Building The Future Together

ANNUAL REPORT

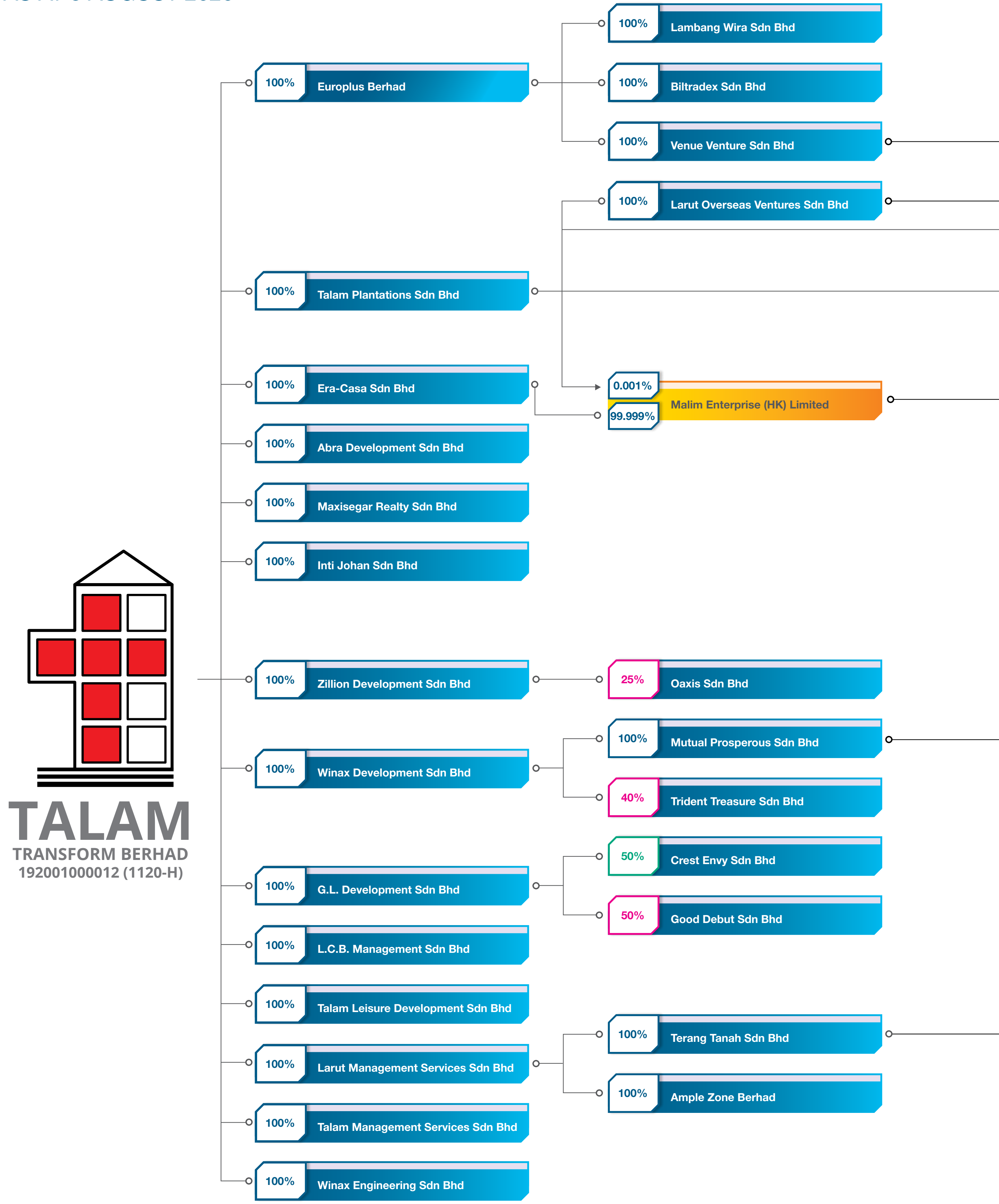
2020

TALAM TRANSFORM BERHAD
(Incorporated in Malaysia)
192001000012 (1120-H)

