TAMBUN INDAH
恒大置地

ANNUAL REPORT 2019

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CORPORATE INFORMATION

Board of Directors

Lai Fook Hoy
Independent Non-Executive Chairman

Teh Kiak Seng
Executive Deputy Chairman

Teh Deng Wei
Managing Director

Teh Theng Theng
Executive Director

Tsai Chia Ling
Non-Independent Non-Executive Director

Lam Voon Kean
Independent Non-Executive Director

Dato' Seri Mokhtar Bin Mohd Jait
Independent Non-Executive Director

Audit Committee

Lam Voon Kean
Chairman / Independent Non-Executive Director

Lai Fook Hoy
Member / Independent Non-Executive Director

Dato' Seri Mokhtar Bin Mohd Jait
Member / Independent Non-Executive Director

Remuneration Committee

Lai Fook Hoy
Chairman / Independent Non-Executive Director

Lam Voon Kean
Member / Independent Non-Executive Director

Dato' Seri Mokhtar Bin Mohd Jait
Member / Independent Non-Executive Director

Nominating Committee

Dato' Seri Mokhtar Bin Mohd Jait
Chairman / Independent Non-Executive Director

Lai Fook Hoy
Member / Independent Non-Executive Director

Lam Voon Kean
Member / Independent Non-Executive Director

Company Secretaries

Lee Peng Loon (MACS 01258)
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 PLT (LLP0018825-LCA & AF 0206)
Chartered Accountants
51-21-F Menara BHL
Jalan Sultan Ahmad Shah
10050 Penang

Principal Bankers

OCBC Bank (Malaysia) Berhad
CIMB Bank Berhad
Malayan Banking Berhad

Share Registrar

Tricor Investor & Issuing House Services Sdn. Bhd.
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No. 603-2783 9299
Fax No. 603-2783 9222

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
(Bursa Securities)

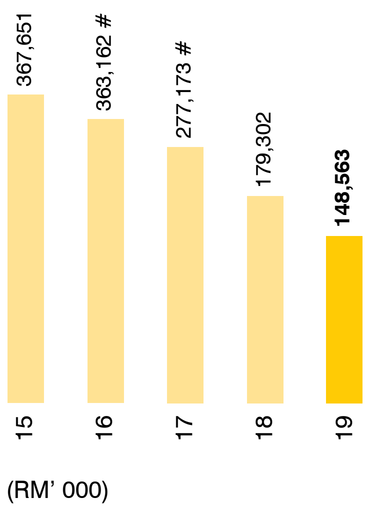
CORPORATE STRUCTURE

Tambun Indah Land Berhad

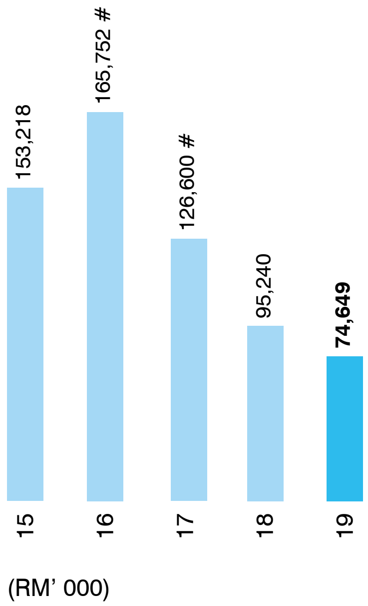
100%	Cenderaman Development Sdn. Bhd.	Property Development
100%	Denmas Sdn. Bhd.	Project & Construction Management
100%	Denmas Development Sdn. Bhd.	Property Development
100%	Epiland Properties Sdn. Bhd.	Property Management
100%	Hong Hong Development Sdn. Bhd.	Property Development
100%	Intanasia Development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

FINANCIAL HIGHLIGHTS

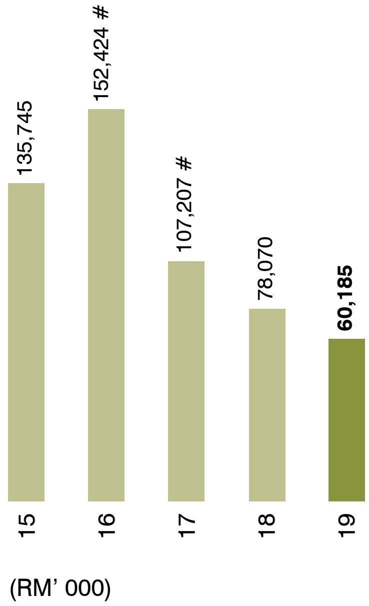
Revenue
RM148.6
million



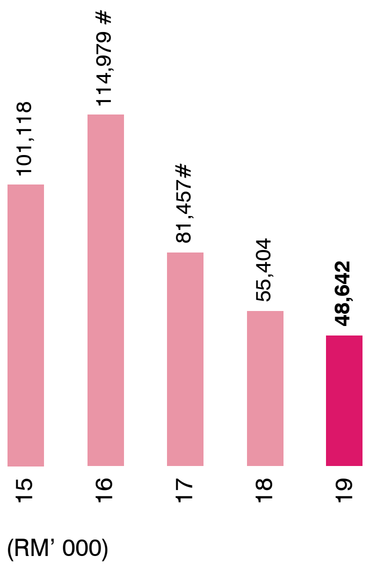
Gross Profit
RM74.6
million



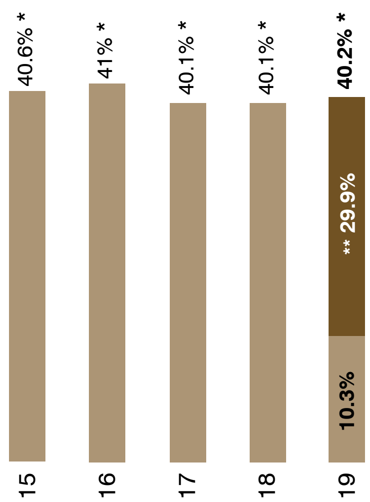
Profit Before Tax
RM60.2
million



Net Profit Attributable to Equity Holders
RM48.6
million

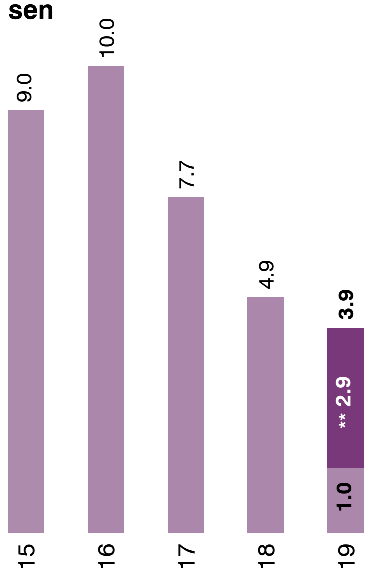


Dividend Payout



** 2.9 sen of final dividend subject to shareholders' approval

Dividend Per Share
3.9
sen



** 2.9 sen of final dividend subject to shareholders' approval

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

The figures have been restated following the adoption of MFRSs

FINANCIAL HIGHLIGHTS (cont'd)

Summarised Group Statement of Profit or Loss and Other Comprehensive Income

	Financial Year Ended 31 December				
	Audited 2015 RM'000	**Audited[1] 2016 RM'000**	**Audited[1] 2017 RM'000**	**Audited 2018 RM'000**	**Audited 2019 RM'000**
Revenue	367,651	363,162	277,173	179,302	**148,563**
Gross Profit	153,218	165,752	126,600	95,240	**74,649**
Profit Before Tax	135,745	152,424	107,207	78,070	**60,185**
Net Profit Attributable to Equity Holders	101,118	114,979	81,457	55,404	**48,642**

Summarised Group Financial Position

	Audited 2015 RM'000	**Audited[1] 2016 RM'000**	**Audited[1] 2017 RM'000**	**Audited 2018 RM'000**	**Audited 2019 RM'000**
Total non-current assets	363,423	328,103	313,020	308,280	**454,604**
Total current assets	410,534	423,821	435,851	428,058	**375,300**
Total assets	773,957	751,924	748,871	736,338	**829,904**
Share capital	212,074	213,676	287,520	287,580	**287,637**
Share premium	67,927	69,135	-*	-	**-**
Other reserves	1,560	1,633	958*	890	**998**
Retained earnings	178,207	254,756	292,921	319,370	**351,134**
Shareholders' equity	459,768	539,200	581,399	607,840	**639,769**
Non-controlling interests	2,736	2,562	1,880	1,317	**488**
Total non-current liabilities	140,251	97,365	68,536	37,499	**119,414**
Total current liabilities	171,202	112,797	97,056	89,682	**70,233**
	773,957	751,924	748,871	736,338	**829,904**
Net assets per share (RM)	1.08	1.26	1.34	1.40	**1.48**

* 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

	2015	**2016[1]**	**2017[1]**	**2018**	**2019**
Gross Profit Margin	41.67%	45.64%	45.68%	53.12%	**50.25%**
Profit Before Tax Margin	36.92%	41.97%	38.68%	43.54%	**40.51%**
Net Profit Margin	27.50%	31.66%	29.39%	30.90%	**32.74%**
Short term funds and cash and bank balances (RM'000)	183,918	120,836	105,284	175,405	**158,133**
Total borrowings (RM'000)	188,409	138,155	106,425	95,821	**159,973**
Lease liabilities (RM'000)	-	-	-	-	**518**
Net Gearing	0.98%	3.21%	0.20%	Net cash	0.37%

Note :

[1] The figures have been restated following the adoption of MFRSs

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements for the financial year ended 31 December 2019 (FY2019).

Financial Overview

The Department of Statistics reported that Malaysia's Gross Domestic Product (GDP) growth rate declined from 4.7% in 2018 to 4.3% in 2019. Against the country's subdued economic environment, the property market remained challenging in FY2019.

Tambun Indah Land Berhad and its subsidiaries ("the Group") achieved revenue and net profit attributable to shareholders of RM149 million and RM49 million respectively for FY2019, down from RM179 million and RM55 million in the previous financial year. The lower financial performance was due to fewer on-going projects in FY2019 in line with the softer property market. The Group had been careful in managing its business risks and had adopted a cautious approach in new property launches. Further details of Group's financial performance are provided in the Management's Discussion and Analysis ("MD&A") section of this Annual Report.

Dividend

In accordance with its dividend policy, the Group continues to maintain our commitment of paying dividends of between 40% to 60% of the Group's net profit, excluding valuation gain on investment properties, to our loyal shareholders. The Board will recommend a final single-tier dividend of 2.9 sen per ordinary share for shareholders' approval at the forthcoming Annual General Meeting. This brings the full-year dividend for FY2019 to 3.9 sen per ordinary share (FY2018 : 4.9 sen).

Permai Residency

Ambay Park

Property Sector Outlook

Going into FY2020, we expect the property market to remain challenging, with the uncertainty in the global economy, and cautious buyer sentiment in committing to big-ticket items like property. This uncertainty will be further compounded by the escalation of the COVID-19 virus outbreak which has affected many countries worldwide. The potential impacts of the virus outbreak are further discussed in the MD&A section of this Annual Report. Under these circumstances, the Group will continue to exercise prudence in new project launches, with focus on the affordable and mid-market landed projects.

Board Composition

We welcome Dato' Seri Mokhtar Bin Mohd Jait who joined the Board on 1 July 2019 as an Independent Non-Executive Director. He is the Chairman of the Nomination Committee, and is also a member of the Audit Committee and the Remuneration Committee.

We are pleased to announce that on 2 January 2020, Mr. Teh Kiak Seng was redesignated to Group Executive Deputy Chairman, whilst Mr. Teh Deng Wei assumed the position of Group Managing Director.

Appreciation

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

To the management and staff, I would like to convey my sincere appreciation of your dedication and commitment in supporting the Group towards becoming a reputable developer in Malaysia, despite the continued challenges in the property segment. I am also grateful to the members of the Board for their support and contribution during the year.

Thank you.

Lai Fook Hoy
Chairman

28 May 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Tambun Indah Land Berhad was founded in 1993 and listed on the Main Market of Bursa Malaysia Securities Berhad in 2011. The Group is an investment holding company with a portfolio of business segments mainly in property development and management. The Group has established itself as an innovative and quality developer in mainland Penang. The Group's track record consisted of township developments, mixed developments, landed residential homes, high rise residential condominiums, commercial premises and industrial factories. It is our intention to build on our strength by continuing to deliver properties of innovative design and quality.

Currently, the growth of Malaysian property market remains modest. The group will exercise prudence in new property launches in the coming years, catering to market demand by introducing products which are attractive and affordable.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2019 ("FY2019"), the Group achieved a total revenue of RM149 million, lower compared to RM179 million reported in the financial year ended 31 December 2018 ("FY2018").

In FY2019, the Group recorded RM144 million of revenue from the property development and management segment, as compared to RM174 million in FY2018. The total transaction value of new property sales was RM185 million compared to RM134 million in FY2018. Despite the higher new property sales, a lower revenue was recognised in FY2019 because a proportion of the new property sales was from newly launched projects which contributed lower recognised revenue. The Group's other business segment of investment holding, which comprised rental collection from investment properties and the operation of car parks, recorded a revenue of RM5 million similar to that in FY2018.

Profit before tax was likewise lower at RM60 million in FY2019, compared to RM78 million in FY2018. This was mainly attributed to the decrease in revenue as well as an increase in finance cost, although there was a small increase in other income. The Group recorded a higher other income of RM9.7 million in FY2019 compared to RM6 million in FY2018 mainly due to a higher fair value gain on investment property from the revaluation of the recently completed sports complex in Pearl City. Finance cost was higher arising from the drawdown of a term loan for the newly acquired land at Simpang Ampat, Penang by its subsidiary, Mustiara Sdn. Bhd.

The acquisition of the land at RM131 million contributed to the increase in the Group's total assets by RM94 million from RM736 million in FY2018 to RM830 million in FY2019; and correspondingly the Group's total liabilities increased by RM63 million from RM127 million to RM190 million as a result of the new term loan for the purchase of the land.

The total borrowings increased by RM64 million from RM96 million in FY2018 to RM160 million in FY2019 whereas the cash and cash equivalents were lower by RM17 million from RM175 million to RM158 million. The Group's financial position remained robust with a net gearing of less than 0.004 times. Shareholder's funds stood at RM640 million as compared to RM608 million in FY2018. The sound financial position of the Group will provide flexibility in funding future land banking and business expansion.

OPERATIONS REVIEW

PROPERTY DEVELOPMENT

In FY2019, the Group achieved new property sales of 529 units, a 77% increase from 299 units in FY2018. Although the total units sold increased significantly, the total transaction value increased by 38%, a consequence of a product mix consisting largely of affordable properties.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

On-Going Projects

Project Name	Type of Development	No. of Units	GDV RM' mil
Mutiara Indah	Low Cost Flats and Shops	302	15.8
Palma Residency	Gated and Guarded Landed Homes	90	51.0
Palm Garden	Serviced Apartments	335	120.6
Begonia Villa	Gated and Guarded Landed Homes	187	85.7
Permai Residency	Gated and Guarded Landed Homes	92	58.7

The on-going projects are part of the township development at Bandar Tasek Mutiara (Pearl City), except for Palma Residency and Permai Residency which are located in Bukit Mertajam, Seberang Perai Tengah. The on-going projects of the Group have an average take-up rate of 31%.

While being cognizant of the challenging environment in the overall Penang property market, the Group launched three new projects, Palm Garden, Begonia Villa and Permai Residency in FY2019, with a combined GDV of RM265 million. Palm Garden is a serviced apartment with a full range of facilities, whereas Begonia Villa is a freehold gated & guarded development of terrace houses and town houses. Both projects are located within the Bandar Tasek Mutiara (Pearl City) township. Permai Residency is a low density gated and guarded project consisting of landed double storey terrace houses in Kota Permai, Bukit Mertajam.

Palma Residency

Palma Residency is a low-density gated community for those seeking a peaceful neighbourhood and well-balanced lifestyle with various relaxation facilities in a secured environment. It comprises 90 units of double storey terrace houses in a prime location in Bukit Mertajam. Strategically located near to the Tesco commercial centre in Alma, Bukit Mertajam, it offers convenience to the home owners as various amenities such as academic establishments, retail stores, and F&B outlets are only a stone's throw away.

Permai Residency

Permai Residency is a newly launched low density gated and guarded development comprising 92 units of double storey terrace houses. It features an exclusive development with modern design and retreat-style relaxation facilities such as a swimming pool, indoor and outdoor gym, jogging track and children playground. It is located at a prime location in Bukit Mertajam, strategically near to Tesco, Icon City and Auto City.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

On-Going Projects (cont'd)

Bandar Tasek Mutiara (Pearl City) Township

Bandar Tasek Mutiara, marketed as Pearl City, is a township located at the southern district of Mainland Penang. Spanning over an estimated 1,400 acres of prime freehold development land, the township has a well-planned and ready infrastructure. Pearl City's centralised and strategic location at Simpang Ampat provides the added advantage of excellent connectivity to the North South Highway, Second Penang Bridge, and also several large industrial parks such as Bukit Minyak Industrial Park and Batu Kawan Industrial Park. The developments in Pearl City have progressed with the growing population in the vicinity. In FY2019, the Group expanded the land bank near Pearl City township with an acquisition of approximately 200 acres of freehold land. This will further contribute positively to the Group in the next decade.

The Group's flagship township saw two newly launched projects in FY2019, namely Palm Garden and Begonia Villa. Mutiara Indah is another on-going project in Pearl City.

Begonia Villa

Begonia Villa is a family-orientated project, complete with resort-style facilities and various security features. Comprising 95 units of double storey terraces and 92 units of duplex villa with a townhouse living concept.

Palm Garden

Palm Garden is a stylish serviced apartment which offers scenic views of the hill and city enhanced with a host of facilities featuring a swimming pool, wading pool, an indoor and outdoor gym and children's playground for a balanced and healthy lifestyle.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

PROPERTY INVESTMENT

The Group's portfolio of investment properties consists primarily of GEMS International School (Penang), Straits Garden Commercial Shop in Penang Island, as well as the recurring income from the joint venture investment in Pearl City Mall. In addition, a new Jesselball Sports Centre (Pearl City) was completed in the end of 2019 and started operating in first quarter of FY2020. The property investment segment continues to contribute a steady revenue stream to the Group.

GEMS International School (Penang)

GEMS International School, an international education institution that provides high quality education for over 50 years, has an enrolment capacity of up to 1,500 students. It offers an enriched version of the National Curriculum of England and Wales. It is the first full-fledged private international school in Mainland Penang. The first semester intake was in September 2015. With an increasing preference amongst parents for premium English-medium international schools, the timely presence of GEMS International School is poised to meet the educational needs of local and expatriate students.

Pearl City Mall

Pearl City Mall, represents the first stage of an integrated development located at the heart of Pearl City. The mall is leased to C-Mart, a well-known mall chain operator in northern peninsular Malaysia. It provides a family oriented leisure mall and entertainment outlets for existing and future residents of Pearl City, as well as the growing population of Seberang Perai Selatan.

Jesselball Sports Centre (Pearl City)

With an aim to create a healthier and wholesome living environment for Pearl City residents, a new Jesselball Sport Centre was launched in first quarter in FY2020. The amenities include:

1) 6 indoor badminton courts and 6 indoor futsal courts
2) A fully equipped gymnasium
3) Sports shop for sports equipment and sports wear
4) Café serving Hainanese and Malay dishes

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

OPERATIONAL AND FINANCIAL RISKS

The Group is subject to market risks inherent in property development. These include changes in government regulations, stringent financing policies, rising cost of living, escalation of costs and adverse changes in property market prices. The Group is also exposed to low demand for residential properties arising from the overhang in the property sector. The Group will also face competition from new and existing players launching residential projects in Mainland Penang.

To mitigate these risks, the Group will continue offer a variety of property types at affordable prices in order to meet the requirements of the market. The Group regularly conducts market research to understand the market dynamics so that products rolled out are of the right offering. In addition to this, the Group has proactively taken steps to solidify its position by continuing to provide quality products with timely delivery to ensure customer retention.

The Group also adopts a prudent approach towards cost management to minimize unnecessary cost leakages. A tendering system is adopted to ensure construction contracts are competitive. Backed by an experienced management team and its track record, the Group has maintained excellent working relationships with local suppliers and contractors to ensure sustainability.

The Group's exposure to financing and interest rate risk arises mainly from funding via interest-bearing bank borrowings where any fluctuations in interest rates or adverse changes in the financing environment will have material effects on the Group's interest and principal payments. In response to these risks, the Group will actively monitor and manage its debt maturity profile, operating cash flows, and availability of funding to mitigate these risks.

GROWTH STRATEGIES

Moving into FY2020, the Group expects the property market to continue to be sluggish. Besides, the outbreak of COVID-19 pandemic has further slowed down global trade and economies. Faced with these challenges, consumers will be extremely cautious with their personal expenditure, especially with regards to big ticket items such as property purchases. As highlighted in Note 36 (b) in the Directors' Report and Audited Financial Statements section of this Annual Report, the Group's assessment of the financial impact of COVID-19 pandemic is still on going as the development of the situation remains uncertain. However, the Group is confident in coping with the challenges, with appropriate strategic planning and management measures in place, backed by its sound financial position.

The Group will continue to strive to be innovative in its marketing strategies and be prudent in its financial management to ensure sustainability while on the lookout for any potential growth opportunity at the same time. Furthermore, the Group remains focused on market-driven products at an affordable pricing to attract potential sales.

In FY2020, the Group plans to launch a new project, namely Ambay Park, which has a total GDV of approximately RM117 million.

Ambay Park

Ambay Park offers a total of 254 units of double storey terrace houses in Pearl City. It caters for young working adults with growing families, looking to upgrade or purchase their first home. Strategically located within Pearl City with easy access to GEMS International School, Pearl City Mall, schools and F&B outlets.

Overall, the Group's pipeline projects will bring a GDV of approximately RM3.6 billion to the Group over the next twelve years or more. The Group's growth is also supported by our sizeable land bank in strategic locations that will provide comfort to any concern on future earnings sustainability.

In addition, we are pleased to announce that the Group had entered into a Memorandum of Understanding with Show Chwan Medical Care Corporation of Taiwan to collaborate efforts for the proposed establishment of a private specialist hospital at Pearl City (Bandar Tasek Mutiara). The establishment of this project will cater to the population in Seberang Perai Selatan and Seberang Perai Tengah, which includes various towns such as Simpang Ampat, Valdor, Jawi, Bukit Mertajam, Bukit Minyak and Juru and also several well established and large-scaled industrial parks such as the Prai Industrial Park, Penang Science Park and Bukit Minyak Industrial Park.

