	1,141,080	17,319,803	(12,169,383)	(12,727,039)
Equity	582,358,248	553,743,418	288,451,087	311,753,517
Capital gearing ratio	0.20%	3.13%	*	*

* Capital gearing ratio is not presented as the Company is 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 equal to or not less 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 2017.

(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 Group's exposure 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

34. CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

The Group's objective 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 14 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 Group's and the Company's exposure to liquidity risk arises principally from their various payables and borrowings.

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 Group's and the Company's activities.

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 19 and Note 23 to the financial statements.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments would fluctuate because of changes in market interest rates.

The primary interest rate risk of the Group relates to interest-earning deposits and interest-bearing borrowings from financial institutions.

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 16 and Note 19 to the financial statements respectively.

35. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

In 5 July 2017, the Company had acquired the remaining 50% equity interest, representing 250,000 ordinary shares in Zipac Development Sdn. Bhd. ("ZDSB") for a total cash consideration of RM292,801. Pursuant to that, Company's equity interest in ZDSB increased from 50% to 100% and ZDSB became a wholly owned subsidiary of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

36. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

36.1 New FRSs adopted during the financial year

The Group and the Company adopted the following Standards of the FRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to FRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to FRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 12 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	1 January 2017

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 FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018

The following are Standards of the FRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
FRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to FRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to FRS 1 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	See FRS 1 Paragraphs 39AD and 39ADAA
Amendments to FRS 128 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	See FRS 128 Paragraphs 45E and 45EAA
Amendments to FRS 140 <i>Transfers of Investment Property</i>	See FRS 140 Paragraphs 85G and 85GAA
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	See IC Interpretation 22 Paragraphs A1 and A1AA
Amendments to FRS 4 <i>Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts</i>	See FRS 4 Paragraphs 46, 47AA and 48
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	See IC Interpretation 23 Paragraphs B1 and B1AA
Amendments to FRS 10 and FRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The above Standards shall be superseded upon adoption of the MFRS Framework on 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

36. ADOPTION OF NEW FRSS AND AMENDMENT TO FRSS (cont'd)

36.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework shall be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* (MFRS 141) and IC Interpretation 15 *Agreements for Construction of Real Estate* (IC 15), including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities would be mandatory for annual periods beginning on or after 1 January 2018. The Group fall within the scope definition of Transitioning Entities and the Group has opted to defer the adoption of the MFRS Framework to the financial period beginning on 1 January 2018.

In adopting the new MFRS Framework, the Group would be required to apply the specific transition requirements in MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. In addition to the adoption of the new MFRS Framework, the following new MFRSs and amendments to the MFRSs are effective for annual periods beginning on or after 1 January 2018:

Title	Effective Date
MFRS 9 <i>Financial Instruments</i> (IFRS as issued by IASB in July 2014)	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Annual Improvements to MFRS Standards 2014 - 2016 Cycle:	
(i) Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2018
(ii) Amendments to MFRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Annual Improvements to MFRS Standards 2015 - 2017 Cycle:	
(i) Amendments to MFRS 3 <i>Business Combinations</i>	1 January 2019
(ii) Amendments to MFRS 11 <i>Joint Arrangements</i>	1 January 2019
(iii) Amendments to MFRS 112 <i>Income Taxes</i>	1 January 2019
(iv) Amendments to MFRS 123 <i>Borrowing Costs</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

Based on the assessment, the Group does not expect the application of new MFRS Framework, MFRS 9 and MFRS 15 to have any significant impact on its consolidated financial statements.

The Group is in the process of assessing the impact of implementing these Standards and Amendments other than adoption of new MFRS Framework, MFRS 9 and MFRS 15, since the effects would only be observable for the future financial years.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth 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 Monday, 28 May 2018 at 11.00 a.m. for the following purposes:-

A G E N D A

As Ordinary Business

- | | | |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of Directors and Auditors thereon. | Please refer
Note 8 |
| 2. | To re-elect Mr. Lai Fook Hoy, a Director who retires by rotation in accordance with Article 86 of the Company's Constitution and who, being eligible, offers himself for re-election. | Resolution 1 |
| 3. | To re-elect Ms. Tsai Chia Ling, a Director who retires by rotation in accordance with Article 86 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 2018. | Resolution 3 |
| 5. | To approve the payment of Directors' benefits payable to non-executive directors up to an amount not exceeding RM100,00.00 from 29 May 2018 until the conclusion of the next AGM of the Company. | Resolution 4
Please refer
Note 9 |
| 6. | To approve the payment of a single tier final dividend of 4.7 sen per ordinary share for the financial year ended 31 December 2017. | Resolution 5 |
| 7. | To re-appoint Messrs. BDO 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 IN THE COMPANY**

“THAT, subject to the approvals of the regulatory authorities, the Board of 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.