CONTENTS

CORPORATE STRUCTURE

AS AT 3 AUGUST 2020



CORPORATE STRUCTURE
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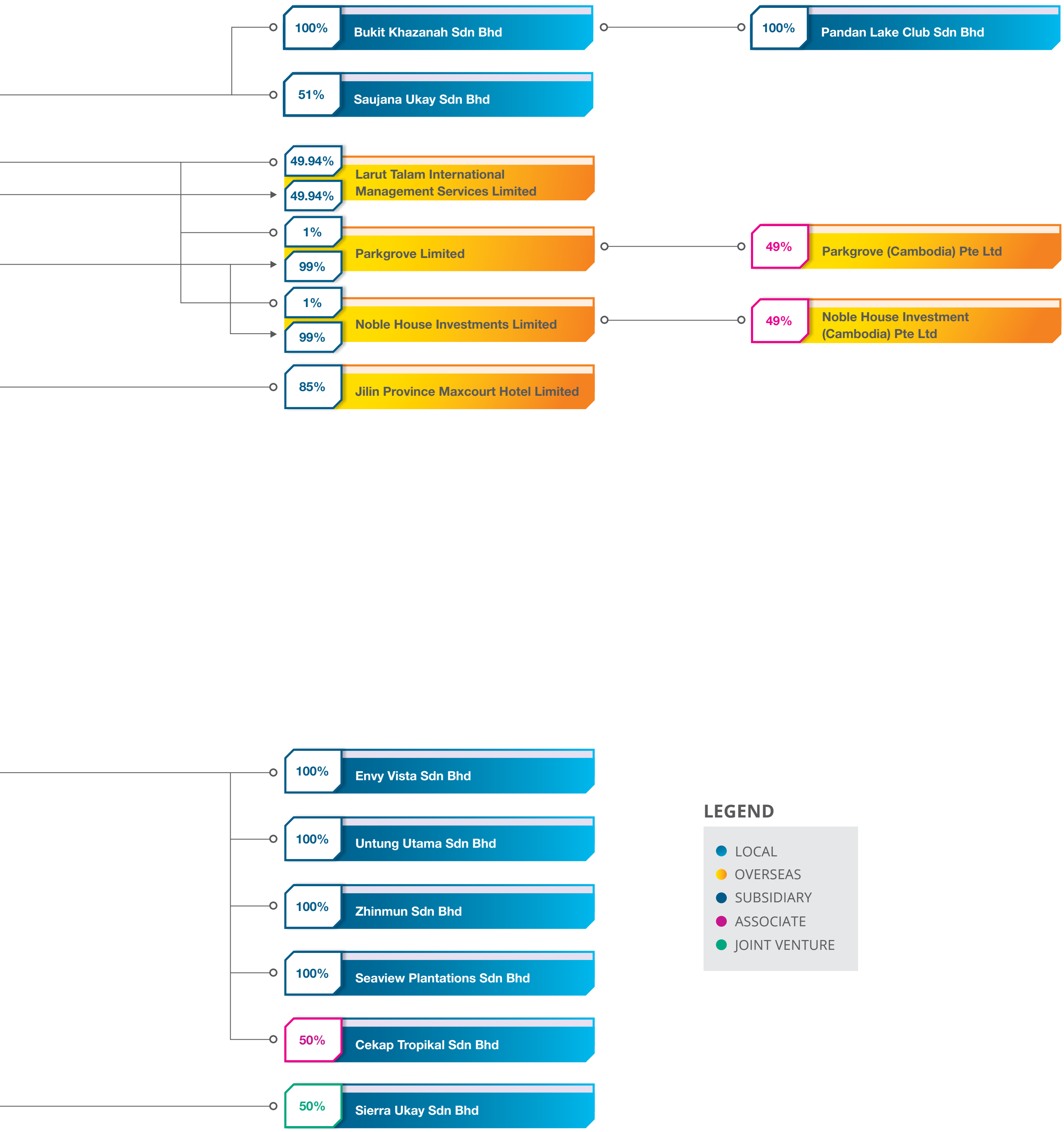


CORPORATE INFORMATION

BOARD OF DIRECTORS

TSEN KENG YAM
Chairman
Senior Independent Non-Executive Director

TAN SRI DATO' (DR) IR CHAN AH CHYE @ CHAN CHONG YOON
Non-Independent Non- Executive Director