The Group's healthy financial position places us in a position to constantly look out for compelling landbank opportunities for future expansion. This will be a priority to ensure sustainable continuity of business in the long term.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

Dividends

The Group had paid an interim single-tier dividend of 1.0 sen per share in respect of FY2019 on 18 February 2020. The Board will propose a final single-tier dividend of 2.9 sen per share for shareholders' approval at the forthcoming Annual General Meeting. Together, the total dividend for FY2019 will be 3.9 sen per share, representing a dividend payout of approximately RM17 million.

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

Conclusion

The property market will continue to face challenges in FY2020. Despite the challenges, the Group is confident that with its reputable brand name in the northern region, the Group shall strive towards building a sustainable corporation through innovation and dedication.

To our valued customers, shareholders and other stakeholders, we would like to express our sincere appreciation for your continued trust and unwavering support. We would also like to extend our special thanks to the management team and staff for their hard work, dedication, and loyalty.

SUSTAINABILITY STATEMENT

SUSTAINABILITY AT TAMBUN INDAH

Sustainable development is a core business practice by Tambun Indah Land Berhad ("Tambun Indah" or "The Group"). It is indispensable towards achieving long-term success and value creation for the Group. Throughout our journey with sustainability incorporated into our operations, we have clear objectives in ensuring our development efforts emphasise both financial performance and non-financial initiatives that impact the communities.

As one of the reputable real estate and property developers in the Northern Region, we ensure that we remain committed in creating and enhancing the long-term economic values to our stakeholders, by consistently building quality and functional features in our projects. We are always cognizant of our responsibilities in fostering the well-being of our people and the communities we operate in, whilst protecting the environment.

We envisage to maintain close relationships with our stakeholders. Hence, we aim to disclose our Sustainability Statement of 2019 in a transparent manner. This report demonstrates our sustainability commitment for the reporting year, and highlights the practices we have cultivated in our corporate culture, categorised under 3 focus areas, namely:

- Growing towards a sustainable economy;
- Our environmental responsibilities; and
- Supporting our people and the communities.

REPORTING PERIOD AND SCOPE

Tambun Indah's Sustainability Statement ("Statement") focuses on the Group's sustainability initiatives and achievements, covering the period from 1 January 2019 until 31 December 2019, unless otherwise specified in the statement. This statement is published annually together with our Annual Report.

Our reporting scope includes all subsidiaries of the Group, encompassing its main development projects, activities and targets set in the reporting year. However, outsourced activities, joint ventures and entities within its value chain where Tambun Indah has no managerial control, are excluded. Nonetheless, as we progress, it is our intention that our business partners understand and be encouraged to adopt the principles of sustainability.

REPORTING FRAMEWORK

Pursuant to Bursa Malaysia Securities Berhad ("the Exchange")'s Main Market Listing Requirements ("MMLR") – Practice Note 9, Tambun Indah has prepared this Statement with reference to the Sustainability Reporting Guide (2nd edition) released by the Exchange. Our objective in preparing the Statement is to communicate the Group's efforts and contributions in three aspects – Economic, Environmental and Social (EES).

As part of our commitment in presenting a transparent and thorough disclosure to our stakeholders, this statement should be read in conjunction with our Management Discussion and Analysis ("MD&A"), which includes the Group's financial and operational performance for the financial year of 2019.

FEEDBACK

Your comments and feedback in regards to our sustainability efforts and disclosure are valuable to us. Please visit our corporate website at http://tambunindah.investor.net.my/ or contact +604-324 0088 to leave your messages or download a copy of our Statement.

OUR GOVERNANCE STRUCTURE

We believe that high standards of corporate governance are vital in safeguarding the sustainability of the Group, as well as managing operational risks and protecting stakeholders' interest. In creating strong business growth and long-term value to our stakeholders, we design this sustainability governance structure and it covers all key levels at the Group.

SUSTAINABILITY STATEMENT (CONT'D)

OUR GOVERNANCE STRUCTURE (CONT'D)

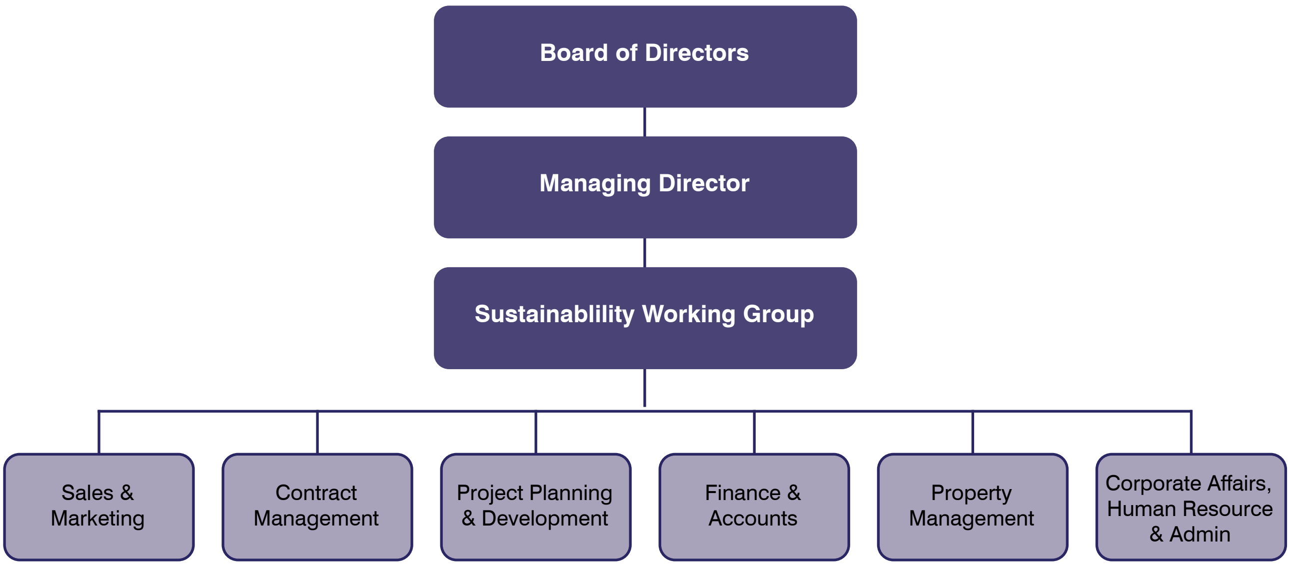
Our commitment towards sustainability begins from the top of our organisation. Positioned at the highest level, the Board of Directors ("Board") undertakes an oversight role of the Group's overall sustainability activities. Board is supported by the Sustainability Working Group ("SWG"), which comprises key Senior Management from various functions including:

- Sales and Marketing;
- Contract Management;
- Project Planning and Development;
- Finance and Accounts;
- Property Management; and
- Corporate Affairs, Human Resource and Administrative Department.

The SWG, chaired by the Managing Director, holds the responsibilities in implementing and monitoring the Group's sustainability-related strategies and initiatives.

The members of SWG will have formal and informal meetings throughout the year to assess and discuss key issues identified through stakeholders' engagements, and following from those discussions recommend follow-up action plans. The SWG updates and reports to the Board on the Group's sustainability development and performance as and when necessary. Pertinent sustainability proposals and recommendations will be presented to the Board for their review and approval.

To effectively control and execute the sustainability initiatives, the group has designed the governance structure as follows:



OUR ENGAGEMENT WITH STAKEHOLDERS

Tambun Indah acknowledges that it is of paramount importance to continuously engage our stakeholders as it is imperative to the success of our business. Active stakeholder engagement enables us to incorporated their expectations and concerns into the Group's sustainability goals, which creates the foundation in developing effective business strategies.

At Tambun Indah, we identified our key stakeholders as the individuals or groups having considerable business impact to, and by our business activities. Our stakeholder mapping is carried out through taking into consideration their degree of influence and impact to our organisation. Upon the identification of key stakeholders, we conduct regular communication and dialogues with them, with the aim to get their feedback and opinion, which will assist us in determining, evaluating and prioritising the material issues; and concurrently allow us to share our sustainability efforts with them.

SUSTAINABILITY STATEMENT (CONT'D)

OUR ENGAGEMENT WITH STAKEHOLDERS (CONT'D)

Over the years, we continue to develop and enhance the relationships with our diverse base of stakeholder groups by carrying out different meaningful engagement activities. Our stakeholder groups, engagement platforms and frequencies of our engagements are set forth in the table below:

Stakeholder	Engagement Platform	Frequency
Employees	• Briefing and Discussion • Performance Appraisal System • Training/ Workshop/ Forum • Staff Engagement Event • Formal and Informal Meeting and Discussion	• Regular • Annually • Regular • Ad-Hoc • Regular
Customers	• After Sales Services • Marketing Campaign and Advertisement • Social Media • Company Website • Complaint Email	• On-Going • Regular • On-Going • On-Going • Ad-Hoc
Contractors / Consultants / Suppliers	• Site Meeting / Client & Consultant Meeting • Site Inspection Exercise • Vendor Registration & Evaluation • Contract Negotiation / Tender Discussion	• Fortnightly • Fortnightly • Ad-Hoc • Ad-Hoc
Regulator / Authority Body	• Front Desk Consultation • Discussion/ Meeting • Engagement Forum • Company Website	• Ad-Hoc • Regular • Ad-Hoc • On-Going
Shareholders	• Annual General Meeting • Annual Report • Company Website • Press Release • Investors Briefing • Site Visit Request / Tele-conference Call	• Annually • Annually • On-Going • Ad-Hoc • Ad-Hoc • Ad-Hoc
Public Communities	• CSR Programs • Dialogue Session with Resident Associations and Local Authorities	• Regular • Ad-Hoc

SUSTAINABILITY STATEMENT (CONT'D)

IDENTIFYING AND PRIORITISING OUR MATERIAL ASPECTS

We define a subject to be material if it has the potential to considerably impact the Group's economic sustainability, social relevance, and its relationships with stakeholders. From the on-going engagement with our diverse range of stakeholders, we collect information from our business divisions to identify materiality matters from three main aspects – economic, social and environmental that create values to the organisation and our stakeholders.

By adopting a matrix-based approach, we measure our materiality sustainability matters through two bases – the level of impact or significance of an issue, as well as its corresponding likelihood to our organisation and stakeholders.

For the year in review, we have re-assessed and updated our materiality matrix to address sustainability matters that are of significant importance and relevance to the business and key stakeholders. Our materiality assessment approach is illustrated in the diagram below:

Materiality Assessment

Identify, Review, Update and Prioritise

Throughout the reporting year, feedbacks collected via stakeholder engagement are considered and reviewed by the Sustainability Working Group, assuring material matters remain relevant and updated to our organisation which operates in a dynamic environment.

Thereupon, we reviewed and prioritised the material matters by applying the weighted ranking method together with reference to Bursa Malaysia's Sustainability Reporting Guide, our internal perspectives and peer benchmarking.

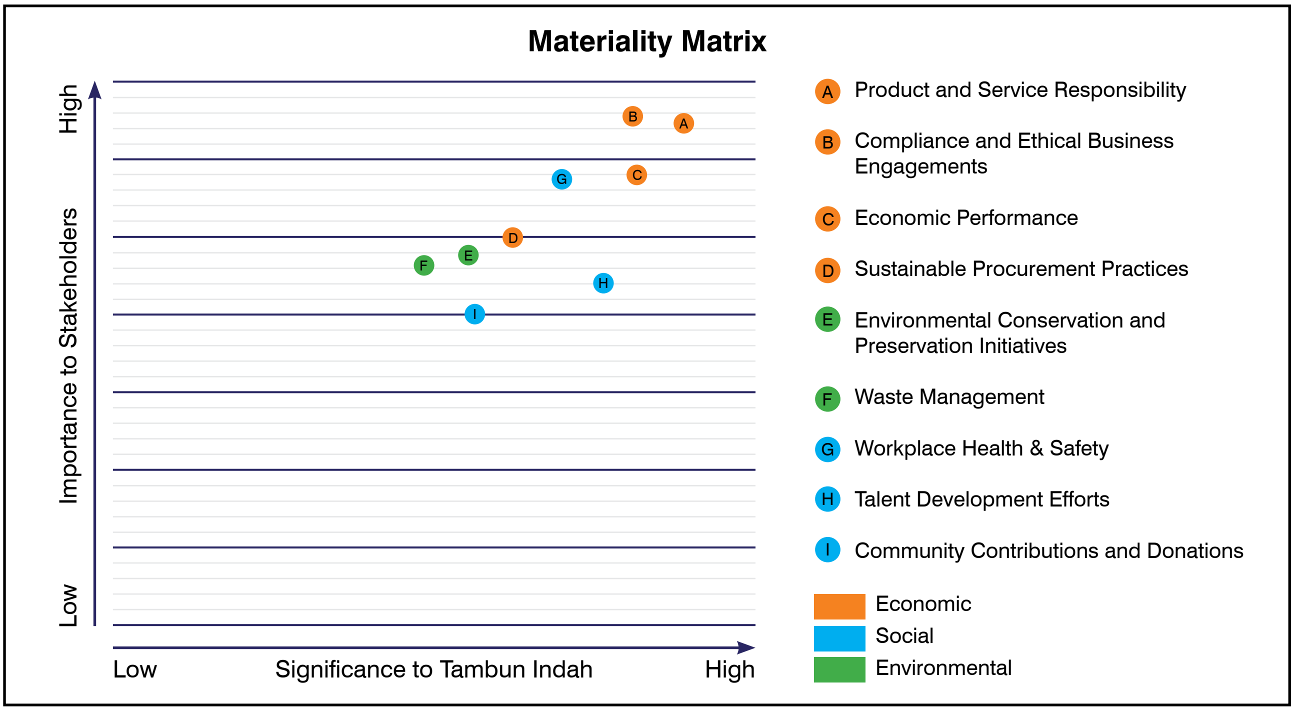
Affirmation and Approval

The updated materiality matrix is then brought up to the Board's review and approval.

This year, we have incorporated two new material matters under Economy aspect into our reporting:

i) Economic Performance
ii) Sustainable Procurement Practices

The results of the materiality matrix are presented as below. As these materiality matters are comparatively vital to the Group in view of the interrelation between us and our stakeholders, all topics identified in the matrix are discussed in the ensuing sections of this Statement under Economic, Social and Environment.



SUSTAINABILITY STATEMENT (CONT'D)

OUR SUSTAINABILITY APPROACH

GROWING TOWARDS A SUSTAINABLE ECONOMY

Product and Service Responsibility

Attaining quality excellence has always been the basis of the success of our business as it directly affects the Group's branding and reputation. We strive to continuously learn, explore and apply exemplary practices to ensure we uphold our commitment in delivering excellent products and services to our customers.

For us, quality excellence includes selecting the best cost-effective materials, provide sound workmanship, and meeting our customers' changing needs. Therefore, we acknowledge that maintaining quality standards requires us to develop long-term relationships with our stakeholders, primarily our customers in understanding and meeting their expectations.

At Tambun Indah, our specifications of quality commence at the project conceptualisation stage up until post-development phase. Accordingly, we have in place strict, precise and exacting product quality management processes across the property development cycle. On top of that, these product quality management processes are managed and headed by our competent and experienced management team that guides and supervises our development at all time.

The following table summarises our product quality management processes:

PROJECT DESIGN
Customers' expectations and needs are thoroughly considered while planning for the designing the concepts, including:
a) design brief;
b) layout design; and
c) material selection.

PRE-DEVELOPMENT
Our Project Planning and Development Team will incorporate the specific project quality requirements and ensure all efforts are concentrated on delivering high-quality products.

CONSTRUCTION
Rigorous quality control procedures are effectively applied in ensuring the building quality fulfills its prescribed requirements. Quality control monitoring process are carried out by our Quality Control Department involves:
a) Detailed inspections are performed on site on a regular basis; and
b) Performance are measured accordingly with the defined standards through quality assessment and audit procedures.

PRE-HANDOVER
Prior to handover, an array of quality checks and inspections shall be carried out by our team with the following objectives:
a) Ensuring our products meet the stipulated guidelines and aligned with our intended outcome; and
b) Meeting the authorities requirements.

POST-DEVELOPMENT
Active engagement between the Group and customers whereby comments and feedbacks are collected as a reference towards future development. We pledge to provide our best support in resolving matters concerning our customers in relation to the product or service quality or their experiences with the Group.

SUSTAINABILITY STATEMENT (CONT'D)

Product and Service Responsibility (cont'd)

Our commitment towards achieving quality excellence does not cease at the project completion stage. Upon handling the key to our customers, we provide a defect liability period of up to 24 months from the date a customer receives delivery of vacant possession. Within this time frame, they are encouraged to report any defect, omission, or poor workmanship to us by submitting a Handing Over Form ("HOF"). Our dedicated Quality Control ("QC") Team is in place to assist our customers in managing and monitoring the defect and rectification works within a stipulated timeline. Presently, we aim to complete our rectification activity within 21 working days after notification of the defect.

Our QC team is responsible to notify our customer upon completion of the rectification work. The team will proceed to schedule a joint inspection with the customer to obtain an acknowledgment of completion of rectification on the HOF. During the year, we had handed over the keys to our customers for projects which included Pearl Saujana Permai located at Simpang Ampat, Pulau Pinang. For all the HOF received by our team from the aforesaid project, majority of the complaints were addressed within 21 days – which achieved the internal benchmark set by our team.

Compliance and Ethical Business Engagements

Tambun Indah has constantly instilled an ethical workplace culture since the organisation was founded in 1993. We uphold the highest standards of professionalism and compliance with all relevant laws and regulations. We believe that high ethical standards and good governance are the foundation to our business conduct.

Our Code of Business Conducts and Ethics ("COBCE") is designed to set out principles and guidelines to employees at all levels in performing their duties. Apart from adhering to the applicable rules and regulations, the COBCE outlines the expectations of our employees' behaviour and conduct in the following:

- Working with Local Communities in a socially responsible manner
- Fair-dealing
- Building a working environment that is open, trustable and with mutual respect
- Compliance with Laws and Regulations
- Maintaining safe and healthy working environment
- Reporting conflicts of interest
- Gifts
- Engaging in outside employment
- Protecting Group Assets
- Proprietary and Confidential Information
- Participating in Political Activities
- Whistle-blowing procedures

All our employees are required to read and understand the contents of the COBCE. The COBCE is also available at our Company's website and can be accessed by all stakeholders.

In view of the new Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act which introduces corporate liability for bribery and corruption offences, Tambun Indah will review its existing policies and procedures, including the COCBE in the upcoming financial year, to ensure the Group's compliance with the requirements.

We also engage and seek advice with the relevant authority bodies regularly to ensure that we are keeping abreast with the latest rules and regulations. In addition, we are guided by the Malaysian Code on Corporate Governance ("MCCG") in safeguarding our stakeholders' interests by ensuring the principles and best practices of good corporate governance are implemented and applied accordingly. Information and details of our corporate governance framework are disclosed in the Corporate Governance Overview Statement in the Annual Report 2019.

There were no occasions of non-compliance with the laws and regulations in the Financial Year Ended 2019. We regularly review our policies and procedures to assure that they remain relevant and effective in addressing any ethical issue that may arise within the Group, with the goal of full compliance with the prevailing laws and regulations.

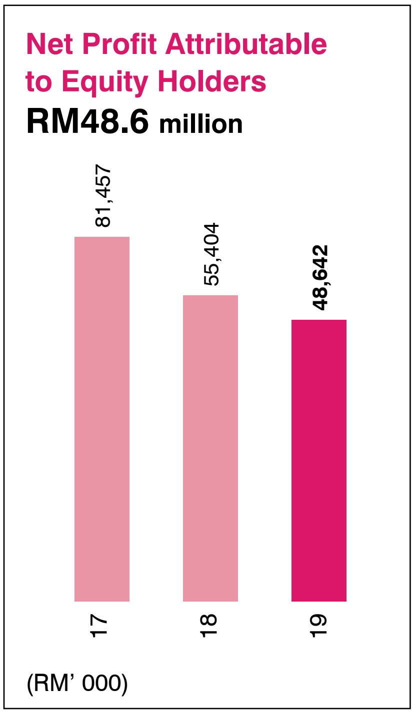
Above all, we trust that good business conducts and practices allow us to gain accountability towards our stakeholders and thus forming us into a sustainable organisation.

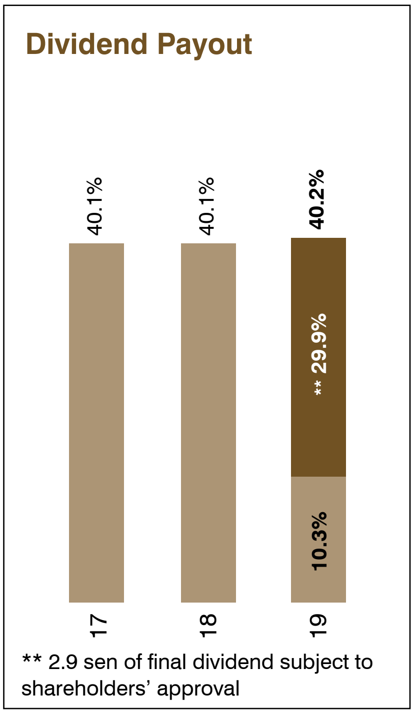
SUSTAINABILITY STATEMENT (CONT'D)

Economic Performance

In 2019, we continued to focus on generating economic wealth for our shareholders. This is aligned with our key business objective – to provide, create and optimise long-term value for our shareholders. The Group's contribution to the direct and indirect local economic gains are shown in the financial highlights section of the Annual Report 2019.

Our economic performance is assessed and benchmarked against prior year's net profit and dividends paid to our shareholders. Since 2015, our Group has maintained a dividend policy where between 40 to 60 percent of our net profit, excluding any valuation gain or loss on investment properties, is distributed as dividend. In summary, our economic performance over the last 3 years is shown below:





At the same time, other economic benefits are created through:

Contributing to job creation - Via direct employment and engagement with local contractors/suppliers.

Supporting community development - By donations and community partnerships throughout the year.

Economic value distributed - For tax payments made to local government.