Resolution 7
Please refer
Note 10

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 11

"THAT, pursuant to the Dividend Reinvestment Scheme as approved by the shareholders at an Extraordinary General Meeting held on 19 June 2013, the Directors 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 Shares shall be fixed by the Directors at not more than 10% discount to five (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 shares, shall upon allotment and issue, rank *pari passu* in all respects with the existing shares, save and except that the new 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 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 shares to be issued pursuant to the Dividend Reinvestment Scheme."

10. **PROPOSED ALTERATION OR AMENDMENT TO THE CONSTITUTION OF THE COMPANY**

Resolution 9
Please refer
Note 12

"THAT approval be and is hereby given to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution of the Company as set out in Appendix A with immediate effect AND THAT the Board of Directors of the Company be and is hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

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.

FUTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the Tambun Indah Tenth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 21 May 2018. Only a depositor whose name appears on the Record of Depositors as at 21 May 2018 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board,

LEE PENG LOON (MACS 01258)
P'NG CHIEW KEEM (MAICSA 7026443)
Company Secretaries

Penang

Date: 27 April 2018

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 two (2) proxies to attend and vote at the same meeting.
3. Where a member appoints more than one (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 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.
5. 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 twenty-four (24) hours before the time appointed for the taking of the poll or at any adjournment thereof.
6. 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.
7. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by poll.

NOTES ON ORDINARY BUSINESS

8. 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.
9. The Resolution 4, if passed, will enable the Company to pay meeting allowance and other benefits to non-executive directors of the Company. The total amount of directors' benefits payable is estimated based on number of scheduled meetings of the Board, and Board Committees as well as the number of non-executive directors involved in these meetings.

NOTES ON SPECIAL BUSINESS

10. 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.

11. 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.
12. The Resolution 9, if passed, will enable the Directors to amend the existing Memorandum & Articles of Association (Constitution) of the Company to be in line with the Companies Act, 2016 and the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In view of substantial amount of the proposed amendments to the Constitution, the Directors proposed that the existing Constitution be altered or amended by the Company in its entirety by the replacement thereof with a new Constitution which incorporated all the proposed amendments (New Constitution) as set out in Appendix A.

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 Tenth 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 Tenth Annual General Meeting of the Company are set out in the Directors' Profile section of this Annual Report.
- 3) The details of the directors' interests in the securities of the Company as at 30 March 2018 are set out in the Analysis of Shareholdings section of this Annual Report.
- 4) The Resolution 7 tabled under Special Business as per the Notice of the Tenth Annual General Meeting of the Company dated 27 April 2018 is a renewal of general mandate granted by shareholders of the Company at the last Annual General Meeting held on 18 May 2017.

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.

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TAMBUN INDAH LAND BERHAD
(Company No. 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 Tenth Annual General Meeting 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
Monday, 28 May 2018 at 11.00 a.m., and at any adjournment thereof.

No.	Resolutions	FOR	AGAINST
1.	To re-elect Mr. Lai Fook Hoy as a Director of the Company.		
2.	To re-elect Ms. Tsai Chia Ling as a Director of the Company.		
3.	To approve the payment of Directors' Fees for the financial year ending 31 December 2018.		
4.	To approve the payment of Directors' benefits to non-executive directors.		
5.	To approve the payment of a single tier final dividend.		
6.	To re-appoint Messrs. BDO as auditors of the Company.		
7.	To authorise the Directors to allot and issue new shares in the Company.		
8.	To authorise the Directors to allot and issue new shares in relation to the Dividend Reinvestment Scheme.		
9.	To approve the alteration or amendment to the Constitution 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.....,2018.

No. of shares held

.....
Signature(s)/Common Seal of member(s)

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 two (2) proxies to attend and vote at the same meeting.
3. Where a member appoints more than one (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 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.
5. For a proxy to be valid, this 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 twenty-four (24) hours before the time appointed for taking the poll or at any adjournment thereof. Last date and time for lodging Proxy Form will be on Sunday, 27 May 2018 at 11.00 a.m. being the approximate time for the taking of the poll at the Tenth Annual General Meeting.
6. In the case of a corporate member, this Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
7. In respect of deposited securities, only a depositor whose name appear on the Record of Depositors on 21 May 2018 shall be eligible to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.
8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of the Tenth Annual General Meeting will be put to vote by poll.