DATO' KAMARUDDIN BIN MAT DESA
Independent Non-Executive Director

DATUK DR NG BEE KEN
Independent Non-Executive Director

CHUA KIM LAN
Executive Director

YAW CHUN SOON
Executive Director

CHAN TET EU
Executive Director

AUDIT COMMITTEE

Tsen Keng Yam
Chairman
Member of the Malaysian Institute of Accountants

Dato' Kamaruddin Bin Mat Desa
Member

Datuk Dr Ng Bee Ken
Member

NOMINATION COMMITTEE

Dato' Kamaruddin Bin Mat Desa
Chairman

Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon
Member

Tsen Keng Yam
Member

Datuk Dr Ng Bee Ken
Member

REMUNERATION COMMITTEE

Datuk Dr Ng Bee Ken
Chairman

Tsen Keng Yam
Member

Dato' Kamaruddin Bin Mat Desa
Member

COMPANY SECRETARY

Soo Kah Pik (MIA 8102)
SSM Practicing Certificate
No. 201908004099

PRINCIPAL BANKER

Malayan Banking Berhad

REGISTERED OFFICE

Unit 17.02, Level 17
Menara Maxisegar
Jalan Pandan Indah 4/2
Pandan Indah
55100 Kuala Lumpur
Tel No. : +603-42962000
Fax No. : +603-42977220
Website : www.ttransform.com.my

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel No. : +603-20849000
Fax No. : +603-20949940 / +603-20950292

AUDITORS

Baker Tilly Monteiro Heng PLT
(AF 0117)
201906000600 (LLP0019411-LCA)
Chartered Accountants
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel No. : +603-22971000
Fax No. : +603-22829980

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Code : 2259
Stock Name : TALAMT

PROFILE OF DIRECTORS

TSEN KENG YAM

Tsen Keng Yam, aged 70, male, Malaysian, Chairman/ Senior Independent Non-Executive Director, joined the Board of Talam Transform Berhad ("the Company") on 30 April 2004 and became the Chairman on 22 January 2009. He is also the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee of the Company.

He is a Fellow of the Institute of Chartered Accountants (England and Wales) and a member of the Malaysian Institute of Accountants.

In 1978, he joined Hanafiah Raslan & Mohamed as a consultant and was subsequently promoted to Senior Consultant in 1980. He was a principal of Hanafiah Raslan & Mohamed from 1984 to 1987 and was a partner of Arthur Andersen & Co. for more than 14 years from 1988 to 2003. He was formerly a Director of Riverview Rubber Estates Berhad and Narborough Plantations Plc.

TAN SRI DATO' (DR) IR CHAN AH CHYE @ CHAN CHONG YOON

Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon, aged 74, male, Malaysian, Non-Independent Non-Executive Director, joined the Board of the Company on 6 November 1990. He was formerly the Executive Chairman of the Company prior to his re-designation as Non-Independent Non-Executive Director on 22 January 2009. He is a member of the Nomination Committee of the Company.

He graduated with a Bachelor Degree in Civil Engineering from the University of Malaya in 1970 and is a member of the Institution of Engineers, Malaysia since 1974 and was subsequently made a Fellow in 1984. He has over 49 years of experience in the property and construction industry since he started his career with Messrs Binnie & Partners (M) Sdn Bhd and later joined Perbadanan Kemajuan Negeri Selangor in 1971 as a Project Manager handling project designs, management and property development. He was formerly the Executive Director (President/Chief Executive) and former Major Shareholder of Kumpulan Europlus Berhad (now known as WCE Holdings Berhad).

Tan Sri Chan was awarded the prestigious "Property Man of the Year 1998" by the Federation Internationale Des Professions Immobilieres ("FIABCI") in recognition of his achievements in property development. Tan Sri Chan was conferred the Honorary Doctorate of Science (Engineering) by the University Malaya on 11 August 2003.

His son, Mr Chan Tet Eu is an Executive Director and Major Shareholder of the Company. His spouse, Puan Sri Datin Thong Nyok Choo and daughter, Ms Chan Siu Wei are Major Shareholders of the Company.