SUSTAINABILITY STATEMENT (CONT'D)

Sustainable Procurement Practices

We understand that the importance of practicing sustainable procurement in our supply chain is essential to our organisation as it ensures value creation in our business. Therefore, we strive to build partnerships with our contractors and suppliers and promote sustainability in different aspects. Though no formalised procurement policy is drafted for the preferential selection of local suppliers, it is our practice to appoint local contractors and procure from local suppliers.

Procuring locally enables us to invest in the communities in which we operate, at the same time meeting our business objective in lowering shipping and transportation costs and its carbon footprints. In 2019, all our contractors and suppliers were local.

Nonetheless, we monitor the performance of our contractors and suppliers on a regular basis. Business associates with proven track records, and able to meet our sustainability requirements will be listed as trusted partners and given priority in future business engagements. In general, our contractors and suppliers are required to:

At all time, comply with all the applicable laws and regulations

Responsible towards the health and safety of the site operations

Commit in reducing the environmental impacts in terms of noise, dust and other pollutions

<u>OUR ENVIRONMENTAL RESPONSIBILITIES</u>

Environmental Conservation and Preservation Initiatives

We are mindful of the environmental concerns caused by climate change and their impacts on sustainability. As a property developer, we acknowledge that we are responsible in minimizing carbon emissions, optimising energy usage, conserving water and protecting biodiversity. With our commitment to promoting an environmentally friendly culture, we make every effort to incorporate new and ongoing initiatives in our daily operations.

<u>Embedding culture of conservation in our corporate office</u>
To start with, we inculcate a culture within our offices where all employees are expected to practise energy and water conservation. Our employees are required at all time to:

Switching off the air conditioners and lights when they are not required

Reducing the water usage and repairing leakage for water connection as soon as it is discovered

Monitoring energy and water consumptions in all offices and sites, ensuring any abnormalities are investigated and addressed

SUSTAINABILITY STATEMENT (CONT'D)

Environmental Conservation and Preservation Initiatives (cont'd)

Embedding culture of conservation in our corporate office (cont'd)

In addition, we promote recycling at our workplace, by encouraging employees to minimise the usage of paper where possible, for example, sending internal communications via emails and printing documents on recycled paper. In December 2019, our Group organised a Tzu-Chi talk on recycling at Pearl City Sales Gallery located at Simpang Ampat, to create awareness to our employees. A total of 57 participants attended the talk.

Tzu-Chi Recycling Talk in December, 2019

Incorporating environmental initiatives into our development projects

In conjunction with the state's authority regulation, we have incorporated several initiatives in our projects in Penang, namely:

Rainwater harvesting system, whereby rain is collected and stored for future use in Komplex Sukan, Tasek Mutiara, Simpang Ampat.

WC Dual-flush system used in all the on-going projects under Tambun Indah for its water-saving ability.

Introduction of double sided aluminium foil to be installed to the roof to reduce thermal transmittance which lower down internal temperature and lead to the reduction in energy consumption of air-conditioning in our latest project in Bukit Mertajam.

We engage and consult with the authorities to ensure clear understanding and applications on the compliance requirements.

Compliance towards rules and regulations

We practise strict adherence in compliance of environmental requirements and guidelines in all our development sites. We ensure a mandatory Environmental Impact Assessment ("EIA") is carried out, and the results are submitted to the Department of Environment ("DOE") for the projects which fall under the list of Prescribed Activities under the Environmental Quality Environmental Impact Assessment Order 2015.

During the year in review, there were no significant fines and non-monetary penalties arising from non-compliance of the environmental laws and regulations.

Waste Management

Our commitment in reducing the environmental impacts goes beyond recycling. Managing waste is essential in our business as it contributes towards the overall resource efficiency for our projects, and at the same time improve the environmental footprint.

We view waste management at project site as a joint responsibility with our appointed contractors and vendors. We work in close collaboration with them whereby the waste management approach and procedures are evaluated and discussed at the pre-construction stage, and will be further assessed throughout the construction period. Through site meetings and discussions, we ensure a mutual understanding is reached between ourselves and the contractors so that the agreed practices in managing the waste are observed. Our contractors are encouraged to, at all time:

- Minimise construction waste and scrap materials throughout the construction phase.
- Reuse and recycle materials.
- Segregate and classify the waste materials at designated waste storage areas within the construction site.

In general, the waste generated at our construction sites includes steel, plywood and timber pallets, general waste and domestic waste. Our contractors will determine whether such collected waste can be recycled, reused or disposed. Any disposal will be transported to the assigned areas during off peak hours as an effort in reducing disruption to the commute of the community surrounding the projects.

SUSTAINABILITY STATEMENT (CONT'D)

SUPPORTING OUR PEOPLE AND THE COMMUNITIES

Workplace Health and Safety Initiatives

We are aware that the nature of our business exposes our employees, contractors, and the surrounding communities to occupational health and safety risks. Therefore, the health and safety of our stakeholders is a priority and we need to be proactive to ensure that the workplace is healthy and safe so that lost time due to injury is avoided.

To uphold our commitment in assuring safety measures are enforced at the construction sites, our main contractors have a Site Safety Supervisor ("SSS") or a Safety and Health Officer ("SHO") who is responsible of all safety related issues. The main role of SSS or SHO is to oversee and ensure the safety requirements are being strictly adhered to by the contractors and employees. He is required to report to the Contractor concerned when any non-compliance practice is discovered.

In November 2019, we conducted safety training focusing on the Personal Protective Equipment ("PPE") Compliance at Pearl City Sales Gallery. We invited all our employees from project department, our appointed consultants and contractors to attend the training with the purpose of safeguarding the safety of our stakeholders, and minimising the risk of injuries at our construction sites.

Training conducted for PPE Compliance at Construction Site – November 2019

Furthermore, we have established a procedure whereby any undesirable accidents will be reported, reviewed and investigated with an action plan to rectify or resolve the issue, and to avoid the accident from occuring in future. For larger development projects, the construction site's health and safety measures will be overseen by a Health and Safety Committee ("SHC"), assisted by an Emergency Response Team ("ERT").

On top of that, concerns towards any health and safety related matter will be highlighted and discussed during our "Tool Box" meeting, conducted on a fortnightly basis with the participation from our management team, consultants, and the appointed contractors. Through close monitoring and proactive engagement with the contractors, we are proud to announce that there was no significant loss time being reported at all of our construction sites in 2019.

Talent Development Efforts

The well-being and development of our staff are essential to the growth and success of our organisation. At Tambun Indah, we foster a conducive working culture wherein we focus on the learning, training, and development of our employees. Our aim is to ensure our employees remain engaged, committed and able to achieve their full potential at each stage of their careers through the training programs provided by us.

Appropriate training and development programs are scheduled for employees at the beginning of each year to develop the necessary knowledge and skill in meeting their performance and job expectations as well as to instil the Group's culture of continuous learning. The programs are identified from inputs of:

- The respective Head of Departments upon assessing the level of competency of the employees; and
- The employees' requests raised over their annual performance development reviews which concern their personal development goals.

As of 31 December 2019, our Group had invested a total of RM39,389 in the training programs which cover both technical and non-technical aspects. These training programs were participated by 50 of our employees at all staff levels, and translated to 61% of employees in our organisation. Total training hours were clocked at 1,091 hours.

We envisage incorporating more training programs which are relevant to the business operations to ensure our employees remain competent which should then contribute towards sustainable growth to Tambun Indah.

SUSTAINABILITY STATEMENT (CONT'D)

Community Contributions and Donations

Site Visit by USM in November 2019

Blood Donation and Organ Donation Registration in October 2019

Visited an old folks home in January 2019

Main sponsor for Fun Run event in April 2019

Donation to SJK(C) Boon Beng in July 2019

Snapshots of Corporate Social Responsibilities and Events in Year 2019

SUSTAINABILITY STATEMENT (CONT'D)

Community Contributions and Donations (cont'd)

Another aspect of developing sustainability within our business operations, is our continuous engagement with our surrounding communities. Where necessary, we aspire to contribute towards the quality of education, welfare and health of the communities, providing support to underprivileged individuals and needy charities through donations and financial assistance.

Our commitment to enhance the quality of life of local communities is reflected through our Corporate Social Responsibilities ("CSR") initiatives. For the year of 2019, highlights of our contributions and donations to the local communities are as follows:

EDUCATION

USM C&S Engineering Students Briefing and Site Visits

- With the aim of providing industrial experiences to undergraduates, we have a vist by a group of 36 students to our construction site located at Pearl City, Simpang Ampat.
- During the visit, our project team shared their knowledge and experiences they gained over the years in the field.

Contribution to Schools & Institutions

- Donated to PIBG SK Bandar Tasek Mutiara by:
  a) Organising an appreciation dinner for teachers;
  b) Upgrading their existing floor of the building; and
  c) Hari ICTthon Day.
- Sponsoring hampers for Student Lion Dance Decoration and Competition to SJK(C) Boon Beng.
- Contribution to Young Engineer National Summit ("NATSUM") 2019 under Institution of Engineers.
- Sponsoring tablet for educational use to Private Institution.

HEALTH AND WELFARE

Blood Donation Campaign and Organ Donation Registration

- The campaign was organised to encourage blood donation to save lives of our communities.

Contribution for Olympic Carnival Penang 2019

- Sponsored for Family Fun Walk which was organised by Olympic Council of Malaysia, Penang.

Donations to Health Organisations

- Numerous donations were contributed to health organisations.

CHARITABLE CONTRIBUTIONS AND COMMUNITY ENGAGEMENT

Visiting Old Folks Home

- In January 2019, we have organised a visit to the Rumah Sejahtera, located at Permatang Tinggi, Bukit Mertajam and spend quality time with the elderly.
- A buffet lunch was prepared and provided to the elderly.

Fun Run at Pearl City

- We were the main sponsor for a fun run which was organised by the Persatuan Penduduk Bandar Tasek Mutiara in April 2019.

Contributions to the Local Communities

- Numerous donations were contributed to the local communities, including the old folks home and approved charitable organisation.

DIRECTORS' PROFILE

Lai Fook Hoy

Independent Non-Executive Chairman

Lai Fook Hoy, a Malaysian, aged 69, Male, was appointed to the Board of Tambun Indah on 24 February 2012 and is presently the Independent Non-Executive Chairman. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee. He was the Chairman of the Nominating Committee until 2 January 2020 when he was redesignated as a member of the Nominating Committee.

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

Lai Fook Hoy graduated with BSc (Hons) in Metallurgy and the University Medal from the University of New South Wales in 1974, and subsequently a BSc (Econs) (Hons) degree majoring in Accounting and Finance from the University of London in 1980.

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

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

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

Teh Kiak Seng

Executive Deputy Chairman

Teh Kiak Seng, a Malaysian, aged 70, Male, is the founder of our Group and is presently the Executive Deputy Chairman. He was appointed to the Board of Tambun Indah on 19 March 2008 and was the Managing Director until 2 January 2020 when he was redesignated to his current position.

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

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

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

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

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

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

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

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

DIRECTORS' PROFILE (CONT'D)

Teh Deng Wei

Managing Director

Teh Deng Wei, a Malaysian, aged 33, Male, is presently the Managing Director of Tambun Indah. He was appointed to the Board of Tambun Indah on 18 November 2016 as Executive Director of the Group. He was redesignated to his current position on 2 January 2020.

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

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

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

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

Teh Theng Theng

Executive Director

Teh Theng Theng, a Malaysian, aged 56, Female, was appointed to the Board of Tambun Indah on 23 November 2010 and is presently the Executive Director.

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

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

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

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

DIRECTORS' PROFILE (CONT'D)

Tsai Chia Ling

Non-Independent Non-Executive Director

Tsai Chia Ling, a Taiwanese, aged 41, Female, was appointed to the Board of Tambun Indah on 27 July 2012 as an alternate director to Mr Tsai Yung Chuan. On 19 June 2013, she ceased as an alternate director to Mr Tsai Yung Chuan and was appointed to the Board of Tambun Indah. She is presently the Non-Independent Non-Executive Director. She was a member of the Nominating Committee until 25 January 2019 when she resigned from the Nominating Committee.

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

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

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

Lam Voon Kean

Independent Non-Executive Director

Lam Voon Kean, a Malaysian, aged 67, Female, was appointed to the Board of Tambun Indah on 1 June 2018 and is an Independent Non-Executive Director. She is the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee.

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

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

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

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

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

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

DIRECTORS' PROFILE (CONT'D)

Dato' Seri Mokhtar Bin Mohd Jait

Independent Non-Executive Director

Dato' Seri Mokhtar Bin Mohd Jait, a Malaysian, aged 64, Male, was appointed to the Board of Tambun Indah on 1 July 2019 and is an Independent Non-Executive Director. He is also a member of the Audit Committee and Remuneration Committee. He was a member of the Nominating Committee until 2 January 2020 when he was appointed as the Chairman of the Nominating Committee.

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

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

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

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

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

SENIOR MANAGEMENTS' PROFILE

Lim Beng Hoe

Senior General Manager

Lim Beng Hoe, a Malaysian, aged 56, 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 29 years of working experience in property development industry and is familiar with the property development process in the northern region of Malaysia.

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

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

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

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

Roselyn Tan

General Manager and Head of Finance

Roselyn Tan, a Malaysian, aged 44, Female, is presently the General Manager and Head of Finance of Tambun Indah. She joined the Group as Deputy General Manager on 1 November 2016 and was redesignated on 2 January 2020 to her current position.

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

She has over 19 years of professional and commercial working experience. In 1999, she started her career in auditing with Arthur Andersen and continued on with Ernst & Young following the merger in 2002. Her audit exposure was mainly with listed companies in the property development industry. She left Ernst & Young in 2004 and continued her career in the commercial sector. From 2004 until prior to joining the Group in 2016, she held senior managerial roles in various financial management related functions, mainly in privately owned property development companies. She has wide experience in financial management as well as operational experience in the property development industry. She currently heads the finance department and also manages the corporate affairs and general administration of the Group. She does not hold any directorship in any public companies and listed issuers.

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Tambun Indah Land Berhad ("the Company") 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.

In order to ensure that the best interests of shareholders and other stakeholders are effectively served, the Board continues its active role in monitoring governance practices within the Group. The ensuing statement provides the shareholders and other stakeholders an overview of the corporate governance practices of the Company during the financial year ended 31 December 2019 ("FY2019") and it is to be read together with the Corporate Governance Report 2019 which is available at the Company's website (www.tambunindah.com).

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

In FY2019, the Company had applied the following key principles of good corporate governance in the MCCG:

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

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

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

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Clear Roles and Responsibilities

The Group is led and controlled by an effective Board. In fostering good corporate governance practices where certain areas of responsibilities are delegated for greater efficiency and effective discharge of functions and responsibilities, the Board had established a governance structure where specific powers of the Board were delegated to the relevant Board Committees and the Managing Director.

The Chairman of the Board and the Managing Director were held by different individuals. In FY2019, Lai Fook Hoy was the Chairman of the Board and Teh Kiak Seng was the Managing Director of the Company.

The roles of the Chairman of the Board and the Managing Director are separated to ensure an appropriate balance of power and their responsibilities are clearly established and set out in the Board Charter.

Chairman of the Board

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I. BOARD RESPONSIBILITIES (cont'd)

Managing Director

The Managing Director is responsible in the day-to-day management of the business and operations of the Group. The Managing Director reports to the Board on the operations and performance of the Group.

The Managing Director is supported by the executive directors and a team of senior management. In addition, various management committees or working groups under the Managing Director are set-up as and when necessary.

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

Independent Non-Executive Directors

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

Non-Independent Non-Executive Directors

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

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

Board and Board Committees

The Board provides entrepreneurial leadership as well as overseeing the overall performance objectives and long-term success and sustainability of the Group.

The Board, in discharging its leadership role essentially assumes the functions of promoting good corporate governance through sustainability practices, approval of strategic plan and monitoring its implementation, overseeing the conduct of the Group's business, succession planning, ensuring a sound internal control and risk management, shareholders and investors relations as well as compliances of relevant applicable laws and regulations.

The Board also delegates certain areas of responsibilities to the Board Committees, each with predefined terms of reference and responsibilities which are clearly set out in the Company's Board Charter.

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 meetings of the Board Committees. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I. BOARD RESPONSIBILITIES (cont'd)

Board and Board Committees (cont'd)

The Board Committees as at 31 December 2019 were as follows:

1) Audit Committee

The Board had set up an Audit Committee comprising wholly independent directors as at 31 December 2019.

During FY2019, the Audit Committee met 5 times and the members' attendance was as follows:

Members of Audit Committee	No. of meetings attended	Percentage of attendance
Lam Voon Kean	5/5	100%
Lai Fook Hoy	5/5	100%
Dato' Seri Mokhtar Bin Mohd Jait (appointed on 01 July 2019)	2/2	100%
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali (resigned on 09 April 2019)	1/1	100%

A full report of the Company's Audit Committee for FY2019 is 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 independent directors as at 31 December 2019.

During FY2019, the Nominating Committee had carried out their duties as summarized below:

- Assessed the composition and effectiveness of the Board and the Board Committees;
- Assessed the contribution and competencies of each individual director;
- Assessed the directors due for retirement at the Company's 11th Annual General Meeting ("AGM");
- Assessed the independence and time commitment of the independent non-executive directors;
- Assessed the effectiveness and objectivity of the Audit Committee and each of its members;
- Assessed the trainings attended by the directors and the trainings required;
- Assessed the boardroom diversity;
- Assessed the candidate for appointment as independent director;
- Assessed the senior management of the Company; and
- Assessed the leadership succession plan.

The members' attendance for FY2019 was as follows:

Members of Nominating Committee	No. of meetings attended	Percentage of attendance
Lai Fook Hoy	3/3	100%
Lam Voon Kean	3/3	100%
Dato' Seri Mokhtar Bin Mohd Jait (appointed on 01 July 2019)	1/1	100%
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali (resigned on 09 April 2019)	1/1	100%
Tsai Chia Ling (resigned on 25 January 2019)	0/0	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I. BOARD RESPONSIBILITIES (cont'd)

Board and Board Committees (cont'd)

3) Remuneration Committee

The Board had set up a Remuneration Committee comprising wholly independent directors as at 31 December 2019.

During FY2019, the Remuneration Committee met twice to review and recommend the remuneration packages of the executive directors and senior management as well as the directors' benefits, incentives and fees.

The members' attendance for FY2019 was as follows:

Members of Remuneration Committee	No. of meetings attended	Percentage of attendance
Lai Fook Hoy	2/2	100%
Lam Voon Kean	2/2	100%
Dato' Seri Mokhtar Bin Mohd Jait (appointed on 01 July 2019)	2/2	100%
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali (resigned on 09 April 2019)	0/0	-

4) Risk Management Committee

The Board had set up a Risk Management Committee comprising executive directors and senior management as at 31 December 2019.

During FY2019, the Risk Management Committee met once to review and discuss the risks profile, risk controls and mitigation policies to ensure their relevance in the Group's business environment and also to review the identified risks affecting the Group were being addressed, managed and mitigated on an ongoing basis.

The members' attendance for FY2019 was as follows:

Members of Risk Management Committee	No. of meetings attended	Percentage of attendance
Teh Kiak Seng	1/1	100%
Teh Theng Theng	1/1	100%
Teh Deng Wei	1/1	100%
Lim Beng Hoe	1/1	100%
Roselyn Tan	1/1	100%
Neoh Sze Tsin (resigned wef 15 November 2019)	0/0	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I. BOARD RESPONSIBILITIES (cont'd)

Board and Board Committees (cont'd)

5) ESOS Committee

The Board had set up an ESOS Committee comprising executive directors and senior management as at 31 December 2019.

During FY2019, the ESOS Committee met twice to grant options to eligible employees and to propose the offer of options to an independent director of the Company pursuant to the ESOS By-Laws.

The members' attendance for FY2019 was as follows:

Members of ESOS Committee	No. of meetings attended	Percentage of attendance
Teh Kiak Seng	2/2	100%
Teh Theng Theng	2/2	100%
Teh Deng Wei	2/2	100%
Roselyn Tan	2/2	100%
Neoh Sze Tsin (resigned wef 15 November 2019)	2/2	100%

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

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

Board Succession

As part of the Group's effort on succession planning, the Nominating Committee was tasked to review the leadership succession plan at the end of FY2019 to ensure the Group was well positioned to deliver on its value proposition to shareholders and stakeholders of the Company. The decision of the Board was made following the recommendation of the Nominating Committee in FY2019.

On 02 January 2020, Mr. Teh Kiak Seng was re-designated to Executive Deputy Chairman and his son, Mr. Teh Deng Wei assumed the post of the Managing Director. Mr. Teh Kiak Seng, aged 70 is the founder of the Group since its inception in 1993 and has vast experience in the property development industry. The Executive Deputy Chairman is the highest-ranking executive officer of the Company and his key responsibilities include leadership role and developing the overall strategies of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I. BOARD RESPONSIBILITIES (cont'd)

Board Succession (cont'd)

The current governance structure of the Company is as follows:

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I. BOARD RESPONSIBILITIES (cont'd)

Board Succession (cont'd)

The Board policies which serve as a guide to strengthen the governance and internal control of the Company are as follows:

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

The above policies are reviewed annually by the Board, or as and when required. The last review was on 29 April 2020. Copies of the above policies are available on Company's website (www.tambunindah.com).

Board Activities

In FY2019, key activities and transactions deliberated and/or approved by the Board were summarized below:

Leadership	Leadership succession plan Updates on changes to senior management team Trainings & Development Remuneration Package
Strategy & Financial	Business Plan and Budget of the Group Quarterly performance review Sustainability strategies and implementation New land acquisition Provision of Financial Assistance Quarterly unaudited financial results Annual consolidated financial results Solvency position and dividend payments Updates on the impact from the adoption of new accounting standards
Risk Management & Internal Control	Updates of principal risks, key controls and risk mitigations Monitoring risk management and internal audit function Review of the impact of changes in regulatory landscape
Investors' Relation	Annual General Meeting Annual Report and Circular to Shareholders Announcements to Bursa Securities Website

Access to Information or Advice

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I. BOARD RESPONSIBILITIES (cont'd)

Access to Information or Advice (cont'd)

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

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

Company Secretaries

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

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

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

During FY2019, the Company Secretaries had attended various seminars and conferences to keep themselves abreast with the regulatory changes and other areas namely sustainability, governance, finance, tax and new accounting standards.