**strike out whichever is not desired.*

For appointment of two(2) proxies, Percentage of shareholdings to be represented by the proxies :		
	No. of Shares	%
Proxy 1		
Proxy 2		
		100

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The Company Secretary
Tambun Indah Land Berhad (810446-U)
51-21-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

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Tambun Indah Land Berhad
(Company No. 810446-U)

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CORPORATE GOVERNANCE REPORT

STOCK CODE : 5191
COMPANY NAME : Tambun Indah Land Berhad
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	The Board's strategic aims in regards to governance, compliance, policies and strategies are briefly outlined within the 'Role and Responsibilities' section of the Board Charter and 'Board Leadership' section of the CG Overview Statement in the Annual Report 2017.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied	
Explanation on application of the practice	:	As a Board, we are the custodians of the Company, the Chairman of the Board is responsible to provide driven leadership to ensure that the Board can perform its responsibilities effectively and manage the interface between Board and management and ensure orderly conduct and proceedings of general meetings. Further details are briefly outlined within the `Role of the Chairman` of the Board Charter and `Board Leadership` section of the CG Overview Statement in the Annual Report 2017.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied	
Explanation on application of the practice	:	The Independent Non-Executive Chairman, Mr. Lai Fook Hoy was appointed as the Chairman of the Board and the role of CEO is fulfilled by Mr. Teh Kiak Seng (Managing Director). Their roles are separate and there is a clear segregation of duties to distinguish between the provision of leadership to the Board and the executive responsibility of managing Tambun Indah Group's business.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	Lee Peng Loon and P'ng Chiew Keem are the Company Secretaries and their roles as Company Secretaries are by the appointment of the Board. Details of their roles as Company Secretaries are set out in the 'Company Secretary' section of the CG Overview Statement in the Annual Report 2017.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	At least seven (7) business days prior to each meeting, members of the Board and Committees are provided with the meeting agenda and the relevant papers submitted by management, containing information to enable deliberation on the issues to be considered in the respective meetings. The minutes of Committee meetings are usually circulated to all Board members within 2 weeks after the meeting.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies—