PROFILE OF DIRECTORS
(CONT'D)

DATO' KAMARUDDIN BIN MAT DESA

Dato' Kamaruddin Bin Mat Desa, aged 69, male, Malaysian, Independent Non-Executive Director, joined the Board of the Company on 1 October 2007. He is the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company.

He holds a Bachelor of Laws (Hons) from International Islamic University, Petaling Jaya, Selangor (1993).

Dato' Kamaruddin had extensive experience in the Royal Malaysian Police Force. During his distinguished career, he held positions such as General Duty/Traffic, Platoon Commander, Police Field Force, Officer in-charge of Police Sub-District, Area Inspector, State Traffic Chief Selangor, Deputy OCPD, Staff Officer (Prosecution) Session Court (Selangor), Staff Officer (Admin) CID Selangor, Police Secretary/Special Officer to IGP, Officer in-charge of Criminal Investigation Department, Deputy Chief Police Officer and Deputy Director, Commercial Crime Investigation Department.

DATUK DR NG BEE KEN

Datuk Dr Ng Bee Ken, aged 65, male, Malaysian, joined the Board of the Company on 21 May 2010 as an Independent Non-Executive Director. He is Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company.

Datuk Ng holds a Bachelor of Law (Hons) from the University of Wales, Cardiff; a Master of Laws from King's College, University of London; and a Barrister-at-Law from Lincoln's Inn. He is also an Advocate and Solicitor of the High Court of Malaya since 1987, and presently is the Managing Partner of the law firm of Azri, Lee Swee Seng & Co where he specializes in corporate law.

Datuk Ng also holds a Master of Science (Corporate Communication) from Universiti Putra Malaysia, an ACEA and is a Certified Mediator at the Malaysian Mediation Centre as accredited by the Malaysian Bar. He was conferred the Doctor of Divinity by Asia Pacific Seminary in October, 2016.

Besides legal practice, he is also the Chairman and an Independent Non-Executive Director of Sinotop Holdings Berhad and an Independent Non-Executive Director of Widetech (Malaysia) Berhad, Yong Tai Berhad and Opensys (M) Berhad.

PROFILE OF DIRECTORS
(CONT'D)

CHUA KIM LAN

Chua Kim Lan, aged 56, female, Malaysian, Executive Director, joined the Board of the Company on 1 October 2007.

Ms Chua Kim Lan graduated from Tunku Abdul Rahman University College in Building Technology in 1984 and holds a Master of Business Administration from Honolulu University, Hawaii in 2000. She was previously attached to Brisdale (M) Sdn Bhd for 5 years from 1984 to 1989 and the Company for 1 year prior to joining Europlus Berhad as a Quantity Surveyor in 1991. She was transferred back to the Company subsequent to the merger exercise in 2003 and was formerly the Deputy President of the Company before her appointment to the Board.

YAW CHUN SOON

Yaw Chun Soon, aged 58, male, Malaysian, Executive Director, joined the Board of the Company on 24 July 2014.

Mr Yaw Chun Soon was admitted as a Solicitor and Barrister of the High Court of New Zealand in 1986 and he was called to the Malaysian Bar in 1987. He practiced law as an Advocate & Solicitor of the High Court of Malaya. He attended the Management Development Program at the Asian Institute of Management, Philippines in 1995.

Mr Yaw has over 34 years of experience in the legal, financial services, broadcasting and property development industry. He joined TA Securities Berhad in November 1993. In May 1996, he was the General Manager-Operations of Botly Securities Sdn Bhd ("Botly"), a wholly-owned subsidiary of TA Enterprise Berhad and subsequently as the Executive Director of Botly. From May 1998 till October 1998, he was the Corporate Finance Director of TA Bank of the Philippines Inc. and the Director of TA Securities Philippines and TA Properties Development, Philippines Inc. On 19 November 1999, he was appointed to the Board of TA Securities Berhad and subsequently the Executive Director-Operations of TA Securities Holdings Berhad from 14 August 2004 until 30 November 2011. He was also appointed as Executive Director of TA Enterprise Berhad, a public listed company listed on Bursa Malaysia Securities Berhad from 7 October 2009 to 30 November 2011. He is also a director of Asian Outreach (Malaysia) Bhd.