II. BOARD COMPOSITION

Board Independence

As at 31 December 2019, members of the Board comprised of 3 independent directors, 1 non-independent non-executive director and 3 executive directors, which was equivalent to 43% of independent directors represented in the Company's boardroom. The number of independent directors of the Company complied with the Main LR of Bursa Securities where at least 2 directors or 1/3 of the Board members, whichever is higher are independent directors.

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. BOARD COMPOSITION (cont'd)

Board Independence (cont'd)

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

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

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

Board Experience

As at 31 December 2019, the skills and experiences of the Board were as follows:

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

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

As at 31 December 2019, the composition and diversity of the Board was as follows:

Gender Diversity		Ethnicity Diversity		Age Diversity		Tenure of Directorships	
	%		%		%		%
Male	57	Malay	14	Below 35 years	14	Below 5 years	43
Female	43	Chinese	86	36 - 55 years	29	5 - 9 years	43
				56 - 70 years	57	10 -12 years	14

Gender Diversity

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

As at 31 December 2019, the Board comprised of 3 female directors, which was equivalent to 43% female represented in the Company's boardroom.

Ethnicity Diversity

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

As at 31 December 2019, the Board comprised of one Malay director, which was equivalent to 14% ethnicity diversity in the Company's boardroom.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. BOARD COMPOSITION (cont'd)

Age Diversity

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

As at 31 December 2019, the age profile of the directors ranged from below 35 to 70 years of age.

Tenure of Directorships

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

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

Lai Fook Hoy's tenure as an independent director of the Company will exceed a cumulative term limit of 9 years after 24 February 2021. Subject to the Nominating Committee's recommendation and the shareholders' approval, he may continue to act as an independent director of the Company.

The Nominating Committee, upon its recent assessment carried out is satisfied that Lai Fook Hoy has demonstrated his objectivity and independence in expressing his opinions in the decision making of the Board. The length of his service on the Board has not in any way interfered with the exercise of independent judgement in decision making.

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

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

Re-elections and Appointments

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

The Nominating Committee is responsible to assess and recommend the re-election of directors due for retirement under the Company's Constitution. Its recommendation is based on formal assessment of the performance of the directors, taking into consideration their experiences, strengths, time commitment, qualities, independence and objectivity.

The Nominating Committee also assesses new appointments to the Board. In discharging its duties, the Nominating Committee will assess the suitability of the identified candidate taking into account his background, education, skills, experience, integrity, age and independency. The Board will then consider the recommendations of the Nominating Committee and make its final decision as to the appointment.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. BOARD COMPOSITION (cont'd)

Re-elections and Appointments (cont'd)

The changes to the composition of the Board and Board Committees during the FY2019 were as follows:

Date Change	Details
25 January 2019	Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali was re-designated to a non-independent non-executive director of the Company
25 January 2019	Tsai Chia Ling resigned as a member of the Nominating Committee
22 February 2019	Lai Fook Hoy was appointed as the Chairman of the Nominating Committee
22 February 2019	Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali was re-designated to a member of the Nominating Committee
09 April 2019	Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali resigned as a non-independent non-executive director of the Company
09 April 2019	Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali resigned as a member of the Audit Committee
09 April 2019	Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali resigned as a member of the Nominating Committee
09 April 2019	Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali resigned as a member of the Remuneration Committee
01 July 2019	Dato' Seri Mokhtar Bin Mohd Jait appointed as an independent non-executive director of the Company
01 July 2019	Dato' Seri Mokhtar Bin Mohd Jait appointed as a member of the Audit Committee
01 July 2019	Dato' Seri Mokhtar Bin Mohd Jait appointed as a member of the Nominating Committee
01 July 2019	Dato' Seri Mokhtar Bin Mohd Jait appointed as a member of the Remuneration Committee

Annual Assessments

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

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

The Board was satisfied that the size and composition of the Board and the Board Committees in FY2019 were adequate and appropriate with relevant mix of skills, knowledge, capabilities, objectivity, integrity as well as diversity of gender, ethnicity and age which would effectively spearhead the Group in the best interest of the Company and its stakeholders.

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

The Board was satisfied that all the directors and senior management in FY2019 were able to discharge their duties and responsibilities diligently in the best interest of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. BOARD COMPOSITION (cont'd)

Board Commitments

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

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

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

As at 31 December 2019, none of the directors held more than 5 directorships in public listed companies.

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

The Board was satisfied with the level of commitment by the directors in fulfilling their roles and responsibilities and this was further affirmed by the high percentage of the directors' attendance at meetings held during the FY2019.

Board Attendance

During FY2019, the Board met 5 times and the details of the directors' attendance were as follows:

Members of the Board	No. of meetings attended	Percentage of attendance
Lai Fook Hoy	5/5	100%
Teh Kiak Seng	5/5	100%
Teh Theng Theng	5/5	100%
Teh Deng Wei	5/5	100%
Tsai Chia Ling	5/5	100%
Lam Voon Kean	5/5	100%
Dato' Seri Mokhtar Bin Mohd Jait (appointed on 01 July 2019)	2/2	100%
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali (resigned on 09 April 2019)	1/1	100%

In addition to the above scheduled meetings, the Board also approved certain matters by way of Directors' Circular Resolution signed by all the directors for the time being of the Company. In FY2019, a total of thirty (30) Directors' Circular Resolution were circulated and passed.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. BOARD COMPOSITION (cont'd)

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. Dato' Seri Mokhtar Bin Mohd Jait, the newly appointed independent director had attended the MAP on 19 - 20 August 2019.

In addition to the MAP, the directors are to determine their own training needs. Nevertheless, all the directors are encouraged to attend trainings to keep abreast with the developments in the business environments.

The Nominating Committee annually assesses the continuous development of the directors and tables its recommendation to the Board.

As at 31 December 2019, all the directors had participated in various programmes to enhance their knowledge and understanding of recent developments in laws and regulations, finance and business practices to aid them in the discharge of their duties and responsibilities as directors of the Company.

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

The Board was satisfied with the directors' own evaluation of their training needs in FY2019 as all the directors had attended various programmes to enhance their skills and knowledge. Therefore, a policy on directors' training is not required.

During FY2019, the trainings attended by the directors were as follows:

Name	Description
Lai Fook Hoy	• Evaluating the Internal Audit Function • Waterproofing and Strengthening Using Carbon Fibre Reinforced Polymers • Ground Improvement for Infrastructure and Reclamation Projects • Automated Waste Collection System
Teh Kiak Seng	• Waterproofing and Strengthening Using Carbon Fibre Reinforced Polymers • Tunneling in Urban Environments • Technical Visit to Tainan/Jinmen/Xiamen • Ground Improvement for Infrastructure and Reclamation Projects • Hillside Landslide Hazards • Modern Pile Testing Technology • Geotechnical Engineering Seminar 2019 • Meeting on Report of the SCI into the Work-Site Incident at Tanjung Bungah
Teh Deng Wei	• Instructional Delivery Method: Group Live
Teh Theng Theng	• Crucial Conversations Training
Tsai Chia Ling	• Raising Defences: Section 17A, MACC Act
Lam Voon Kean	• Sustainability Reporting Workshop for Practitioners • MFRS Application and Implementation Committee Awareness Programme • MFRS 16, Leases Seminar • Audit Oversight Board - Conversation with Audit Committees
Dato' Seri Mokhtar Bin Mohd Jait (appointed on 01 July 2019)	• Mandatory Accreditation Programme

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

III. REMUNERATION

Remuneration Policies

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

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

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

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

Remuneration of Directors

The remuneration of the directors for FY2019 was as follows:

Name	Fees	Allowance	Salaries & other emoluments	Bonus	Defined contribution plan	Benefits-in-kinds	Total
Non-Executive Director (in RM)							
Lai Fook Hoy	61,715	3,300	-	-	-	-	65,015
Lam Voon Kean	58,000	3,300	-	-	-	-	61,300
Dato' Seri Mokhtar Bin Mohd Jait (appointed on 01 July 2019)	25,000	1,000	-	-	-	-	26,000
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali (resigned on 09 April 2019)	13,845	500	-	-	-	-	14,345
Tsai Chai Ling	40,132	3,300	-	-	-	-	43,432
	198,692	**11,400**	**-**	**-**	**-**	**-**	**210,092**
Executive Director (in RM)							
Teh Kiak Seng	40,000	-	1,878,337	500,000	356,250	35,200	2,809,787
Teh Deng Wei	40,000	-	753,068	200,000	142,500	17,100	1,152,668
Teh Theng Theng	40,000	-	500,167	132,400	94,335	7,725	774,627
	120,000	**-**	**3,131,572**	**832,400**	**593,085**	**60,025**	**4,737,082**

Save as disclosed above, none of the directors provided services or received fees for serviced rendered to the Company or its subsidiaries in FY2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

III. REMUNERATION (cont'd)

Remuneration of Senior Management

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

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

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

For FY2019, the aggregate sum of remunerations paid to the senior management team was approximately RM1.1 million.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

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

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

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

The Board was satisfied with the composition and effectiveness of the Company's Audit Committee as at 31 December 2019 as all its members were financially literate and possessed the appropriate level of expertise and commitment in discharging their responsibilities effectively.

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

External Auditors

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

During FY2019, the Audit Committee reviewed the scope and approach of the external audit, the reporting obligations, the audit procedures, deliverables and key dates for the year's audit before the external auditors commenced their audits of the Company and its subsidiaries.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

I. AUDIT COMMITTEE (cont'd)

External Auditors (cont'd)

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

The Audit Committee met with the external auditors twice without the presence of the executive directors and management of the Group in FY2019.

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

BDO PLT, the existing external auditors had been re-appointed by shareholders of the Company since FY2010. In compliance with the Malaysian Institute of Accountants, BDO PLT rotates its engagement partner every 5 years to ensure objectivity, independence and integrity of their audit opinions.

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

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

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management

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

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

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

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

The Board confirmed that there was an on-going process of identifying risks, evaluating and managing the significant risks faced by the Group. This process had been in place for FY2019 and up to the date of issuance of the Statement on Risk Management and Internal Control.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (cont'd)

Internal Audit Function

In FY2019, the Group had outsourced its internal audit function to an independent professional firm of consultants, Sterling Business Alignment Consulting Sdn. Bhd., a member of The Institute of Internal Auditors Malaysia (IIAM), to provide the Board with the assurance it required regarding the adequacy and integrity of the systems of internal control of the Group.

The internal auditors confirmed that there were no relationships or conflict of interest in the discharge of their responsibilities during FY2019 and they remained independent and had no direct operational responsibility or authority over any of the activities audited.

The internal auditors report directly to the Audit Committee.

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

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

I. COMMUNICATION WITH STAKEHOLDERS

Financial Reporting

The Board aims to present a balanced and understandable assessment of the Group's financial position and prospects to the public in accordance with the provisions of the Companies Act 2016, International Financial Reporting Standards and the Malaysian Financial Reporting Standards. In the preparation of the financial statements for FY2019, the directors had taken the necessary steps to ensure all applicable accounting policies were applied consistently, and supported by reasonable and prudent judgement.

During the FY2019, 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 after the close of trading.

Stakeholders Communications

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

II. CONDUCT OF GENERAL MEETINGS

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

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

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

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

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

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

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

The independent non-executive Chairman of the Board chaired the 11th AGM in orderly manner. Shareholders and proxies were encouraged to participate in the proceedings and to ask questions on the operations and performance of the Group and on any resolutions that were being proposed. Members of the Board including senior management and external auditors were present to respond to any enquiries thereof.

Shareholders Engagement

Accountability to Shareholders and Corporate Reporting	Electronic Communication and Online Information	Dynamic engagement with Shareholders
• Annual Report, Interim Report, press releases and announcements are disclosed in a timely manner.	• Key corporate governance policies, terms of reference of Board Committees, financial reports & announcements are available on the Company's website. • Hard copies of the Company's Annual Reports and Circulars available on the website will be provided to shareholders free of charge upon request within 4 market days.	• Dialogue and meetings between Managing Director and investors, fund managers and analysts. • Regular presentations or conference calls are made to analysts and investors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

II. CONDUCT OF GENERAL MEETINGS (cont'd)

Shareholders Engagement (cont'd)

Sufficient and Timely Information	Voting	AGM
• The AGM notice, Annual Report and audited financial statements are dispatched to shareholders at least 28 days before the date for holding the AGM which exceeds the statutory requirement of 21 days. • Comprehensive information is sent on each resolution to be proposed.	• All voting at AGM will be by poll. • The poll is conducted by the Company's Share Registrar and scrutinised by an independent scrutineer. • Procedures for conducting the poll are explained at the general meeting prior to the taking of the poll. • Poll results are announced and posted on the Bursa Securities' and the Company's websites.	• AGM act as a principal forum for dialogue with shareholders. • Individual shareholders can put questions to the Chairman or the directors at the AGM. • All directors and senior management are present to respond to shareholders' questions.

Corporate Disclosure Policy	Dividend Policy
• The Company's Corporate Disclosure Policy provides guidance on the disclosure of material information to investors, analysts and media. • This policy identifies the spokespersons and outlines the responsibilities or communication with each stakeholder group.	• The Company's longstanding policy is to provide stable ordinary dividends to shareholders. • The dividend payout is based on 40% to 60% of the Group's audited net profit excluding any valuation gain or loss on investment properties for the financial year.

This statement was approved by the Board on 28 May 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Securities, the Board of Directors ("the Board") of Tambun Indah Land Berhad ("the Company") is pleased to provide the following statement on risk management and internal control of Tambun Indah Land Berhad and its subsidiaries ("the Group") for the financial year ended 31 December 2019. 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 audits to establish and maintain a sound system of internal control. In view of the limitations that are inherent in any system of internal control, it can only provide reasonable but not absolute assurance against material misstatement of financial information, loss or fraud. The Board regularly receives and reviews reports on internal control, and is of the view that the system of internal control is adequate to safeguard shareholders' interests and the Group's assets.

The role of Management is to implement the Board's policies and guidelines on risks and controls, to identify and evaluate the risks faced, and to operate a suitable system of internal 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 Risk Management Handbook summarizes risk management methodology, approach and processes, roles and responsibilities, and various risk management concepts. The respective risk owners are accountable to identify risks and 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 Board on the implementation and monitoring of the Group Risk Management Policies and Strategies. The working group comprises all the Executive Management team that includes Executive Directors, Senior Management and Managers from respective departments.

- The duties of the Risk Management Working Group include:
  - o Assess and monitor of all risks including corporate liabilities risks associated with the operations of the Group;
  - o Develop and implement of internal compliance and control systems and procedures to manage risks;
  - o Assess and monitor of the effectiveness of controls instituted;
  - o Review and make recommendations to the Board in relation to Risk Management;
  - o Consider and make recommendations to the Board in connection with the compliance by the Group with its Risk Management Strategy;
  - o Report to the Board on any material changes to the risk profile of the Group;
  - o Monitor and refer to the Board any instances involving material breaches or potential breaches to the Group's Risk Management Strategy;
  - o Report to the Board in connection with the Group's annual reporting responsibilities in relation to matters pertaining to the Group's Risk Management Strategy; and
  - o Undertake an independent review on an annual basis in accordance with the Group's Risk Management framework and 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 Risk Management Working Group reviews the Terms of Reference to ensure that it is operating at maximum effectiveness, recommending any changes it considers necessary to the Group.
- The Risk Management Working Group updates the Board on the Group's risk profile and reports any new significant risks once a year.
- The Group has taken initiatives to progressively implement the Anti-Bribery Management System with the objective of compliance with the subsection (4) of section 17A under the Malaysian Anti-Corruption Commission (MACC) Act 2009 effective from 1 June 2020 onwards. The Group had conducted a gap assessment on the existing state of the anti-bribery management system of the Group. Further, the Board Committees and all senior employees had attended the training on the Section 17A under the Malaysian Anti-Corruption Commission (MACC) Act 2009. The Group will continue to implement the Guideline on Adequate Procedures (GAP) and comply with the listing requirements in relation to Anti-Corruption measures.

Internal Audit Functions

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

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

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

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

For the financial year ended 31st December 2019, four (4) internal audit reviews had been carried out and reported by Sterling:

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
1st Quarter (Jan 2019 – Mar 2019)	May 2019	Epiland Properties Sdn Bhd	• Building Maintenance
2nd Quarter (Apr 2019 – Jun 2019)	Aug 2019	• Tambun Indah Land Berhad • Palmington Sdn Bhd • Premcourt Development Sdn Bhd • Epiland Properties Sdn Bhd • TNC Capital Sdn Bhd • Mustiara Sdn Bhd	• Finance and Accounts
3rd Quarter (Jul 2019 – Sep 2019)	Nov 2019	Tambun Indah Land Berhad	• Human Resources
4th Quarter (Oct 2019 – Dec 2019)	Feb 2020	Tambun Indah Land Berhad	• Anti-Bribery Management System Assessment • Administration

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

Internal Audit Functions (cont'd)

For the financial year ended 31st December 2019, four (4) follow-up status reviews on previously reported audited findings had been carried out and reported by Sterling.

Other Key Elements of Internal Controls

The Group has also put in place the following key elements of internal controls:
- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, appropriate segregation of duties and levels of delegated authority;
- A set of documented internal policies and procedures, which is subject to regular review and improvement by management;
- Budgets for the financial year are reviewed on a yearly basis and major variances, if any, are followed up and remedial actions are taken where necessary;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Report by the Management to the Board on significant operational matters and other issues that affect the Group;
- Regular visits to operating units and/or project sites by 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 2019.

Assurance from the Management

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

Review of Statement by the External Auditors

The external auditors had reviewed this Statement in accordance to Paragraph 15.23 of the MMLR of Bursa Securities. The review of this Statement by external auditors was performed in accordance with the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants ("MIA"). Based on their review, the external auditors had reported to the Board that nothing had come to their attention that caused them to believe that this Statement on Risk Management and Internal Control is not, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

Conclusion

The Board remains committed 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 2019 as a result of weaknesses in internal control that would require separate disclosure in the Group's Annual Report.

The Board continually evaluates and takes measures to strengthen the internal control systems. This statement is made in accordance with the Board Resolution dated 28 May 2020.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee as at 31 December 2019 consisted of:

Name	Designation	Directorate
Lam Voon Kean	Chairman	Independent Non-Executive
Lai Fook Hoy	Member	Independent Non-Executive
Dato' Seri Mokhtar Bin Mohd Jait (appointed on 1 July 2019)	Member	Independent Non-Executive

MEETINGS AND ATTENDANCE

A total of 5 Audit Committee meetings were held during the financial year ended 31 December 2019 and the details of attendance were as follows:

Name	No. of Meetings Attended
Lam Voon Kean	5 / 5
Lai Fook Hoy	5 / 5
Dato' Seri Mokhtar Bin Mohd Jait (appointed on 1 July 2019)	2 / 2
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali (resigned on 9 April 2019)	1 / 1

The Chief Financial Officer, Senior General Manager and Deputy General Manager, 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.

SUMMARY ACTIVITIES OF THE AUDIT COMMITTEE

The activities of the Audit Committee during the financial year ended 31 December 2019 were summarised as follows:

a) Reviewed the unaudited quarterly financial results before presentation to the Board for approval and for release to the authorities and public.

b) Reviewed and approved the internal and external audit plans.

c) Reviewed the draft audited financial statements before presentation to the Board for approval and for release to the authorities and public.

d) Reviewed the related party transactions that arose within the Group.

e) Reviewed and assessed the risk management activities of the Company and the Group.

f) Reviewed and verified the allocation of options to eligible employees of the Group pursuant to the Share Option Scheme.

g) Reviewed the internal audit reports and the management action plan on recommendations noted in the reports.

h) Reviewed the external audit findings with the External Auditors.

i) Appraised the performance of the Internal and External Auditors.

INTERNAL AUDIT FUNCTION

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

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 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 2019 was RM93,087.

The activities of the internal auditors during the financial year ended 31 December 2019 were summarised as follows:

1) Followed up review on the findings reported in the previous financial quarters.
2) Reviewed the building maintenance functions.
3) Reviewed the finance and accounts functions.
4) Reviewed the human resources functions.
5) Reviewed the administrative functions.
6) Reviewed the readiness of the Group in relation to the implementation of the Anti-Bribery and Corruption Management System that in accordance with the objective of compliance with the subsection (5) of section 17A under the Malaysian Anti-Corruption Commission (MACC) Act 2009 from 1st June 2020 onwards.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

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

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

	As at 31 December 2019
Total number of options granted	15,088,400
Total number of options vested	14,782,400
Total number of options exercised	9,957,100
Total number of options lapsed	1,058,000
Total options outstanding	4,073,300

Granted to Directors	**As at 31 December 2019**
Total number of options granted	6,500,000
Total number of options vested	6,500,000
Total number of options exercised	4,900,000
Total number of options lapsed	300,000
Total options outstanding	1,300,000

Granted to Directors & Senior Management	**During the financial year ended 31 December 2019**	**Since commencement of the ESOS on 05 June 2012**
Aggregate Maximum Allocation	-	50.0%
Actual Granted	2.8%	33.5%
(% of the options under the scheme)		

During the financial year ended 31 December 2019, the Company granted 300,000 options to a Non-Executive Director, Ms Lam Voon Kean. No option was exercised by Non-Executive Directors during the financial year ended 31 December 2019.

ADDITIONAL COMPLIANCE INFORMATION

1. MATERIAL CONTRACTS

Other than as disclosed in Note 35(b) to the financial statements, there were no material contracts entered by the Company or its subsidiaries involving directors' and major shareholders' interests since the previous financial year ended 31 December 2018 and in the financial year ended 31 December 2019.

The anticipated provision of financial assistance of up to a total of RM150,000,000 to a 70% subsidiary, Mustiara Sdn Bhd ("Mustiara") disclosed in Note 35(b) to the financial statements was in the form of shareholders' advances and corporate guarantees. The details of the shareholders' advances and corporate guarantees are disclosed in Note 13 and Note 32 to the financial statements. The provision of financial assistance was deemed a transaction with an interested director pursuant to Paragraphs 8.23(2)(b) and 10.08(2) of the Main Market Listing Requirements ("MMLR") as Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali ("Encik Taufiq") held 30% equity interest and was also a director in Mustiara. Encik Taufiq was previously a Non-Independent Non-Executive Director of the Company up to his resignation on 9 April 2019. With effect from 9 October 2019, he was no longer a deemed interested director pursuant to Paragraph 10.02(c) of the MMLR and thus ceased to be deemed interested in the Provision of Financial Assistance.

2. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

3. AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the external auditor or a firm or corporation affiliated to the auditor firm by the Company and the Group for the financial year ended 31 December 2019 were as follow:

	Group (RM)	**Company (RM)**
Fees paid or payable to the external auditor		
- Audit Fees	168,900	48,000
- Non-Audit Fees	14,000	4,000
Non-Audit fees paid or payable to an affiliated firm of the external auditor for tax compliance, tax advisory services and Sustainability Reporting Review	167,450	68,500
Total	**350,350**	**120,500**

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

There were no recurrent related party transactions of revenue or trading nature conducted pursuant to shareholders' mandate during the financial year ended 31 December 2019.

5. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Details of the significant subsequent event is disclosed in Note 36 to the financial statements.

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 2019, the Directors had:

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

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

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

This statement is made in accordance with the Board Resolution dated 28 May 2020.

LIST OF PROPERTIES HELD BY THE GROUP

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
DEVELOPMENT PROPERTIES							
1.	Lot 24937, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Rumah Pangsa Mutiara Indah, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	1.86	11,041,707	04.05.2011
2.	Lot 24938 to Lot 24941, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Low Cost Flat, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	8.93	8,215,018	04.05.2011
3.	Lot 24539 to Lot 24926, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Pearl Saujana- Phase 2 & 3, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	13.77	13,316,082	04.05.2011
4.	Lot 25297 (formerly known as PT 3462), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Palm Garden, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	2.61	9,156,375	04.05.2011
5.	Lot 25298 (formerly known as PT 3463 (formerly known as PT 2375 (formerly known as Part of Lot 23200 (formerly known as Part of Lot 8753)))), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Avenue Heights, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	2.38	2,272,820	04.05.2011
6.	PT 3178, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Pearl Botanik, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	30.26	20,337,764	04.05.2011
7.	PT 3030 to PT 3177, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Pearl Impiana, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	5.58	6,617,673	04.05.2011
8.	Part of Lot 23201, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Central Avenue, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	8.56	8,292,944	04.05.2011

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

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
DEVELOPMENT PROPERTIES							
9.	Lot 25701 (formerly known as Part of Lot 24, Part of Lot 1393 and Part of Lot 21486 (Formerly known as Part of Lot 16)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Begonia Villas, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	8.91	16,176,989	04.05.2011
10.	Lot 25446 to Lot 25700 (Formerly known as Part of Lot 14, Part of Lot 24, Part of Lot 24934, Part of Lot 1393 and Part of Lot 21486), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Ambay Park, Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	7.58	10,211,150	04.05.2011
11.	Part of Lot 13, Part of Lot 25705 (formerly known as Part of Lot 14), Lot 1383, Lot 25704 (formerly known as part of Lot 1393), Part of Lot 25706 (formerly known as Part of Lot 24933) and Part of Lot 25703 (formerly known as Part of 24936), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara).	Freehold	Development land approved for commercial development	N/A	35.12	18,960,968	04.05.2011
12.	Lot 25291, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara).	Freehold	Development land approved for residential development	N/A	19.48	15,871,130	04.05.2011
13.	Lot 32865, Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang. (Residensi Palma, Alma, Bukit Mertajam).	Freehold	Development land approved for residential development	N/A	4.75	20,499,500	02.06.2014
14.	Lots 32472, 32474 and 32476, Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang and Plots B & D, Mukim 14 (formerly known as Lots 535 & 537, Mukim 15), Daerah Seberang Perai Tengah, Pulau Pinang.	Freehold	Development land approved for residential development	N/A	5.17	14,851,951	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 (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
DEVELOPMENT PROPERTIES							
15.	Lot 114 & Lot 1067, Mukim 15, Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara).	Freehold	Land held for development	N/A	44.33	30,403,083	30.06.2010
16.	Lot 23213 (formerly known as PT 1431), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara).	Freehold	Land held for development	N/A	2.60	1,552,261	04.05.2011
17.	Part of Lot 13, Lot 8936, Lot 10016, Lot 10017, Lot 10023, Lot 25702 (formerly known as Part of Lot 21486), Part of Lot 25706 (formerly known as Part of Lot 24933) & Part of Lot 25703 (formerly known as Part of Lot 24936) and Lot 25331 (formerly known as PT 1432) & Lot 25332 (formerly known as PT 1433), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara).	Freehold	Land held for development	N/A	33.95	28,663,248	04.05.2011
18.	Lot 10272, Mukim 10, Bandar Bukit Mertajam, Seberang Perai Tengah, Pulau Pinang.	Freehold	Land held for development	N/A	0.41	700,454	03.11.2009
19.	Lot 148, Seksyen 5, Bandar Bukit Mertajam, Seberang Perai Tengah, Pulau Pinang.	Freehold	Land held for development	N/A	0.47	796,036	14.05.2012
20.	Part of Lot 25705 (formerly known as Part of Lot 14), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara).	Freehold	Land held for development	N/A	0.16	125,010	07.05.2013
21.	Lots 8764, 8768, 8775 & 11159 Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang and PT 1427 & PT 1428, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Amenities Land, Bandar Tasek Mutiara.	Freehold	Land held for development	N/A	18.62	409,035	04.05.2011

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

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
DEVELOPMENT PROPERTIES							
22.	Lot 1368, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara).	Freehold	Land held for development	N/A	24.09	15,470,282	13.11.2013
23.	Lot 21030, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara).	Freehold	Land held for development	N/A	15.62	5,796,978	30.06.2010
24.	Lots 4738 & 4741, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara).	Freehold	Land held for development	N/A	20.88	13,402,705	21.10.2013
25.	Lots 1428, 1433, 1445, 8748, 25292 & 25293, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara).	Freehold	Land held for development	N/A	38.32	21,621,512	04.05.2011
26.	Lot 21024, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	0.58	231,940	11.06.2014
27.	Lots 159, 1429 & 32473, Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang and Plots A, C, E, F, G, H, I, J, K & L, Mukim 14 (formerly known as Lots 528, 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	29,596,817	21.05.2015
28.	Lots 1058, 1060, 1066, 1295, 1309, 1373, 1375, 1376, 1378, 1442, 3407 to 3423, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	209.53	138,182,372	25.04.2019

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

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area/ Building Area (Meter Square)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
INVESTMENT PROPERTIES							
1.	No. 6, Jalan Perda Barat, Bandar Perda, 14000 Bukit Mertajam, Pulau Pinang.	Freehold	3-storey terrace shop office	21	153/ 459.12	950,000	31.12.2019
2.	No. 10-12, Pangsapuri Pantai, Jalan Wisma Pantai 1, 12200 Butterworth, Pulau Pinang.	Freehold	3-bedroom penthouse	23	NA/139	320,000	31.12.2019
3.	No. 1-03, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	23	NA/147	290,000	31.12.2019
4.	No. 1-04, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	23	NA/125	245,000	31.12.2019
5.	No. 7-04, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	23	NA/145	300,000	31.12.2019
6.	No. 7-05, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	23	NA/120	250,000	31.12.2019
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	23	NA/6,171	3,900,000	31.12.2019

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

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area/ Building Area (Meter Square)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
INVESTMENT PROPERTIES							
8.	No. 5099 Dahlia Park, Jalan Kampung Benggali, 12200 Butterworth, Pulau Pinang.	Freehold	Double storey terrace shop office	6	205/ 409.98	1,400,000	31.12.2019
9.	Part of Lot 23201 & Part of Lot 23202, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara).	Freehold	Land held for investment purpose	N/A	143,925/ NA	32,234,050	04.05.2011
10.	Lot 24317, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (International School, Bandar Tasek Mutiara).	Freehold	International School	5	32,255/ 19,508	53,000,000	31.12.2019
11.	Part of Lot 23202, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Sports Complex, Bandar Tasek Mutiara).	Freehold	Sport Complex	1	14,447/ 7,311	13,700,000	31.12.2019
12.	No. 10-02, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	23	NA/143	295,000	31.12.2019
13.	No. 10-03, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	23	NA/169	350,000	31.12.2019
14.	No. 10-04, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	23	NA/131	270,000	31.12.2019

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

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area/ Building Area (Meter Square)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
INVESTMENT PROPERTIES							
15.	No. 10-05, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	23	NA/151	315,000	31.12.2019
16	No. 2-02, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	23	NA/169	150,000	23.08.2019
17.	349-01-01, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	4	NA/88	995,000	31.12.2019
18.	349-02-01, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	4	NA/288	1,275,000	31.12.2019
19.	349-03-01, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	4	NA/288	1,130,000	31.12.2019
20.	349-01-03, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	4	NA/125	1,300,000	31.12.2019
21.	349-02-03, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	4	NA/105	434,000	31.12.2019
22.	349-03-03, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	4	NA/105	383,000	31.12.2019
23.	349-01-04, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	4	NA/125	1,300,000	31.12.2019
24.	349-02-04, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	4	NA/105	434,000	31.12.2019
25.	349-03-04, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	4	NA/105	383,000	31.12.2019
26.	349-01-05, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	4	NA/125	1,300,000	31.12.2019

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

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area/ Building Area (Meter Square)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
INVESTMENT PROPERTIES							
27.	349-02-05, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	4	NA/105	434,000	31.12.2019
28.	349-03-05, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	4	NA/105	383,000	31.12.2019
29.	349-01-06, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	4	NA/125	1,300,000	31.12.2019
30.	349-02-06, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	4	NA/105	434,000	31.12.2019
31.	349-03-06, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	4	NA/105	383,000	31.12.2019
32.	349-01-09, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot, and 4 levels of multi-storey 102 bays of covered car parks	4	NA/1,376	3,757,000	31.12.2019
33.	349-02-09, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	4	NA/217	960,000	31.12.2019
34.	349-03-09, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	4	NA/217	850,000	31.12.2019
35.	349-01-10, Jalan Jelutong, 11600 Penang.	Freehold	A shop lot	4	NA/18	170,000	31.12.2019

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

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area/ Building Area (Meter Square)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
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	23	NA/137	173,130	19.06.2013
2.	No. 3-02, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	23	NA/169	336,498	01.12.2018
3.	No. 4-01, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	23	NA/117	198,874	04.06.2014
4.	No. 4-03, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	23	NA/135	186,712	24.07.2012
5.	No. 4-04, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	23	NA/126	135,000	22.12.2010
6.	No. 12-01, 12-02 & 12A-01, Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	3 penthouse office lots	23	NA/878	1,203,402	30.06.2010

ANALYSIS OF SHAREHOLDINGS

AS AT 15 MAY 2020

Total number of issued shares	:	433,455,617
Class of shares	:	Ordinary shares
Voting right	:	One vote per ordinary share

Distribution of shareholders

Size of holdings	No. of shareholders	%	No. of shares	%
1 - 99	22	0.35	536	0.00
100 to 1,000	699	11.14	524,493	0.12
1,001 to 10,000	3,487	55.60	18,813,300	4.34
10,001 to 100,000	1,800	28.70	56,914,320	13.13
100,001 to 21,672,779 (*)	261	4.16	137,990,724	31.84
21,672,780 and above (**)	3	0.05	219,212,244	50.57
TOTAL	6,272	100.00	433,455,617	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

	No. of issued shares			
Substantial Shareholders	**Direct**	**%**	**Deemed**	**%**
Siram Permai Sdn. Bhd.	142,800,001	32.95	-	-
Amal Pintas Sdn. Bhd.	36,602,449	8.44	-	-
Teh Kiak Seng	39,809,794	9.18	142,800,001 (N1)	32.95
Tsai Yung Chuan	-	-	36,602,449 (N2)	8.44
Tsai Chang Hsiu-Hsiang	-	-	36,602,449 (N2)	8.44
Tsai Chia Ling	-	-	36,602,449 (N2)	8.44

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

	No. of issued shares			
Directors	**Direct**	**%**	**Deemed**	**%**
Teh Kiak Seng	39,809,794	9.18	142,800,001 (N1)	32.95
Teh Theng Theng	1,860,965	0.43	-	-
Tsai Chia Ling	-	-	36,602,449 (N2)	8.44
Lai Fook Hoy	4,116,262	0.95	-	-
Lam Voon Kean	-	-	100,000 (N3)	0.02

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.

N3 Deemed interested by virtue of Section 59(11)(C) of the Companies Act 2016 held through Khoo Ta Kang

ANALYSIS OF SHAREHOLDINGS

AS AT 15 MAY 2020 (CONT'D)

LIST OF TOP 30 HOLDERS AS AT 15 MAY 2020

NO	NAME	HOLDINGS	%
1	SIRAM PERMAI SDN BHD	142,800,001	32.95%
2	TEH KIAK SENG	39,809,794	9.18%
3	AMAL PINTAS SDN BHD	36,602,449	8.44%
4	CITIGROUP NOMINEES (ASING) SDN BHD *UBS AG FOR SFC FORESTA MASTER FUND, L.P.*	13,499,900	3.11%
5	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHEN KHAI VOON*	7,656,700	1.77%
6	POH CHEAN HUNG	6,201,658	1.43%
7	WYZ CAPITAL SDN BHD	5,285,400	1.22%
8	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI*	5,225,000	1.21%
9	LAI FOOK HOY	4,116,262	0.95%
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (PHEIM)*	3,732,200	0.86%
11	LIM KHUAN ENG	3,020,000	0.70%
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (ARIM)*	2,961,000	0.68%
13	CITIGROUP NOMINEES (ASING) SDN BHD *UBS AG FOR STONE FOREST EM MASTER FUND, L.P.*	2,934,500	0.68%
14	LEMBAGA TABUNG HAJI	2,344,800	0.54%
15	TEH CHING CHING	2,003,497	0.46%
16	TEH THENG THENG	1,860,965	0.43%
17	UOB KAY HIAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR UOB KAY HIAN (HONG KONG) LIMITED (A/C CLIENTS)*	1,818,100	0.42%
18	THZEW BEE CHOO	1,676,600	0.39%
19	AMANAHRAYA TRUSTEES BERHAD *PB ISLAMIC SMALLCAP FUND*	1,614,700	0.37%
20	FOO LEE FEI	1,480,000	0.34%
21	TEH PENG PENG	1,194,400	0.28%
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI (KLC/KEN)*	1,180,000	0.27%
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIEW JEW FOOK (E-PDG)*	1,153,500	0.27%
24	ZHENG TIANDONG	1,139,000	0.26%
25	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC OPPORTUNITIES FUND*	1,099,100	0.25%
26	SOW TIAP	1,050,000	0.24%
27	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAUFIQ AHMAD @ AHMAD MUSTAPHA BIN GHAZALI (7003683)*	1,000,000	0.23%
28	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD *MAYBANK KIM ENG SECURITIES PTE LTD FOR CHUMPON CHANTHARAKULPONGSA @ CHAN TEIK CHUAN*	1,000,000	0.23%
29	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LAI KAH WAI (7004499)*	950,000	0.22%
30	CHANG SIEW KUEN	880,000	0.20%

DIRECTORS’ REPORT AND AUDITED FINANCIAL STATEMENTS

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 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and the details of the subsidiaries are set out in Note 8 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the financial year	47,782,505	107,701,840
Attributable to:		
Owners of the parent	48,641,804	107,701,840
Non-controlling interests	(859,299)	0
	47,782,505	107,701,840

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 2018:	
Final single tier dividend of 2.9 sen per ordinary share, paid on 19 September 2019	12,570,126
In respect of financial year ended 31 December 2019:	
Interim single tier dividend of 1.0 sen per ordinary share, paid on 18 February 2020	4,334,556
	16,904,682

The Directors propose a final single tier dividend of 2.9 sen per ordinary share amounting to RM12,570,213 in respect of the financial year ended 31 December 2019, subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT (CONT'D)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from 433,378,517 to 433,455,617 by way of issuance of 77,100 new ordinary shares pursuant to 77,100 options exercised under the Employees' Share Options Scheme for cash.

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

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

(a) Directors and confirmed employees of the Group who have served at least 2 years of continuous services are eligible under the ESOS;

(b) The maximum number of new shares, which may be issued and allotted pursuant to the exercise of the options shall not at any point in time in aggregate exceed 5% of the issued and paid-up capital of the Company (excluding treasury shares) at any point in time during the duration of the ESOS;

(c) Not more than 50% of the new shares available under the scheme shall be allocated in aggregate, to the Directors and senior management of the Group;

(d) The allocation to an Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the issued and paid-up share capital of the Company (excluding treasury shares), does not exceed 10% of the total number of the new shares to be issued under the ESOS;

(e) The options granted may be exercised any time within the option period from the date of offer;

(f) The option price of a new ordinary share under the ESOS shall be the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad ('Bursa Securities') immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the ESOS;

(g) The options granted are not entitled for any dividend, voting rights, allotment and/or other distribution declared, made or paid to shareholders unless the new shares so allotted have been credited to the relevant securities accounts of the shareholders maintained by the Bursa Depository before the entitlement date and will be subjected to all provisions of the Articles relating to the transfer, transmission and otherwise;

(h) The ESOS Committee at any time and from time to time recommends to the Board any addition or amendment to or deletion of the By-laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-laws upon such recommendation. Any subsequent modifications or changes to the By-laws do not need the prior approval of the Bursa Securities and/or any other relevant authorities; and

(i) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company within the Group during the option period.

DIRECTORS' REPORT (CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

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

		← Number of options over ordinary shares →					
	Option price	Outstanding as at	Movements during the financial year			Outstanding as at	Exercisable as at
Date of offer	RM	1.1.2019	Granted	Exercised	Lapsed	31.12.2019	31.12.2019
5 June 2012	0.50	20,000	0	(20,000)	0	0	0
15 November 2013	1.27	454,000	0	0	(20,000)	434,000	434,000
28 May 2014	1.75	183,000	0	0	(20,000)	163,000	163,000
17 December 2014	1.45	1,066,000	0	0	0	1,066,000	1,066,000
15 June 2015	1.51	258,000	0	0	0	258,000	258,000
1 December 2015	1.25	542,000	0	0	(40,000)	502,000	502,000
21 June 2016	1.25	70,000	0	0	0	70,000	70,000
16 December 2016	1.24	59,000	0	0	0	59,000	59,000
3 July 2017	1.30	125,000	0	0	0	125,000	125,000
18 December 2017	0.92	19,000	0	0	0	19,000	19,000
8 June 2018	0.69	110,000	0	(3,000)	0	107,000	107,000
26 February 2019	0.71	0	760,400	(54,100)	(17,000)	689,300	689,300
3 September 2019	0.69	0	581,000	0	0	581,000	581,000
		2,906,000	1,341,400	(77,100)	(97,000)	4,073,300	4,073,300

The Company has been granted exemption by the Companies Commission of Malaysia via its letter dated 30 January 2020 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 85,000 options and above.

DIRECTORS' REPORT (CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

The employees of the Company and of the subsidiaries who were granted 85,000 options and above under the ESOS during the financial year are as follows:

	Number of options over ordinary shares			
	Outstanding as at	Movement during the financial year		Outstanding as at
	1.1.2019	Granted	Exercised	31.12.2019
26 February 2019				
Roselyn Tan Bee Tee	0	125,000	0	125,000
3 September 2019				
Lim Beng Hoe	0	175,000	0	175,000

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

DIRECTORS

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

Teh Kiak Seng *
Teh Theng Theng *
Lai Fook Hoy
Tsai Chia Ling
Teh Deng Wei *
Lam Voon Kean
Dato' Seri Mokhtar Bin Mohd Jait (Appointed on 1 July 2019)
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali * (Resigned on 9 April 2019)

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

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

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2019 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 1.1.2019	Bought	Sold	Balance as at 31.12.2019
Shares in the Company				
Direct interests				
Teh Kiak Seng	31,670,394	0	0	31,670,394
Teh Theng Theng	1,860,965	0	0	1,860,965
Lai Fook Hoy	4,116,262	0	0	4,116,262
Indirect interests				
Teh Kiak Seng ^	142,800,001	0	0	142,800,001
Tsai Chia Ling **	36,102,449	500,000	0	36,602,449

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

	Number of options over ordinary shares			
		Movement during the financial year		
	Balance as at 1.1.2019	Granted	Exercised	Balance as at 31.12.2019
Share options in the Company				
Teh Deng Wei	1,000,000	0	0	1,000,000
Lam Voon Kean	0	300,000	0	300,000

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than 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(c) to the financial statements.

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

DIRECTORS' REPORT (CONT'D)

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 RM16,500.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts and that adequate provision have been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any material extent;

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

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

(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.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The significant events subsequent to the end of the reporting period are disclosed in Note 36 to the financial statements.

AUDITORS

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

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2019 amounted to RM48,000 and RM120,900 respectively.

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

Teh Kiak Seng
Director

Teh Theng Theng
Director

Penang
28 May 2020

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 80 to 139 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 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
28 May 2020

STATUTORY DECLARATION

I, Roselyn Tan Bee Tee (MIA 23344), being the officer primarily responsible for the financial management of Tambun Indah Land Berhad, do solemnly and sincerely declare that the financial statements set out on pages 80 to 139 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 28 May 2020

Roselyn Tan Bee Tee

Before me,

Commissioner for Oaths

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tambun Indah Land Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 80 to 139.

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 2019, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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.

Revenue recognition for property development activities

Revenue from property development activities during the financial year as disclosed in Note 24 to the financial statements is RM109,215,008.