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	Our Group's "Board Charter" is available on its official website at www.tambunindah.com , and has been integrated into our company's control systems and operations. It functions as a descriptive tool that defines and describes the Board's governance system, policies and procedures that the Board has decided upon, amongst others, to meet its responsibilities, governance and leadership role.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflict of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>Tambun Indah Group's business conduct and ethical standards are expressly stated in the Group's Code of Business Conduct and Ethics. The Code covers policies and procedures which includes but not limited to managing conflicts of interest, insider trading and money laundering, to be followed by the Board and employees in their dealings with internal and external parties.</p> <p>The "Code of Business Conduct and Ethics" can be found on the Company's official website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied	
Explanation on application of the practice	:	We have a whistleblowing policy which provides an independent feedback channel where employees and stakeholders may, without fear of reprisal, raise matters of concern in good faith. The details of the procedures are set out within the `Whistleblowing Policy` section of the Board Charter, which can be found on our corporate website and in the section `Business Ethics, Integrity and Whistleblowing` of the CG Overview Statement in the Annual Report 2017.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>As at 31 December 2017, there were seven (7) Board members; of which three (3) are Independent Directors and four (4) are Non-Independent Directors representing forty-three percent (43%) of Independent Directors on the Board.</p> <p>An Independent Director, Mr. Yeoh Chong Keat has formally resigned on 12 March 2018 and his replacement will be appointed within three (3) months. As such, presently there are six (6) Board members; of which two (2) are Independent Directors and four (4) are Non-Independent Directors representing thirty-three percent (33%) of Independent Directors on the Board.</p> <p>Thus, the Board's composition complies with the Main Market Listing Requirements of Bursa Malaysia that require a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors. However, the current composition of the Board does not comprise at least half of Independent Directors as stated within the CG Code. Nonetheless, the Board is helmed by the Chairman (Mr Lai Fook Hoy) who is an Independent Director, and the sub-committees consist mainly of independent Directors.</p> <p>The Board operates in the manner that ensures Directors exercise independent judgement and with the interest of the shareholders are in the forefront when important decisions are made by the Board. The Board, through the Nominating Committee reviews the composition of the Board yearly.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied	
Explanation on application of the practice	:	In the Company’s vision of achieving a sustainable and balanced development, diversity within its Board, senior management and all levels of the organization is an essential element. All appointments have been made based on merits, and candidates are considered with due regards for the benefits of diversity of the Board and workforce in order to have better governance in the Group. This includes diversity in the Board and senior management’s skills, experience, age, cultural background and gender.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>As at 31 December 2017, the Board consists of two (2) female Directors out of seven (7) Board members, which translates to a twenty-nine percent (29%) female representation on the Board.</p> <p>Mr. Yeoh Chong Keat, a male Director of the Board, has formally resigned on 12 March 2018 and his replacement will be appointed within three (3) months. As such, presently there are six (6) Board members; of which two (2) are female Directors, which translates to a thirty-three percent (33%) female representation on the Board.</p> <p>The Board has drafted and implemented a gender diversity policy and supports the importance of promoting gender diversity on its Board and within its management. As such, the Board welcomes such diversity and gender mix in its composition and will appoint at least one women director in the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nominating Committee (NC) plays an important role in linking the Board recruitment, selection and succession planning to the Group's strategic goal. The NC considers individuals recommended by the Board, management, major shareholders and independent sources i.e. professional bodies (REHDA / MIA etc). The assessment criteria used in evaluating the candidates are skills and experience, character, integrity and competency, and whether the candidate is able to allocate time to carry out his duties as a Director effectively.</p> <p>The Board's procedures in regards to the appointment of Directors are covered in 'Nomination and Appointments' and 'Re-elections' sections of the Board Charter and 'Appointments to the Board' of the CG Overview Statement in the Annual Report 2017.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	Mr. Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali who is an Independent Non-Executive Director, is appointed as the chair of the Nominating Committee.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	An annual assessment performed on each individual director in February, the 'Director Self-Assessment', encompasses the Board mix and composition, the leadership and effectiveness of Board room activities, decision making, information processes and governance policies. The outcomes are documented in the minutes of meetings. The evaluation also reviews the Directors' commitment to serve the company with diligence and integrity and the confidence to stand up for a point of view in accordance to the CG Code. The Nominating Committee (NC) also assesses the individual director's ability to discharge duties and responsibilities, and as Board Committees. Also, the NC assesses the independent directors in terms of objectivity and independence in Board meetings.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>Remuneration of the Directors and senior management is determined by the Remuneration Committee taking into consideration business results of the Group, individual performance, function, workload, responsibilities, length of service, leadership, benefits-in-kind and the compensation levels for comparable positions among other similar Malaysia public listed companies.</p> <p>The Remuneration Committee reviews and recommends the Directors and senior management remuneration package to the Board for approval. Board members are not involved in deciding their own individual remuneration.</p> <p>The details of the remuneration policies and procedures are available under 'Remuneration Policies' of the Board Charter available on the Company's official website and 'Remuneration Committee' section of the CG Overview Statement in the Annual Report 2017.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Remuneration Committee (RC) has established and adopted Terms of Reference regarding the authorities and duties of the RC. Further details of the Terms of Reference of the RC are available under 'Term of Reference of Board Committees, Remuneration Committee' of the Board Charter available on the Company's official website and 'Remuneration Committee' section of the CG Overview Statement in the Annual Report 2017.
Explanation for departure	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied	
Explanation on application of the practice	:	The details of the remuneration of Directors of the Company comprising remuneration received and receivables from the Company and subsidiary companies during the FY2017 are disclosed within the 'Remuneration of Directors and Senior Management Personnel' section of the CG Overview Statement in the Annual Report 2017.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Group is aware of the importance of transparency in disclosing the remuneration of its senior management. Due to the competitive human resource environment for personnel with requisite knowledge and experience in the industry, Tambun Indah is in the opinion that specific disclosure on named basis will be considered to be unfavourable towards the Group.</p> <p>In providing further insight on the level of remuneration paid to the senior management team, the Company has taken the step to disclose the senior management remuneration in aggregate. The aggregate sum of remuneration for these members of the key senior management team for is available within the 'Remuneration of Directors and Senior Management Personnel' section of the CG Overview Statement in the Annual Report 2017.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>Our Chairman of Audit Committee, Mr Yeoh Chong Keat is neither the Chairman of the Board nor other Board Committee's Chairman as our Board acknowledges that being an independent, objective body, it should function as the Company's independent custodian to ensure the integrity of financial controls, combined assurance and effective financial risk management.</p> <p>Mr. Yeoh Chong Keat has formally resigned on 12 March 2018 and his replacement will be appointed within three (3) months.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	As per the implementation of the MCCG, the ‘Terms of Reference of Board Committees, Audit Committee’ which is accessible via the Board Charter has been reviewed and expanded its scope to include a policy to govern the circumstances under which former key audit partners of the present and former external auditor(s) can be appointed to the Board or be employed by the company.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied	
Explanation on application of the practice	:	The Audit Committee Functions/Duties within the Board Charter states that the Audit Committee is responsible for considering the appointment and/or re-appointment of external auditors, their audit fees and any question of their resignation or reason (supported by grounds) to believe that the external auditors is not suitable for re-appointment and to recommend to the Board of Directors and that to review and discuss with external auditors, the nature and scope of the audit, their evaluation of the system of internal accounting controls, major findings, management letter, management responses and audit reports.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Company is in compliance as all the members of the Audit Committee are Independent Directors.