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

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

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

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

Key Audit Matters (Continued)

Audit response

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

(a) Reviewed contracts with customers to identify distinct and material performance obligations, and compared our findings to the findings of the Group;

(b) Recomputed transaction prices based on historical profit margins of the Group, and compared these transaction prices allocated to profit margins of similar contracts subsequent to the end of reporting period;

(c) Assessed estimated total costs to complete through inquiries with operational and financial personnel of the Group;

(d) Inspected documentation to support cost estimates made including contract variations and cost contingencies;

(e) Compared contract budgets to actual outcomes to assess reliability of management budgeting process and controls; and

(f) Recomputed the results of the input method determined by management for revenue recognition based on verified actual costs incurred to-date and budgeted costs.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs, and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

d) Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

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

Other 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 PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Penang
28 May 2020

Lee Beng Tuan
03271/07/2020 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		Group		Company	
		2019	**2018**	**2019**	**2018**
	NOTE	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-current assets					
Property, plant and equipment	5	3,346,780	3,417,889	0	0
Right-of-use assets	6	622,728	0	0	0
Investment properties	7	125,574,051	115,851,626	0	0
Inventories	12	284,144,564	145,997,485	0	0
Trade and other receivables	13	0	0	52,500,000	0
Investments in subsidiaries	8	0	0	283,868,876	283,798,876
Investment in an associate	9	340,117	562,547	366,206	590,829
Investment in a joint venture	10	27,815,441	26,880,075	0	0
Deferred tax assets	11	12,759,900	15,570,700	0	0
		454,603,581	308,280,322	336,735,082	284,389,705
Current assets					
Inventories	12	154,287,227	170,282,636	0	0
Trade and other receivables	13	35,820,318	64,324,066	2,827,410	11,818,296
Contract assets	14	24,522,331	14,209,564	0	0
Current tax assets		2,536,907	3,836,212	0	206,257
Short term funds	15	62,057,956	30,755,998	43,593,389	1,518,579
Cash and bank balances	16	96,075,316	144,649,083	29,692,173	28,291,418
		375,300,055	428,057,559	76,112,972	41,834,550
TOTAL ASSETS		829,903,636	736,337,881	412,848,054	326,224,255

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019 (CONT'D)

		Group		Company	
		2019	2018	2019	2018
	NOTE	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	287,636,669	287,580,160	287,169,090	287,112,581
Reserves	18	352,132,810	320,259,755	96,298,008	5,364,917
		639,769,479	607,839,915	383,467,098	292,477,498
Non-controlling interests	8(d)	487,572	1,316,871	0	0
TOTAL EQUITY		640,257,051	609,156,786	383,467,098	292,477,498
LIABILITIES					
Non-current liabilities					
Borrowings	19	118,474,116	37,393,302	0	0
Lease liabilities	6	407,539	0	0	0
Deferred tax liabilities	11	532,023	106,000	0	0
		119,413,678	37,499,302	0	0
Current liabilities					
Trade and other payables	22	27,837,563	28,664,921	4,368,556	8,746,757
Borrowings	19	41,499,119	58,427,257	25,000,000	25,000,000
Lease liabilities	6	110,899	0	0	0
Current tax liabilities		785,326	2,589,615	12,400	0
		70,232,907	89,681,793	29,380,956	33,746,757
TOTAL LIABILITIES		189,646,585	127,181,095	29,380,956	33,746,757
TOTAL EQUITY AND LIABILITIES		829,903,636	736,337,881	412,848,054	326,224,255

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 2019

		Group		**Company**	
		2019	**2018**	**2019**	**2018**
	NOTE	**RM**	**RM**	**RM**	**RM**
Revenue	24	148,563,349	179,302,111	107,878,600	21,445,290
Cost of sales	25	(73,914,686)	(84,062,043)	0	0
Gross profit		74,648,663	95,240,068	107,878,600	21,445,290
Other income					
- Interest income		3,526,018	3,435,641	1,736,965	662,638
- Other income		6,172,959	2,570,460	0	0
Selling and distribution expenses		(5,736,545)	(5,081,989)	0	0
Administrative expenses		(15,325,592)	(16,463,462)	(1,571,316)	(1,161,998)
Finance costs		(4,038,594)	(2,611,478)	(58,168)	0
Share of profit of an associate, net of tax	9	2,570	7,740	0	0
Share of profit of a joint venture, net of tax	10	935,366	973,344	0	0
Profit before tax		60,184,845	78,070,324	107,986,081	20,945,930
Tax expense	27	(12,402,340)	(22,628,828)	(284,241)	(125,000)
Profit for the financial year		47,782,505	55,441,496	107,701,840	20,820,930
Total other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		47,782,505	55,441,496	107,701,840	20,820,930
Profit for the financial year attributable to:					
Owners of the parent		48,641,804	55,404,428	107,701,840	20,820,930
Non-controlling interests	8(d)	(859,299)	37,068	0	0
		47,782,505	55,441,496	107,701,840	20,820,930

Earnings per ordinary share attributable to equity holders of the Company:

Basic (Sen)	28(a)	11.22	12.79
Diluted (Sen)	28(b)	11.22	12.79

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Non-distributable		Distributable			
Group	**NOTE**	**Share capital RM**	**Share options reserve RM**	**Retained earnings RM**	**Total attributable to owners of the parent RM**	**Non-controlling interests RM**	**Total equity RM**
Balance as at 1 January 2018		287,520,424	957,297	292,921,668	581,399,389	1,879,803	583,279,192
Profit for the financial year		0	0	55,404,428	55,404,428	37,068	55,441,496
Other comprehensive income, net of tax		0	0	0	0	0	0
Total comprehensive income		0	0	55,404,428	55,404,428	37,068	55,441,496
Transactions with owners							
Issuance of ordinary shares pursuant to ESOS	17	59,736	(7,296)	0	52,440	0	52,440
Dividends	29	0	0	(29,034,198)	(29,034,198)	0	(29,034,198)
Dividends paid to non-controlling interests of subsidiaries		0	0	0	0	(600,000)	(600,000)
Share options granted under ESOS		0	17,856	0	17,856	0	17,856
Transfer of share option reserve to retained earnings upon lapse of ESOS		0	(78,296)	78,296	0	0	0
Total transactions with owners		59,736	(67,736)	(28,955,902)	(28,963,902)	(600,000)	(29,563,902)
Balance as at 31 December 2018		287,580,160	889,561	319,370,194	607,839,915	1,316,871	609,156,786

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

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

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

		Non-distributable		Distributable	
Company	**NOTE**	**Share capital RM**	**Share options reserve RM**	**Retained earnings RM**	**Total equity RM**
Balance at 1 January 2018		287,052,845	957,297	12,610,328	300,620,470
Profit for the financial year		0	0	20,820,930	20,820,930
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		0	0	20,820,930	20,820,930
Transactions with owners					
Issuance of ordinary shares pursuant to ESOS	17	59,736	(7,296)	0	52,440
Dividends	29	0	0	(29,034,198)	(29,034,198)
Share options granted under ESOS		0	17,856	0	17,856
Transfer of share option reserve to retained earnings upon lapse of ESOS		0	(78,296)	78,296	0
Total transactions with owners		59,736	(67,736)	(28,955,902)	(28,963,902)
Balance at 31 December 2018		287,112,581	889,561	4,475,356	292,477,498
Balance at 1 January 2019		287,112,581	889,561	4,475,356	292,477,498
Profit for the financial year		0	0	107,701,840	107,701,840
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		0	0	107,701,840	107,701,840
Transactions with owners					
Issuance of ordinary shares pursuant to ESOS	17	56,509	(6,027)	0	50,482
Dividends	29	0	0	(16,904,682)	(16,904,682)
Share options granted under ESOS		0	141,960	0	141,960
Transfer of share option reserve to retained earnings upon lapse of ESOS		0	(26,895)	26,895	0
Total transactions with owners		56,509	109,038	(16,877,787)	(16,712,240)
Balance at 31 December 2019		287,169,090	998,599	95,299,409	383,467,098

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	NOTE	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		60,184,845	78,070,324	107,986,081	20,945,930
Adjustments for:					
Depreciation of property, plant and equipment	5	597,456	565,832	0	0
Depreciation of right-of-use assets	6	140,307	0	0	0
Dividend income		0	0	(107,878,600)	(21,445,290)
Gain on disposal of property, plant and equipment		(55,998)	(35,499)	0	0
Loss on disposal of property, plant and equipment		2,253	0	0	0
Impairment loss on investment in an associate		0	0	224,623	0
Impairment loss on trade receivables		64,718	39,616	0	0
Interest income		(3,526,018)	(3,435,641)	(1,736,965)	(662,638)
Interest paid		4,038,594	2,611,478	0	0
Net gain from fair value adjustments on investment properties	7	(6,060,034)	(1,941,619)	0	0
Property, plant and equipment written off		2,328	0	0	0
Reversal of impairment loss on trade receivables		(1,216)	(46,631)	0	0
Share of profit of a joint venture, net of tax	10	(935,366)	(973,344)	0	0
Share of profit of an associate, net of tax	9	(2,570)	(7,740)	0	0
Share options granted under ESOS		141,960	17,856	141,960	17,856
Operating profit/(loss) before changes in working capital		54,591,259	74,864,632	(1,262,901)	(1,144,142)
Changes in working capital:					
Inventories		(120,289,109)	44,013,540	0	0
Trade and other receivables		28,440,246	17,452,827	(43,509,114)	5,167,113
Contract assets		(10,312,767)	20,878,963	0	0
Trade and other payables		3,505,656	(20,024,144)	(45,187)	(7,021)
Contract liabilities		0	(2,007,480)	0	0
Cash (used in)/generated from operations		(44,064,715)	135,178,338	(44,817,202)	4,015,950
Interest received		3,526,018	3,435,641	1,736,965	662,638
Tax paid		(12,181,906)	(23,285,701)	(270,000)	(170,000)
Tax refunded		2,511,405	46,121	204,416	0
Net cash (used in)/from operating activities		(50,209,198)	115,374,399	(43,145,821)	4,508,588

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

		Group		Company	
		2019	2018	2019	2018
	NOTE	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend income from:					
- an associate		225,000	0	225,000	0
- subsidiaries		0	0	107,653,600	21,445,290
Proceeds from disposal of investment properties		0	2,416,000	0	0
Proceeds from disposal of property, plant and equipment		56,450	35,500	0	0
Purchase of investment properties	7	(5,524,952)	(417,889)	0	0
Purchase of property, plant and equipment	5	(531,380)	(157,666)	0	0
Purchase of right-of-use assets	6	(156,410)	0	0	0
Incorporation of a subsidiary, net of cash and cash equivalents acquired	8(f)	30,000	0	(70,000)	0
Net changes in deposits pledged with licensed banks		60,138	836,724	0	0
Net cash (used in)/from investing activities		(5,841,154)	2,712,669	107,808,600	21,445,290
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(21,237,696)	(33,365,704)	(21,237,696)	(33,365,704)
Dividends paid to non-controlling interests of subsidiaries		0	(600,000)	0	0
Drawdowns of bank borrowings		126,000,000	25,000,000	27,700,000	25,000,000
Interest paid		(4,013,495)	(2,611,478)	0	0
Proceeds from the issuance of shares pursuant to ESOS		50,482	52,440	50,482	52,440
Repayments of bank borrowings		(61,847,324)	(35,604,862)	(27,700,000)	0
Repayments of lease liabilities		(113,286)	0	0	0
Net cash from/(used in) financing activities		38,838,681	(47,129,604)	(21,187,214)	(8,313,264)
Net (decrease)/increase in cash and cash equivalents		(17,211,671)	70,957,464	43,475,565	17,640,614
Cash and cash equivalents at beginning of the financial year		172,679,265	101,721,801	29,809,997	12,169,383
Cash and cash equivalents at end of the financial year	16(d)	155,467,594	172,679,265	73,285,562	29,809,997

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 6)		**Borrowings (Note 19)**	
	Group RM	**Company RM**	**Group RM**	**Company RM**
At 1 January 2018	0	0	106,425,421	0
Cash flows	0	0	(10,604,862)	25,000,000
At 31 December 2018	0	0	95,820,559	25,000,000
At 1 January 2019	0	0	95,820,559	25,000,000
Cash flows	(113,286)	0	64,152,676	0
Non-cash flows:				
Additions of lease liabilities	606,625	0	0	0
Unwinding of interest	25,099	0	0	0
At 31 December 2019	518,438	0	159,973,235	25,000,000

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 2019 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 28 May 2020.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and the details of the subsidiaries are set out in Note 8 to the financial statements.

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

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRS during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 37.1 to the financial statements.

The Group and the Company applied MFRS 16 *Leases* for the first time during the current financial year, using the cumulative effect method as at 1 January 2019. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

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

4. OPERATING SEGMENTS

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

4. OPERATING SEGMENTS (CONTINUED)

(a) Business segments

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

4. OPERATING SEGMENTS (CONTINUED)

(a) Business segments (Continued)

	Investment holding RM	Property development and management RM	Other operations RM	Group RM
2018				
Revenue:				
Total revenue	27,432,520	181,041,401	24,081	208,498,002
Inter-segment revenue	(22,437,310)	(6,734,500)	(24,081)	(29,195,891)
Revenue from external customers	4,995,210	174,306,901	0	179,302,111
Interest income	210,937	3,155,046	69,658	3,435,641
Finance costs	0	(2,611,478)	0	(2,611,478)
Net finance income	210,937	543,568	69,658	824,163
Depreciation of property, plant and equipment	(73,586)	(492,246)	0	(565,832)
Segment profit before income tax	4,479,645	73,779,715	57,884	78,317,244
Share of profit of an associate, net of tax	0	7,740	0	7,740
Share of profit of a joint venture, net of tax	973,344	0	0	973,344
Tax expense	(361,920)	(22,258,408)	(8,500)	(22,628,828)
Other non-cash items:				
- net gain from fair value adjustments on investment properties	1,941,619	0	0	1,941,619
- gain on disposal of property, plant and equipment	0	35,499	0	35,499
Investment in an associate	0	562,547	0	562,547
Investment in a joint venture	0	26,880,075	0	26,880,075
Additions to non-current assets other than financial instruments and tax assets	417,889	393,040	0	810,929
Segment assets	361,386,033	669,911,547	2,672,538	1,033,970,118
Segment liabilities	33,788,881	123,101,225	9,553	156,899,659

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

4. OPERATING SEGMENTS (CONTINUED)

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

Revenue

	2019 RM	2018 RM
Total revenue for reportable segments	257,046,221	208,498,002
Elimination of inter-segmental revenues	(108,482,872)	(29,195,891)
Group's revenue per consolidated statement of profit or loss and other comprehensive income	148,563,349	179,302,111

Profit for the financial year

	2019 RM	2018 RM
Total profit for reportable segments	60,738,046	78,317,244
Unallocated amounts:		
- corporate expenses	(553,201)	(246,920)
Profit before tax	60,184,845	78,070,324
Tax expense	(12,402,340)	(22,628,828)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	47,782,505	55,441,496

Assets

	2019 RM	2018 RM
Total assets for reportable segments	1,171,543,490	1,033,970,118
Elimination of investments in subsidiaries	(284,694,970)	(284,624,970)
Elimination of inter-segment balances	(72,241,691)	(32,414,179)
	814,606,829	716,930,969
Deferred tax assets	12,759,900	15,570,700
Current tax assets	2,536,907	3,836,212
Group's assets per consolidated statement of financial position	829,903,636	736,337,881

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

4. OPERATING SEGMENTS (CONTINUED)

Liabilities

	2019 RM	2018 RM
Total liabilities for reportable segments	260,570,927	156,899,659
Elimination of inter-segment balances	(72,241,691)	(32,414,179)
	188,329,236	124,485,480
Deferred tax liabilities	532,023	106,000
Current tax liabilities	785,326	2,589,615
Group's liabilities per consolidated statement of financial position	189,646,585	127,181,095

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

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 2018	2,422,966	752,573	1,321,117	2,038,289	272,077	17,530	46,277	6,870,829
Additions	0	0	57,796	99,870	0	0	0	157,666
Transfer from investment property (Note 7)	350,000	0	0	0	0	0	0	350,000
Disposal	0	0	0	(165,637)	0	0	0	(165,637)
Written off	0	0	(24,699)	0	0	0	0	(24,699)
Balance as at 31 December 2018	2,772,966	752,573	1,354,214	1,972,522	272,077	17,530	46,277	7,188,159
Accumulated depreciation								
Balance as at 1 January 2018	385,321	545,967	758,788	1,551,791	135,376	17,530	0	3,394,773
Current charge	71,302	93,463	99,783	274,076	27,208	0	0	565,832
Disposal	0	0	0	(165,636)	0	0	0	(165,636)
Written off	0	0	(24,699)	0	0	0	0	(24,699)
Balance as at 31 December 2018	456,623	639,430	833,872	1,660,231	162,584	17,530	0	3,770,270
Carrying amount								
Balance as at 31 December 2018	2,316,343	113,143	520,342	312,291	109,493	0	46,277	3,417,889

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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

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

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

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

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

(c) The buildings with carrying amount of RM2,233,616 (2018: RM2,316,343) have been charged to banks for credit facilities granted to the Group (Note 20).

6. LEASES

The Group as lessee

Right-of-use assets	**Office lots RM**	**Motor vehicle RM**	**Total RM**
At cost			
Balance as at 1 January 2019	0	0	0
Additions	556,625	206,410	763,035
Balance as at 31 December 2019	556,625	206,410	763,035
Accumulated depreciation			
Balance as at 1 January 2019	0	0	0
Current charge	99,025	41,282	140,307
Balance as at 31 December 2019	99,025	41,282	140,307
Carrying amount			
Balance as at 31 December 2019	457,600	165,128	622,728

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

6. LEASES (CONTINUED)

Lease liabilities	Office lots RM	Motor vehicle RM	Total RM
Carrying amount			
Balance as at 1 January 2019	0	0	0
Additions	556,625	50,000	606,625
Lease payments	(106,800)	(6,486)	(113,286)
Interest expense	24,667	432	25,099
Balance as at 31 December 2019	474,492	43,946	518,438

Represented by:	2019 RM
Current liabilities	110,899
Non-current liabilities	407,539
	518,438
Lease liabilities owing to financial institutions	43,946
Lease liabilities owing to non-financial institutions	474,492
	518,438

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

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

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

Office lots	5 years
Motor vehicle	5 years

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

6. LEASES (CONTINUED)

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

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

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

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

Group 31 December 2019	Weighted average incremental borrowing rate per annum (%)	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to five (5) years RM	Total RM
Lease liabilities					
Floating rates	4.75	86,121	90,301	298,070	474,492

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

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

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

If the interest rates were to increase or decrease by 50 basis points with all other variables held constant, lease liabilities of the Group would decrease or increase by RM5,725 as at 31 December 2019.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

6. LEASES (CONTINUED)

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

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

The Group as lessor

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

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

	2019 RM	**2018 RM**
Less than one (1) year	3,527,872	3,527,872
One (1) to two (2) years	3,527,872	3,527,872
Two (2) to three (3) years	3,527,872	3,527,872
Three (3) to four (4) years	3,548,139	3,527,872
Four (4) to five (5) years	3,609,344	3,548,139
More than five (5) years	90,576,304	94,185,648
	108,317,403	111,845,275

7. INVESTMENT PROPERTIES

	Group	
	2019 RM	**2018 RM**
Fair value		
Freehold land and buildings		
Balance as at 1 January	79,490,000	80,314,381
Additions	150,000	0
Reclassification	7,639,966	0
Transfer to property, plant and equipment (Note 5)	0	(350,000)
Disposal	0	(2,416,000)
Gain on fair value adjustment	6,060,034	1,941,619
Balance as at 31 December	93,340,000	79,490,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

7. INVESTMENT PROPERTIES (CONTINUED)

	Group	
	2019	2018
	RM	RM
At cost		
Construction-in-progress		
Balance as at 1 January	36,361,626	38,022,525
Reclassification	(7,639,966)	0
Additions	5,374,952	417,889
Transfer to inventories (Note 12(b))	(1,862,561)	(2,078,788)
Balance as at 31 December	32,234,051	36,361,626
Total investment properties	125,574,051	115,851,626

(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 Henry Butcher Malaysia (Seberang Perai) Sdn. Bhd. and PA International Property Consultants (Penang) Sdn. Bhd. on 31 December 2019. Fair value is determined primarily based on comparison approach. The fair value measurements of the investment properties are based on the highest and best use, which does not differ from their actual use.

Comparison method

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. The estimated fair value would be higher if the differential rate is lower and vice versa.

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. The estimated fair value would be higher if the estimated replacement cost is lower and vice versa.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

7. INVESTMENT PROPERTIES (CONTINUED)

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

	Group	
	2019	2018
	RM	RM
Level 3		
Freehold land and buildings	93,340,000	79,490,000

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

(e) Investment properties with a carrying amount of RM57,985,000 (2018: RM57,985,000) have been charged to bank for credit facilities granted to the Group (Note 20 and Note 21).

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

	Group	
	2019	2018
	RM	RM
Insurance	44,104	40,944
Quit rent and assessment	144,877	149,789
Repair and maintenance	44,666	24,524

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019	2018
	RM	RM
At cost		
Unquoted ordinary shares	169,866,518	169,796,518
Redeemable preference shares	134,000,000	134,000,000
Less: Impairment losses	(19,997,642)	(19,997,642)
	283,868,876	283,798,876

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2019	Effective interest in equity 2018	Principal activities
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
Mustiara Sdn. Bhd.	Malaysia	70%	0%	Property development
Palmington Sdn. Bhd.	Malaysia	100%	100%	Property development and investment holding
Perquest Sdn. Bhd.	Malaysia	100%	100%	Property development
Premcourt Development Sdn. Bhd.	Malaysia	100%	100%	Property development, investment holding and operation of car park
Pridaman Sdn. Bhd.	Malaysia	100%	100%	Property development
Tokoh Edaran Sdn. Bhd.	Malaysia	100%	100%	Construction management
Tambun Indah Sdn. Bhd.	Malaysia	100%	100%	Property development
Tambun Indah Development Sdn. Bhd.	Malaysia	100%	100%	Property development
TID Development Sdn. Bhd.	Malaysia	100%	100%	Property development
TKS Land Sdn. Bhd.	Malaysia	100%	100%	Investment holding
Zipac Development Sdn. Bhd.	Malaysia	100%	100%	Property development

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2019	Effective interest in equity 2018	Principal activities
Held through TKS Land Sdn. Bhd.:				
Ascention Sdn. Bhd.	Malaysia	50%	50%	Property development
CBD Land Sdn. Bhd.	Malaysia	50%	50%	Property development
Held through Palmington Sdn. Bhd.:				
Novinia Sdn. Bhd.	Malaysia	100%	100%	Dormant

All subsidiaries above are audited by BDO PLT, Malaysia.

(c) The Group considers that it controls Ascention Sdn. Bhd. and CBD Land Sdn. Bhd. even though it owns fifty percent (50%) of the voting rights. This is because the Group is the single largest shareholder of Ascention Sdn. Bhd. and CBD Land Sdn. Bhd. with a fifty percent (50%) equity interests. The remaining fifty percent (50%) of the equity shares in Ascention Sdn. Bhd. and CBD Land Sdn. Bhd. are held by few shareholders, (as recorded in the shareholders' register of CBD Land Sdn. Bhd. from 10 May 2010 to 31 December 2019, and Ascention Sdn. Bhd. from 29 December 2011 to 31 December 2019). Since 10 May 2010 and 29 December 2011, which were the dates of acquisitions of Ascention Sdn. Bhd. and CBD Land Sdn. Bhd., there is no history of the other few shareholders collaborating to exercise their votes collectively or to outvote the Group.

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

	Ascention Sdn. Bhd.	CBD Land Sdn. Bhd.	Mustiara Sdn. Bhd.	Total
2019				
NCI percentage of ownership interest and voting interest	50%	50%	30%	
Carrying amount of NCI (RM)	1,005,917	391,328	(909,673)	487,572
Profit/(Loss) allocated to NCI (RM)	73,692	6,682	(939,673)	(859,299)

	Ascention Sdn. Bhd.	CBD Land Sdn. Bhd.	Total
2018			
NCI percentage of ownership interest and voting interest	50%	50%	
Carrying amount of NCI (RM)	932,225	384,646	1,316,871
Profit allocated to NCI (RM)	30,156	6,912	37,068

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

	Ascention Sdn. Bhd.	CBD Land Sdn. Bhd.	Mustiara Sdn. Bhd.
2019			
Assets and liabilities			
Non-current asset	0	0	138,182,372
Current assets	2,013,833	784,736	2,287,884
Non-current liabilities	0	0	(91,000,000)
Current liabilities	(2,000)	(2,079)	(52,502,500)
Net assets	2,011,833	782,657	(3,032,244)
Results			
Revenue	1,015,950	0	0
Profit/(Loss) for the financial year/period	147,384	13,365	(3,132,244)
Total comprehensive income/(loss)	147,384	13,365	(3,132,244)
Cash flows from/(used in) operating activities	1,075,165	13,337	(85,759,722)
Cash flows used in investing activities	0	0	(2,226,874)
Cash flows from financing activities	0	0	87,947,606
Net increase/(decrease) in cash and cash equivalents	1,075,165	13,337	(38,990)
Dividend paid to NCI	0	0	0

	Ascention Sdn. Bhd.	CBD Land Sdn. Bhd.
2018		
Assets and liabilities		
Non-current asset	0	0
Current assets	1,866,449	771,437
Non-current liabilities	0	0
Current liabilities	(2,000)	(2,145)
Net assets	1,864,449	769,292
Results		
Revenue	0	0
Profit for the financial year	60,312	13,825
Total comprehensive income	60,312	13,825
Cash flows from operating activities	263,270	13,399
Cash flows from investing activities	820,181	0
Cash flows used in financing activities	(1,200,000)	0
Net (decrease)/increase in cash and cash equivalents	(116,549)	13,399
Dividend paid to NCI	(600,000)	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(f) On 24 January 2019, the Company had incorporated a seventy percent (70%) owned subsidiary known as Mustiara Sdn. Bhd. ("Mustiara") with paid-up share capital of RM100,000 comprising 100,000 ordinary shares. Mustiara is a company incorporated in Malaysia which is engaged in property development.

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

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

9. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At cost				
Unquoted ordinary shares	831,079	831,079	831,079	831,079
Share of post acquisition reserves, net of dividends received	(490,962)	(268,532)	0	0
Less: Impairment losses	0	0	(464,873)	(240,250)
	340,117	562,547	366,206	590,829

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

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2019	Effective interest in equity 2018	Principal activity
Ikhtiar Bitara Sdn. Bhd. #	Malaysia	45%	45%	Property development

Associate not audited by BDO PLT, 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 2019 have been used and appropriate adjustments have been made for the effects of transactions between 31 October 2019 to 31 December 2019.

(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% (2018: 45%) equity interest in Ikthiar Bitara Sdn. Bhd. for which the Group has determined that it has significant influence.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

9. INVESTMENT IN AN ASSOCIATE (CONTINUED)

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

	2019 RM	2018 RM
Assets and liabilities		
Current assets	837,665	1,331,954
Current liabilities	(1,800)	(1,800)
Net assets	835,865	1,330,154
Results		
Revenue	0	0
Profit for the financial year	5,711	17,200
Total comprehensive income	5,711	17,200
Cash flows from operating activities	6,803	21,802
Cash flows from investing activity	0	23,069
Cash flows used in financing activity	(500,000)	0
Net (decrease)/increase in cash and cash equivalents	(493,197)	44,871

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

	2019 RM	2018 RM
As at 31 December		
Share of net assets of the Group	(390,336)	(167,906)
Goodwill	730,453	730,453
Carrying amount in the statement of financial position	340,117	562,547
Share of results of the Group for the financial year ended 31 December		
Share of profit of the Group	2,570	7,740
Share of other comprehensive income of the Group	0	0
Share of total comprehensive income of the Group	2,570	7,740
Other information		
Dividend received	225,000	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

10. INVESTMENT IN A JOINT VENTURE

	Group 2019 RM	Group 2018 RM
Unquoted equity shares, at cost	1	1
Redeemable preference shares	22,500,000	22,500,000
Share of post acquisition reserves, net of dividend received	5,315,440	4,380,074
	27,815,441	26,880,075

(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/ Principal place of business	Effective interest in equity 2019	Effective interest in equity 2018	Principal activity
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.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

10. INVESTMENT IN A JOINT VENTURE (CONTINUED)

(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:

	2019 RM	2018 RM
Assets and liabilities		
Non-current assets	53,304,076	52,304,076
Current assets	3,061,107	2,186,274
Current liabilities	(734,300)	(730,200)
Net assets	55,630,883	53,760,150
Proportion of the ownership of the Group	50%	50%
Carrying amount of the investment in a joint venture	27,815,441	26,880,075
Results		
Revenue	1,451,480	1,453,561
Other income	1,037,456	1,030,636
Expenses including taxation	(618,203)	(537,510)
Profit for the financial year	1,870,733	1,946,687
Share of profit by the Group for the financial year	935,366	973,344

11. DEFERRED TAX

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

	Group	
	2019 RM	2018 RM
Balance as at 1 January	(15,464,700)	(17,088,700)
Recognised in profit or loss (Note 27):		
- property development costs	2,725,423	1,835,400
- investment properties	585,500	534,900
Underprovision in prior years	(74,100)	(746,300)
Balance as at 31 December	(12,227,877)	(15,464,700)
Presented after appropriate offsetting:		
Deferred tax assets, net	(12,759,900)	(15,570,700)
Deferred tax liabilities, net	532,023	106,000
	(12,227,877)	(15,464,700)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

11. DEFERRED TAX (CONTINUED)

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

	2019 RM	2018 RM
Deferred tax liabilities of the Group		
Balance as at 1 January		
- property development costs	106,000	0
Recognised in profit or loss (Note 27):		
- property development costs	426,023	106,000
Balance as at 31 December		
- property development costs	532,023	106,000
Deferred tax assets of the Group		
Balance as at 1 January		
- property development costs	15,570,700	17,088,700
Recognised in profit or loss (Note 27):		
- property development costs	(2,299,400)	(1,729,400)
- investment properties	(585,500)	(534,900)
Underprovision in prior year	74,100	746,300
Balance as at 31 December		
- property development costs	12,759,900	15,570,700

(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	
	2019 RM	2018 RM
Property, plant and equipment	47,400	48,800
Unused tax losses		
- Expired by 31 December 2025	4,182,300	5,104,300
- Expired by 31 December 2026	3,152,000	0
	7,381,700	5,153,100

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

12. INVENTORIES

	Note	Group 2019 RM	Group 2018 RM
Non-current	(a)	284,144,564	145,997,485
Land held for property development			
Current			
Completed properties held for sale, at cost	(c)	30,730,973	27,133,265
Property development costs	(b)	123,556,254	143,149,371
		154,287,227	170,282,636
		438,431,791	316,280,121

(a) Land held for property development

	Group 2019 RM	Group 2018 RM
Balance as at 1 January		
- Freehold land, at cost	120,638,212	120,638,212
- Development costs	25,359,273	27,018,905
	145,997,485	147,657,117
Add: Cost incurred during the financial year		
- Freehold land, at cost	131,000,000	0
- Development costs	7,477,432	235,374
	138,477,432	235,374
Less: Transfers to property development costs (Note 12(b))		
- Freehold land, at cost	0	0
- Development costs	(330,353)	(1,895,006)
	(330,353)	(1,895,006)
Balance as at 31 December		
- Freehold land, at cost	251,638,212	120,638,212
- Development costs	32,506,352	25,359,273
	284,144,564	145,997,485

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

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

(ii) Land held for property development with carrying amount of RM272,546,710 (2018: RM133,940,598) have been charged to banks for credit facilities granted to subsidiaries (Note 20 and Note 21).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

12. INVENTORIES (CONTINUED)

(b) Property development costs

	Freehold land, at cost RM	Development costs RM	Total RM
Group			
Cumulative property development costs			
Balance as at 1 January 2019	126,051,760	270,021,559	396,073,319
Incurred during the financial year	0	55,426,092	55,426,092
Reclassification	615,393	(615,393)	0
Transfer from land held for property development (Note 12(a))	0	330,353	330,353
Transfer from investment properties (Note 7)	1,634,621	227,940	1,862,561
Transferred to completed properties held for sale	(2,428,556)	(22,206,535)	(24,635,091)
Cost eliminated due to completion of projects	(20,233,532)	(207,251,664)	(227,485,196)
Balance as at 31 December 2019	105,639,686	95,932,352	201,572,038
Cumulative costs recognised in the statement of profit or loss and other comprehensive income			
Balance as at 1 January 2019	(59,952,474)	(192,971,474)	(252,923,948)
Recognised during the financial year	(8,993,478)	(43,583,554)	(52,577,032)
Cost eliminated due to completion of projects	20,233,532	207,251,664	227,485,196
Balance as at 31 December 2019	(48,712,420)	(29,303,364)	(78,015,784)
Property development costs as at 31 December 2019	56,927,266	66,628,988	123,556,254
Cumulative property development costs			
Balance as at 1 January 2018	152,906,941	423,633,341	576,540,282
Incurred during the financial year	0	40,221,174	40,221,174
Transfer from land held for property development (Note 12(a))	0	1,895,006	1,895,006
Transfer from investment properties (Note 7)	1,792,505	286,283	2,078,788
Transferred to completed properties held for sale	(1,878,507)	(16,878,992)	(18,757,499)
Cost eliminated due to completion of projects	(26,769,179)	(179,135,253)	(205,904,432)
Balance as at 31 December 2018	126,051,760	270,021,559	396,073,319

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

12. INVENTORIES (CONTINUED)

(b) Property development costs (Continued)

	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 2018	(77,439,003)	(298,628,576)	(376,067,579)
Recognised during the financial year	(9,282,650)	(73,478,151)	(82,760,801)
Cost eliminated due to completion of projects	26,769,179	179,135,253	205,904,432
Balance as at 31 December 2018	(59,952,474)	(192,971,474)	(252,923,948)
Property development costs as at 31 December 2018	66,099,286	77,050,085	143,149,371

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

	2019 RM	2018 RM
Interest on:		
- Interest on revolving credit	10,671	52,400
- Interest on term loans	668,643	1,400,037

Interest capitalised in property development costs at rates ranging from 4.55% to 5.00% (2018: 4.52% to 5.02%) per annum.

Property development costs with carrying amount of RM89,610,887 (2018: RM132,769,737) have been charged to banks for credit facilities granted to subsidiaries (Note 21).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-current				
Other receivable				
Amount due from a subsidiary	0	0	52,500,000	0
Current				
Trade receivables				
Third parties	20,468,667	37,459,573	0	0
Retention sums	14,275,782	23,967,801	0	0
	34,744,449	61,427,374	0	0
Less: Impairment losses	(103,118)	(39,616)	0	0
Total trade receivables	34,641,331	61,387,758	0	0
Other receivables				
Non-trade receivables	409,393	1,915,592	0	0
Amounts due from subsidiaries	0	0	2,809,356	11,800,000
Deposits	755,228	1,005,930	4,500	4,500
Total other receivables	1,164,621	2,921,522	2,813,856	11,804,500
Total receivables	35,805,952	64,309,280	2,813,856	11,804,500
Prepayments				
Prepayments	14,366	14,786	13,554	13,796
	35,820,318	64,324,066	2,827,410	11,818,296
Total trade and other receivables	35,820,318	64,324,066	55,327,410	11,818,296

All trade and other receivables are denominated in RM.

(a) Total trade and other receivables (exclude prepayments) are classified as financial assets measured at amortised cost.

(b) The normal trade credit terms granted by the Group are generally on 21 working days term (2018: 21 working days) and 30 days term (2018: 30 days). They are recognised at their original billing amounts, which represent their fair values on initial recognition.

(c) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

Lifetime expected loss provision for trade receivables as at 31 December 2019 and 31 December 2018 are as follows:

	Current	1 to 30 days past due	31 to 60 days past due	More than 60 days past due	Total RM
2019					
Gross carrying amount (RM)	24,779,432	3,621,978	4,562,289	1,780,750	34,744,449
Impairment (RM)	26,523	2,124	6,004	68,467	103,118
Total	24,752,909	3,619,854	4,556,285	1,712,283	34,641,331
2018					
Gross carrying amount (RM)	24,694,531	13,363,795	13,561,895	9,807,153	61,427,374
Impairment (RM)	7,135	15,660	2,134	14,687	39,616
Total	24,687,396	13,348,135	13,559,761	9,792,466	61,387,758

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

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

	Group 2019 RM	2018 RM
At 1 January under MFRS 9	39,616	46,631
Reversal of impairment losses	(1,216)	(46,631)
Charge for the financial year	64,718	39,616
At 31 December	103,118	39,616

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

	Group 2019 RM	2018 RM
Within one (1) year	12,323,804	16,378,434
Within two (2) years	1,951,978	7,589,367
	14,275,782	23,967,801

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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

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

Non-current amount due from subsidiaries represent unsecured advances, which bear interest at rate at 4.78% - 5.12% per annum. The advances together with the interest receivable thereon are not payable within the next twelve months.

Current amounts due from fellow subsidiaries are non-trade in nature, unsecured, payable within next twelve month in cash and cash equivalents and bear interest at 4.00% - 5.12% (2018: 4.00%) per annum.

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

(g) Credit risk concentration profile

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

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

	Effective interest rate per annum (%)	Within one (1) year RM	More than one (1) year RM	Total RM
Company				
31 December 2019				
Floating rate	4.00% - 5.12%	2,809,356	52,500,000	55,309,356
31 December 2018				
Fixed rate	4.00%	11,800,000	0	11,800,000

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

14. CONTRACT ASSETS

	Group	
	2019	2018
	RM	RM
Property development contracts		
Aggregate pre-contract costs incurred to date	268,653,397	257,925,630
Add: Attibutable profits	215,116,674	194,958,510
	483,770,071	452,884,140
Less: Progress billings	(459,247,740)	(438,674,576)
	24,522,331	14,209,564

(a) Property development contracts

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

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

(b) Contract assets from property development contracts

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

	Group				
	2019	2020	2021	2022	Total
	RM	RM	RM	RM	RM
31 December 2019	0	37,203,104	20,964,097	668,568	58,835,769
31 December 2018	21,900,263	1,322,631	132,253	0	23,355,147

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

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

15. SHORT TERM FUNDS

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Financial assets at fair value through profit or loss				
Fixed income trust funds in Malaysia (Note 16)	62,057,956	30,755,998	43,593,389	1,518,579

All short term funds are denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

15. SHORT TERM FUNDS (CONTINUED)

(a) Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.

(b) Short term funds of the Group and of the Company are investments in money market fund on highly liquid investments, which are readily convertible to a known amounts of cash and be subject to an insignificant risk of changes in value.

(c) Short term funds of the Group and the Company are stated at Level 2 fair value.

16. CASH AND BANK BALANCES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash and bank balances	83,605,028	135,265,320	29,685,864	28,285,317
Deposits with licensed banks	12,470,288	9,383,763	6,309	6,101
	96,075,316	144,649,083	29,692,173	28,291,418

All cash and bank balances are denominated in RM.

(a) Included in the cash and bank balances of the Group is an amount of RM23,884,997 (2018: RM88,048,222) 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 2.70% - 3.25% (2018: 2.95% - 3.50%) and 3.25% (2018: 3.30%) per annum respectively.

(c) Included in the deposits with licensed banks is an amount of RM2,665,678 (2018: RM2,725,816) 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	
	2019	2018	2019	2018
	RM	RM	RM	RM
Short term funds placed with a financial institution (Note 15)	62,057,956	30,755,998	43,593,389	1,518,579
Cash and bank balances	83,605,028	135,265,320	29,685,864	28,285,317
Deposits with licensed banks	12,470,288	9,383,763	6,309	6,101
	158,133,272	175,405,081	73,285,562	29,809,997
Less:				
Deposits pledged with licensed banks	(2,665,678)	(2,725,816)	0	0
	155,467,594	172,679,265	73,285,562	29,809,997

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

16. CASH AND BANK BALANCES (CONTINUED)

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

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Fixed rate				
Cash and bank balances	40,086,151	38,098,664	26,855,549	26,065,305
Deposits with licensed banks	12,470,288	9,383,763	6,309	6,101
	52,556,439	47,482,427	26,861,858	26,071,406
Floating rates				
Short term funds (Note 15)	62,057,956	30,755,998	43,593,389	1,518,579
Cash and bank balances	43,518,877	97,166,656	2,830,315	2,220,012
	105,576,833	127,922,654	46,423,704	3,738,591

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 RM475,662 (2018: RM523,013) and RM228,722 (2018: RM16,029) respectively.

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

17. SHARE CAPITAL

	2019		2018	
	No. of shares	RM	No. of shares	RM
Group				
Issued and fully paid				
Balance as at 1 January	433,378,517	287,580,160	433,302,517	287,520,424
Issued for cash pursuant to ESOS	77,100	56,509	76,000	59,736
Balance as at 31 December	433,455,617	287,636,669	433,378,517	287,580,160
Company				
Issued and fully paid				
Balance as at 1 January	433,378,517	287,112,581	433,302,517	287,052,845
Issued for cash pursuant to ESOS	77,100	56,509	76,000	59,736
Balance as at 31 December	433,455,617	287,169,090	433,378,517	287,112,581

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

17. SHARE CAPITAL (CONTINUED)

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

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

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(b) In the previous financial year, the issued and paid-up ordinary share capital of the Company was increased from 433,302,517 to 433,378,517 by way of issuance of 76,000 new ordinary shares pursuant to 76,000 options exercised under the Employees' Share Options Scheme at an exercise price of RM0.69 per ordinary share for cash.

(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.

18. RESERVES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-distributable:				
Share options reserve	998,599	889,561	998,599	889,561
Distributable:				
Retained earnings	351,134,211	319,370,194	95,299,409	4,475,356
	352,132,810	320,259,755	96,298,008	5,364,917

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

19. BORROWINGS

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Current liabilities				
Secured				
Revolving credits (Note 20)	25,000,000	25,000,000	25,000,000	25,000,000
Term loans (Note 21)	16,499,119	33,427,257	0	0
	41,499,119	58,427,257	25,000,000	25,000,000
Non-current liabilities				
Secured				
Term loans (Note 21)	118,474,116	37,393,302	0	0
	118,474,116	37,393,302	0	0
Total borrowings				
Revolving credits (Note 20)	25,000,000	25,000,000	25,000,000	25,000,000
Term loans (Note 21)	134,973,235	70,820,559	0	0
	159,973,235	95,820,559	25,000,000	25,000,000

All borrowings are denominated in RM.

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) Fair value of the borrowings of the Group and of the Company are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

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

	Group 2019 %	Group 2018 %	Company 2019 %	Company 2018 %
Revolving credits	4.67 - 4.87	5.03 - 5.23	4.67 - 4.87	5.03 - 5.23
Term loans	4.52 - 5.57	4.83 - 5.57	N/A	N/A

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

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Floating rate	25,000,000	25,000,000	25,000,000	25,000,000
Revolving credits	134,973,235	70,820,559	0	0
Term loans	159,973,235	95,820,559	25,000,000	25,000,000

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group as at 31 December 2019. If interest rates were to increase or decrease by 50 basis points with all other variables held constant, the profit after tax of the Group and of the Company would decrease or increase by RM359,445 (2018: RM268,196) and RM3,628 (2018: RM2,055) respectively, 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 RM143,903 (2018: RM148,546), as a result of higher or lower interest expense on these borrowings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

19. BORROWINGS (CONTINUED)

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

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Not later than one (1) year	25,000,000	25,000,000	25,000,000	25,000,000

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

	Group	
	2019	2018
	RM	RM
Not later than one (1) year	16,499,119	33,427,257
Later than one (1) year and not later than two (2) years	14,535,836	9,892,307
Later than two (2) years and not later than three (3) years	16,850,280	9,162,715
Later than three (3) years and not later than four (4) years	15,016,000	3,890,280
Later than four (4) years and not later than five (5) years	15,132,000	2,016,000
Later than five (5) years	56,940,000	12,432,000
	134,973,235	70,820,559

(g) The maturity profile of borrowings at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Group				
As at 31 December 2019				
Borrowings	47,328,015	77,712,150	62,007,466	187,047,631
As at 31 December 2018				
Borrowings	61,313,713	29,139,023	14,213,074	104,665,810
Company				
As at 31 December 2019				
Borrowings	25,100,857	0	0	25,100,857
As at 31 December 2018				
Borrowings	25,109,349	0	0	25,109,349

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

20. REVOLVING CREDITS

The revolving credits are secured by:

(a) Legal charge over the Group's property, plant and equipment, investment properties and development land as disclosed in Note 5, Note 7 and Note 12(a) to the financial statements; and

(b) Corporate guarantee by certain subsidiaries.

21. TERM LOANS

The term loans are secured by:

(a) Legal charge over the Group's investment properties and development land as disclosed in Note 7, Note 12(a) and Note 12(b) to the financial statements; and

(b) Corporate guarantee by the Company.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Trade payables				
Third parties	14,326,218	13,088,089	0	0
Other payables				
Other payables	208,575	270,582	0	27,387
Accruals	6,524,710	4,033,295	34,000	51,800
Dividend payable	4,334,556	8,667,570	4,334,556	8,667,570
Deposits received	2,443,504	2,605,385	0	0
	13,511,345	15,576,832	4,368,556	8,746,757
Total trade and other payables	27,837,563	28,664,921	4,368,556	8,746,757

All trade and other payables are denominated in RM.