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	The members of the AC fulfill the requirement set out within the Main Listing Requirement – Chapter 15 (Sub-Point 15.09), which stipulates the necessary skills and experiences required to be a member of the Audit Committee. The majority of the members of the AC have the necessary financial, commercial expertise, and capital market skills required to meet their responsibilities and to provide an effective level of challenge to management. All of the members of the AC have obtained ongoing training and development as detailed in the “Board Development” section of the CG Overview Statement in the Annual Report 2017.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied	
Explanation on application of the practice	:	The Group has adopted an Enterprise Risk Management ("ERM") framework which was formalised in July 2012 and has carried out a review of the Risk Registry as stated within the 'Statement on Risk Management and Internal Control' section of the Annual Report 2017. The Company has updated the Risk Management Handbook, including the Risk Registry in September 2017.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a sound framework to formulate and review its risk management practices alongside the support of an outsourced internal audit team in carrying out the necessary assessment of the Group's internal control environment.</p> <p>Further information on Tambun Indah Group's internal control and risk management is presented in the Statement on Risk Management and Internal Control and as detailed in the "Risk Management and Internal Audit" section of the CG Overview Statement in the Annual Report 2017.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied	
Explanation on application of the practice	:	As disclosed within the 'Terms of Reference of Board Committees, Audit Committee' and as detailed in the 'Audit Committee Authority' and 'Audit Committee Functions/Duties' within the Board Charter, one of the roles of the AC is to deal with the review and assessment of the Company's internal audit function and that the internal auditors are to report directly to the AC. The role of Internal Audit is to provide objective assurance to the AC and the senior management that operations and functions are efficient and effective, and that processes have a robust control environment. Thus, an annual assessment on Internal Auditors is carried out by the members of the AC on the performance of the outsourced internal audit function provided by Sterling Business Alignment Consulting Sdn. Bhd.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied	
Explanation on application of the practice	:	In accordance with the CG Code, the disclosure that the internal auditors are free from any relationship or conflict of interest along with the number of resources engaged for each audit visit and the framework of the internal audit procedures/function are documented within the 'Risk Management and Internal Audit' section of the CG Overview Statement in the Annual Report 2017.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied	
Explanation on application of the practice	:	The Board maintains a dialogue with shareholders, directed towards ensuring a mutual understanding of objectives. It also promotes effective communication with its stakeholders through announcements and disclosure of information/results on a timely manner, executed via the Bursa Malaysia website, Company’s website, press releases and annual reports.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable for the Group.	
		Not applicable for the Group.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not applicable for the Group.	
Timeframe	:	Others	Please specify number of years.

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	The Group is adhering to the stipulated period of notice for an Annual General Meeting, prior to the meeting in compliance with the Bursa Securities Listing Requirements. These periods of notice are “clear” days (that is, they do not include the day of sending the notice and the day of the meeting). In addition to sending the notice, the Company also published the AGM Notice on its website and the information still remains on its website.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	All Directors were present at the recent Annual General Meeting. The AC and RC Chairmen are available at the 2017 AGM to take any relevant inquiries. Attendance is compulsory and all other Directors will attend the AGM 2017 unless due to illness or any other urgent commitment prevents them from attending .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>As stated in the Company's Constitution, Notice of AGM together with proxy form, the Company allows its shareholders to vote in absentia or by proxy, provided that the proxy shall have been appointed by the shareholder himself or by his duly authorised attorney or representative provided further that it is filed at the registered office of the Company at least 24 hours before the AGM.</p> <p>The Company, through its Polling Agent, ensures that all valid proxy or corporate representative or attorney appointments received are properly recorded and counted. The Chairman announces the electronic poll voting results at the AGM, and the poll results are announced on the same day through Bursa Link service. All resolutions at the AGM for FY2016 were passed without a significant proportion of votes against.</p> <p>Since June 2015, the Company's AGMs have been held at the Group's signature township, Pearl City, a venue with convenient access.</p> <p>By all means of the abovementioned, the Company is constantly ensuring that all practical efforts are being taken and considered to ensure that shareholders are able to participate at General Meetings.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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