(a) Trade and other payables are classified as financial liabilities measured at amortised cost.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group is 30 days (2018: 30 days). Included in trade payables of the Group is retention sum on contracts amounting to RM11,988,610 (2018: RM11,666,842).

(c) The maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

23. CAPITAL COMMITMENT [2019 ONLY]

	Group RM
Capital expenditure in respect of purchase of investment property:	
Contracted but not provided	252,200

24. REVENUE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue from contracts with customers:				
Property development	109,215,008	170,735,733	0	0
Sale of completed properties	34,075,839	3,396,168	0	0
Operation of car park	143,034	172,778	0	0
Property management fees	289,000	175,000	0	0
	143,722,881	174,479,679	0	0
Other revenue:				
Rental income from investment properties	4,840,468	4,822,432	0	0
Dividend income	0	0	107,878,600	21,445,290
	148,563,349	179,302,111	107,878,600	21,445,290

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers of the Group is derived from Malaysia and disaggregated in the table below by timing of revenue recognition.

	Property development RM	Sale of completed properties RM	Operation of car park RM	Property management fees RM	Total RM
31 December 2019					
Timing of revenue recognition					
Transferred over time	109,215,008	0	0	0	109,215,008
Transferred at a point in time	0	34,075,839	143,034	289,000	34,507,873
Revenue from external customers	109,215,008	34,075,839	143,034	289,000	143,722,881
31 December 2018					
Timing of revenue recognition					
Transferred over time	170,735,733	0	0	0	170,735,733
Transferred at a point in time	0	3,396,168	172,778	175,000	3,743,946
Revenue from external customers	170,735,733	3,396,168	172,778	175,000	174,479,679

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

24. REVENUE (CONTINUED)

(a) Revenue from property development

Contracts with customers include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from property development is measured at the fixed transaction price agreed under the agreement.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract using the input method by reference to the cost incurred relative to the total expected cost for satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Significant judgement is required in determining performance obligations, transaction price allocation and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which is judgmental in the context of contract. Transaction prices were determined based on estimated margins prior to its allocation to the identified performance obligation. The Group also estimated total contract costs in applying the input method to recognise revenue over time.

There is no significant financing component in the revenue arising from property development as the contracts are made on the normal credit terms not exceeding twelve months.

(b) Sale of completed properties

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

There is no significant financing component in the revenue arising from sale of completed properties as the sales are made on the normal credit terms not exceeding twelve months.

(c) Rental income from investment properties is recognised based on accrual basis.

(d) Operation of car park income and property management fees are recognised at a point in time when the services have been rendered to the customer.

There is no significant financing component in the revenue arising from services rendered as the services are made on the normal credit terms not exceeding twelve months.

(e) Dividend income is recognised when the right to receive payment is established.

25. COST OF SALES

	Group	
	2019	**2018**
	RM	**RM**
Property development	73,914,686	84,062,043

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

26. DIRECTORS' REMUNERATION

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Directors of the Company				
Executive Directors				
Directors' fee	120,000	120,000	120,000	120,000
Salaries and other emoluments	3,131,572	3,120,757	0	0
Bonus	832,400	832,400	0	0
Defined contribution plan	593,085	592,608	0	0
Total Executive Directors' remuneration (exclude benefits-in-kind)	4,677,057	4,665,765	120,000	120,000
Estimated money value of benefits-in-kind	60,025	66,400	0	0
Total Executive Directors' remuneration (including benefits-in-kind)	4,737,082	4,732,165	120,000	120,000
Directors of the Company				
Non-executive Directors				
Directors' fee	198,692	197,649	198,692	197,649
Other emoluments	11,400	7,500	11,400	7,500
Total Non-Executive Directors' remuneration	210,092	205,149	210,092	205,149
Total Directors' remuneration				
- fee	318,692	317,649	318,692	317,649
- other emoluments	4,568,457	4,553,265	11,400	7,500
	4,887,149	4,870,914	330,092	325,149
Directors of the subsidiaries				
Executive Directors				
Directors' fee	18,000	18,000	0	0

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

	2019	2018
	Unit	Unit
Directors of the Company		
Executive Director	1,000,000	1,000,000
As at 1 January/31 December		
Non-executive Director		
As at 1 January	0	0
Granted during the financial year	300,000	0
As at 31 December	300,000	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

26. DIRECTORS' REMUNERATION (CONTINUED)

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	
	2019	**2018**
Executive Directors		
RM750,001 - RM800,000	1	1
RM800,001 - RM850,000	0	0
RM1,100,001 - RM1,150,000	0	1
RM1,150,001 - RM1,200,000	1	0
RM2,750,001 - RM2,800,000	0	1
RM2,800,001 - RM2,850,000	1	0
Non-executive Directors		
RM1 - RM50,000	3	3
RM50,001 - RM100,000	2	2
Directors of the Subsidiaries		
Executive Director		
RM1 - RM50,000	1	2

27. TAX EXPENSE

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Current tax expense based on profit for the financial year	9,804,500	17,938,750	282,400	105,000
(Over)/Underprovision of tax in prior years	(638,983)	3,066,078	1,841	20,000
	9,165,517	21,004,828	284,241	125,000
Deferred tax (Note 11):				
- relating to origination and reversal of temporary differences	3,310,923	2,370,300	0	0
- underprovision in prior years	(74,100)	(746,300)	0	0
	12,402,340	22,628,828	284,241	125,000

The Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated taxable profits for the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

27. TAX EXPENSE (CONTINUED)

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	
	2019	2018	2019	2018
	RM	RM	RM	RM
Profit before tax	60,184,845	78,070,324	107,986,081	20,945,930
Tax at the applicable tax rate of 24% (2018: 24%)	14,444,300	18,736,800	25,916,700	5,027,000
Tax effects in respect of:				
Non-taxable income	(2,531,300)	(942,400)	(25,839,600)	(5,099,000)
Non-allowable expenses	681,723	1,485,950	205,300	177,000
Different tax rate for the first RM500,000 of chargeable income	(14,100)	(5,800)	0	0
(Over)/Underprovision of tax in prior years	(638,983)	3,066,078	1,841	20,000
Underprovision of deferred tax in prior years	(74,100)	(746,300)	0	0
Recognition of previously unrecognised deferred tax assets	(226,600)	0	0	0
Deferred tax assets not recognised during the financial year	761,400	1,034,500	0	0
Tax expense for the financial year	12,402,340	22,628,828	284,241	125,000

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	
	2019	2018
	RM	RM
Profit attributable to equity holders of the parent	48,641,804	55,404,428

	Group	
	2019	2018
	Unit	Unit
Weighted average number of ordinary shares in issue	433,378,517	433,302,517
Effects of exercise of ESOS	55,804	28,088
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	433,434,321	433,330,605
Basic earnings per ordinary share (sen)	11.22	12.79

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

28. EARNINGS PER ORDINARY SHARE (CONTINUED)

(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	
	2019 RM	**2018 RM**
Profit attributable to equity holders of the parent	48,641,804	55,404,428

	Group	
	2019 Unit	**2018 Unit**
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	433,434,321	433,330,605
Effects of dilution:		
- ESOS	66,459	16,421
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	433,500,780	433,347,026
Diluted earnings per ordinary share (sen)	11.22	12.79

29. DIVIDENDS

	Group/Company			
	2019		**2018**	
	Dividend per share Sen	**Amount of dividend RM**	**Dividend per share Sen**	**Amount of dividend RM**
Dividends paid/declared:				
In respect of financial year ended 31 December 2017: Final single tier dividend	0	0	4.7	20,366,628
In respect of financial year ended 31 December 2018: Interim single tier dividend	0	0	2.0	8,667,570
In respect of financial year ended 31 December 2018: Final single tier dividend	2.9	12,570,126	0	0
In respect of financial year ended 31 December 2019: Interim single tier dividend	1.0	4,334,556	0	0
	3.9	16,904,682	6.7	29,034,198

A final single tier dividend in respect of the financial year ended 31 December 2019 of 2.9 sen per ordinary share amounting to RM12,570,213 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 2020.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

30. EMPLOYEE BENEFITS

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Wages, salaries and bonuses	10,000,314	9,964,156	0	0
Directors' fee	138,000	138,000	120,000	120,000
Contributions to defined contribution plan	1,339,349	1,395,074	0	0
Social security contributions	56,268	59,353	0	0
Share options granted under ESOS	105,960	17,856	0	0
Other benefits	826,288	813,336	0	0
	12,466,179	12,387,775	120,000	120,000

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM4,695,057 and RM120,000 (2018: RM4,683,765 and RM120,000) respectively.

31. EMPLOYEE SHARE OPTIONS SCHEME ('ESOS')

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

(a) Directors, and confirmed employees of the Group who have served at least 2 years of continuous services are eligible under the ESOS;

(b) The maximum number of new shares which may be issued and allotted pursuant to the exercise of the options shall not at any point in time in aggregate exceed 5% of the issued and paid-up capital of the Company (excluding treasury shares) at any point in time during the duration of the ESOS;

(c) Not more than 50% of the 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 ESOS;

(e) The options granted may be exercised any time within the option period from the date of offer;

(f) The option price of a new ordinary share under the ESOS shall be the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad ('Bursa Securities') immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the ESOS;

(g) The options granted are not entitled for any dividend, voting rights, allotment and/or other distribution declared, made or paid to shareholders unless the new shares so allotted have been credited to the relevant securities accounts of the shareholders maintained by the Bursa Depository before the entitlement date and will be subjected to all provisions of the Articles relating to the transfer, transmission and otherwise;

(h) The ESOS Committee at any time and from time to time recommends to the Board any addition or amendment to or deletion of the By-laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-laws upon such recommendation. Any subsequent modifications or changes to the By-laws do not need the prior approval of the Bursa Securities and/or any other relevant authorities; and

(i) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company within the Group during the option period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

31. EMPLOYEE SHARE OPTIONS SCHEME ('ESOS') (CONTINUED)

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

	Number of options over ordinary shares					
	Outstanding as at 1.1.2019	Movements during the financial year Granted	Exercised	Lapsed	Outstanding as at 31.12.2019	Exercisable as at 31.12.2019
2019						
5 June 2012	20,000	0	(20,000)	0	0	0
15 November 2013	454,000	0	0	(20,000)	434,000	434,000
28 May 2014	183,000	0	0	(20,000)	163,000	163,000
17 December 2014	1,066,000	0	0	0	1,066,000	1,066,000
15 June 2015	258,000	0	0	0	258,000	258,000
1 December 2015	542,000	0	0	(40,000)	502,000	502,000
21 June 2016	70,000	0	0	0	70,000	70,000
16 December 2016	59,000	0	0	0	59,000	59,000
3 July 2017	125,000	0	0	0	125,000	125,000
18 December 2017	19,000	0	0	0	19,000	19,000
8 June 2018	110,000	0	(3,000)	0	107,000	107,000
26 February 2019	0	760,400	(54,100)	(17,000)	689,300	689,300
3 September 2019	0	581,000	0	0	581,000	581,000
	2,906,000	1,341,400	(77,100)	(97,000)	4,073,300	4,073,300
Weighted average exercise prices (RM)	1.35	0.70	0.65	1.26	1.15	1.15
Weighted average remaining contractual life (months)	41					29

	Number of options over ordinary shares					
	Outstanding as at 1.1.2018	Movements during the financial year Granted	Exercised	Lapsed	Outstanding as at 31.12.2018	Exercisable as at 31.12.2018
2018						
5 June 2012	20,000	0	0	0	20,000	20,000
15 November 2013	499,000	0	0	(45,000)	454,000	454,000
28 May 2014	183,000	0	0	0	183,000	183,000
17 December 2014	1,106,000	0	0	(40,000)	1,066,000	1,066,000
15 June 2015	308,000	0	0	(50,000)	258,000	258,000
1 December 2015	622,000	0	0	(80,000)	542,000	542,000
21 June 2016	70,000	0	0	0	70,000	70,000
16 December 2016	59,000	0	0	0	59,000	59,000
3 July 2017	171,000	0	0	(46,000)	125,000	125,000
18 December 2017	19,000	0	0	0	19,000	19,000
8 June 2018	0	186,000	(76,000)	0	110,000	110,000
	3,057,000	186,000	(76,000)	(261,000)	2,906,000	2,906,000
Weighted average exercise prices (RM)	1.38	0.69	0.69	1.34	1.35	1.35
Weighted average remaining contractual life (months)	53					41

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

31. EMPLOYEE SHARE OPTIONS SCHEME ('ESOS') (CONTINUED)

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

	Exercise price RM	Exercise period
2019		
5 June 2012	0.50	5.6.2012 - 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
8 June 2018	0.69	8.6.2018 - 4.6.2022
26 February 2019	0.71	26.2.2019 - 4.6.2022
3 September 2019	0.69	3.9.2019 - 4.6.2022

Share options exercised during the financial year resulted in the issuance of 77,100 (2018: 76,000) ordinary shares at an average price of RM0.65 (2018: RM0.69) each. The related weighted average ordinary share price at the date of exercise was RM0.79 (2018: RM0.97).

The fair values of share options granted during the financial year was estimated by using the Binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	Grant dates	
	26 February 2019	3 September 2019
Fair values of share options (RM):	0.10	0.12
Weighted average share price (RM)	0.78	0.77
Weighted average exercise price (RM)	0.71	0.69
Expected volatility (%)	29.23	27.62
Expected life (years)	3.25	2.75
Risk free rate (%)	3.50	3.25
Expected dividend yield (%)	9.85	6.41

	Grant date 8 June 2018
Fair values of share options (RM):	0.10
Weighted average share price (RM)	0.76
Weighted average exercise price (RM)	0.69
Expected volatility (%)	31.87
Expected life (years)	4.00
Risk free rate (%)	3.50
Expected dividend yield (%)	10.13

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

32. CONTINGENT LIABILITIES

	Group/Comany	
	2019	2018
	RM	RM
Corporate guarantee given to banks for credit facilities granted to subsidiaries - unsecured	207,867,000	153,867,000

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts.* The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits would be required or the amount is not capable of reliable measurement.

The Directors are of the view that the chances of the financial institutes to call upon the corporate guarantee are remote. Accordingly, the fair values of the above corporate guarantees given to the subsidiaries for banking facilities are negligible.

33. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries, associate and joint venture. Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in Note 8 to the financial statements;

(ii) Associate and joint venture as disclosed in Note 9 and Note 10 to the financial statements;

(iii) Key management personnel, which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly;

(iv) Companies in which certain Directors have substantial financial interests; and

(v) Immediate family member of Directors of the Company and its subsidiaries.

The related parties and their relationships with the Group are as follows:

Name of related party	Relationship
Palmsfield Sdn. Bhd.	Company in which a Director of the Company has substantial financial interests.
Siram Permai Sdn. Bhd.	Company in which a Director of the Company has substantial financial interests.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

33. RELATED PARTY DISCLOSURES (CONTINUED)

(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	
	2019 RM	2018 RM	2019 RM	2018 RM
Rental paid to companies of which a Director has interest	42,000	107,000	0	0
Lease payments made to companies of which a Director has interest	106,800	0	0	0
Dividend received from:				
- an associate	0	0	225,000	0
- subsidiaries	0	0	107,653,600	21,445,290
Interest charged to subsidiaries	0	0	1,289,038	497,832
Interest charged by subsidiaries	0	0	28,282	0
Deposit paid for the purchase of an investment property from a company of which a Director has interest	7,800	0	0	0
Consultant fee charged to an associate	1,000	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	
	2019 RM	2018 RM	2019 RM	2018 RM
Short term employee benefits	5,320,515	5,364,376	330,092	325,149
Contributions to defined contribution plan	728,307	737,383	0	0
	6,048,822	6,101,759	330,092	325,149

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

33. RELATED PARTY DISCLOSURES (CONTINUED)

(d) Material contracts

There were no material contracts, which have been entered into by the Company or its subsidiaries which involved Directors' and major shareholders' interests subsisting at the end of the financial year ended 31 December 2019 or entered into since the end of the previous financial year except as disclosed elsewhere in the financial statements.

34. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2019 and 31 December 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group has a target gearing ratio at 50% determined as the proportion of net debt to equity. The Group includes within net debt, borrowings and lease liabilities less short term funds and cash and bank balances. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Borrowings (Note 19)	159,973,235	95,820,559	25,000,000	25,000,000
Lease liabilities (Note 6)	518,438	0	0	0
Less:				
Short term funds (Note 15)	(62,057,956)	(30,755,998)	(43,593,389)	(1,518,579)
Cash and bank balances (Note 16)	(96,075,316)	(144,649,083)	(29,692,173)	(28,291,418)
Net debt/(Net cash)	2,358,401	(79,584,522)	(48,285,562)	(4,809,997)
Total capital	639,769,479	607,839,915	383,467,098	292,477,498
Net debt/(Net cash)	2,358,401	(79,584,522)	(48,285,562)	(4,809,997)
Equity	642,127,880	528,255,393	335,181,536	287,667,501
Capital gearing ratio	0.37%	*	*	*

* Capital gearing ratio is not presented as the Group and the Company are in net cash position.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity 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 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

34. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk and interest rate risk. Information on the management of the related exposures is detailed below.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The exposure of the Group to credit risk arises primarily from trade receivables. For other financial assets, cash and bank balances, the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

The objective of the Group is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Credit risk in the property development activity is negligible as sales are to purchasers who obtain financing from financial institutions. As such, majority of the credit risk has been effectively transferred to the financial institutions as provided for in the sales and purchase agreements. For those sales on cash basis, which only forms an insignificant portion of sales amount, credit risk is also negligible as titles will only be surrendered after full payments have been made. This is the normal industry practice currently.

The credit risk concentration profile has been disclosed in Note 13 to the financial statements.

(ii) Liquidity and cash flow risk

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet their financial obligations when they fall due. The exposure of the Group and of the Company to liquidity risk arises principally from their various payables, borrowings and lease liabilities.

The Group and the Company actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing their liquidity risk management strategy, the Group and the Company measure and forecast their cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group and of the Company.

Owing to the nature of its businesses, the Group and the Company always maintain sufficient credit lines available to meet their liquidity requirements while ensuring an effective working capital management within the Group and the Company.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Note 6, Note 19 and Note 22 to the financial statements.

(iii) Interest rate risk

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

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

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 13, Note 16 and Note 19 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 25 April 2019, Mustiara Sdn. Bhd. ('Mustiara'), a 70% owned subsidiary of the Company, had entered into a sale and purchase agreement with TPPT Sdn. Bhd. for the acquisition of 27 parcels of freehold land ('Land Acquisition') for a total cash consideration of RM131,000,000. On 7 August 2019, the Land Acquisition had been completed in accordance with the terms of the sale and purchase agreement.

(b) On 9 April 2019, the Company anticipated the provision of financial assistance of up to RM3,450,000 (initial shareholder's advances) to Mustiara to fund the acceptance deposit for the Land Acquisition and other costs related to the land. The Company proposed to extend provision of financial assistance of up to a total of RM150,000,000 (including the initial shareholder's advances) to Mustiara to fund the Land Acquisition and other costs related to the land, which shall be in the form of shareholder's advances and/or corporate guarantees for banking facilities to be obtained by Mustiara, subject to the terms and conditions of the Shareholders' Agreement.

On 27 June 2019, the Company had obtained the shareholders' approval for the proposed provision of financial assistance at the Extraordinary General Meeting.

36. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) On 28 January 2020, the Company had entered into a Memorandum of Understanding with Show Chwan Medical Care Corporation to collaborate efforts for the proposed establishment of a private specialist hospital at Pearl City (Bandar Tasek Mutiara), Simpang Ampat, Seberang Perai Selatan, Penang, a township under the development of the Company.

(b) The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order ('MCO') effective from 18 March 2020 to 31 March 2020 arising from COVID-19. The MCO was subsequently extended until 12 May 2020, followed by a Conditional MCO until 9 June 2020.

Since these developments occurred subsequent to the end of the reporting period, the COVID-19 pandemic is treated as a non-adjusting event in accordance with MFRS 110 *Events after the Reporting Period.* Consequently, the financial statements for the financial year ended 31 December 2019 do not reflect the effects arising from this non-adjusting event.

The financial reporting impact of the COVID-19 pandemic could be significant to the Group due to:

(a) Reduced consumer demand for goods and services of the Group owing to lost income and/or restrictions on consumers' ability to move freely;

(b) Reduction in market prices of financial assets, including debt and equity instruments; and

(c) Disruption of global supply chains due to the restrictions imposed on the movement of people and goods.

The Group is in the process of assessing the financial reporting impact of COVID-19 pandemic since ongoing developments remain uncertain and cannot be reasonably predicted as at the date of authorisation of the financial statements.

The Group anticipates that the potential financial reporting impact of COVID-19 would be recognised in the financial statements of the Group during the financial year ending 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

37.1 New MFRSs adopted during the current financial year

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

Title	**Effective Date**
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 16 as described in the following sections.

MFRS 16 *Leases*

MFRS 16 supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have a material impact for leases for which the Group is the lessor.

The Group applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 January 2019. Accordingly, the comparative information presented is not restated.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group as of 1 January 2019. The incremental borrowing rate of the Group applied to the lease liabilities on 1 January 2019 was 4.75%.

In order to compute the transition impact of MFRS 16, a data extraction exercise was undertaken by management to summarise all property and equipment lease data. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)

37.1 New MFRSs adopted during the current financial year (Continued)

MFRS 16 *Leases (Continued)*

In applying MFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

(a) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;

(b) Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 January 2019;

(c) Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 and do not contain a purchase option as short-term leases;

(d) Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and

(e) Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On transition to MFRS 16, the Group recognised right-of-use assets at amount equal to lease liabilities.

37.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020

Title	**Effective Date**
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*	1 January 2020
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2022
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company do not expect the adoption of the above Standards to have a significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

38. FINANCIAL REPORTING UPDATES

IFRIC Agenda Decision - Over time transfer of constructed good (IAS 23)

The IFRS Interpretations Committee ('IFRIC') received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development.

Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in IAS 23 *Borrowing Costs* and, therefore, capitalises any directly attributable costs.

The IFRIC concluded in March 2019 that, in the fact pattern described in the request:

i. Any receivable and contract asset that the entity recognises is not a qualifying asset.

ii. Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

The MASB announced on 20 March 2019 that an entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is in the process of obtaining new information and adapting its systems to implement this change in accounting policy. The implementation results would be reported during the financial year ending 31 December 2021.

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