PROFILE OF DIRECTORS
(CONT'D)

CHAN TET EU

Chan Tet Eu, aged 35, male, Malaysian, Executive Director, joined the Board of the Company on 24 July 2014. He was formerly a Non-Independent Non-Executive Director prior to his re-designation as Executive Director (Business Development) on 1 May 2019.

Mr Chan Tet Eu holds a Bachelor of Arts and Media (with Hons) from Lim Kok Wing University and a Certificate of Excellence in mechanical engineering and a Diploma in accounting.

Mr Chan worked in a media outlet and production house, prior to joining a property development company.

His father, Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon is also a Director and Major Shareholder of the Company. His mother, Puan Sri Datin Thong Nyok Choo and sister, Ms Chan Siu Wei are Major Shareholders of the Company.

Notes:-

1. *Save as disclosed, none of the Directors have:-*

   (i) *Any directorships in public companies and listed issuers;*

   (ii) *Any family relationship with any directors and/or major shareholders of the Company;*

   (iii) *Any conflict of interest with the Company;*

   (iv) *Any conviction for offences within the past 5 years other than traffic offences; and*

   (v) *Any public sanction or penalty imposed by the relevant regulatory bodies during the financial period ended 31 March 2020.*

2. *The details of the Directors' attendances at Board of Directors' Meetings held during the financial period ended 31 March 2020 are set out in the Corporate Governance Overview Statement on page 39 of this Annual Report.*

3. *The Directors' and Group Chief Executive Officers' shareholdings in the Company are disclosed in the Statement on Directors' and Group Chief Executive Officers' Interests of this Annual Report.*

PROFILE OF GROUP CHIEF EXECUTIVE OFFICER

DATO' MOHAMAD RAZALI BIN MOHAMAD RAHIM

Dato' Mohamad Razali Bin Mohamad Rahim, aged 60, male, Malaysian, joined Talam Transform Berhad ("the Company") on 22 March 2019 as Group Chief Executive Officer.

Dato' Razali worked for a number of organisations both multi-national and local. On his return from the United States with a Masters of Business Administration in 1981, he started at Pernas-Sime Darby where he went through the Finance Department, Marketing and Operations in the Trading Company and Motor Division. He was also stationed in Japan for a year with Nichimen Corporation. In 1984, he joined Citibank NA where he rose to the position of Vice President and Area Director. He was also the Real Estate Specialist for Asia and Oceania. In 1997 he joined SP Setia as Executive Director and was responsible for the construction of the Prime Ministers' Office and the Prime Ministers' Residence in Putrajaya as well as all the housing units under the joint venture. After SP Setia, he went into Islamic Banking with Abrar Discounts Berhad. Dato' Razali was also with the MIDF group where he headed the Group's Business Development Division. He also had stints in Premier Nalfin Berhad and Wembley Industries Berhad.

He does not hold any directorships in public companies and listed issuers. He has no family relationship with any directors and/or major shareholders of the Company. There is no conflict of interest with the Company. Within the past 5 years, he has no conviction for offences other than traffic offences. During the financial period ended 31 March 2020, there was no public sanction or penalty imposed on him by the relevant regulatory bodies.

PROFILE OF KEY SENIOR MANAGEMENT

The Key Senior Management of Talam Transform Berhad ("the Company") is headed by the Executive Directors, Ms Chua Kim Lan, Mr Yaw Chun Soon and Mr Chan Tet Eu together with the Group Chief Executive Officer, Dato' Mohamad Razali Bin Mohamad Rahim whose profiles are disclosed in the Profile of Directors and Profile of Group Chief Executive Officer respectively.

Ms Chua oversees the Operations of the Group which covers Finance, Project, Contract, Sales & Marketing, Planning, Authority & Land Matters and Complex while Mr Yaw oversees the Corporate Affairs Department which covers Corporate Finance, Human Resource, Administration & Purchasing, Legal and Secretarial Services. Mr Chan oversee the Business Development portfolio of the Group.

Dato' Mohamad Razali Bin Mohamad Rahim works together with the Executive Directors to meet the objectives and goals of the Company.

TAN BAK HAI

Senior Vice President I of Sales & Marketing

Tan Bak Hai, aged 60, male, Malaysian, was appointed as Senior Vice President I of the Company on 1 January 2004. He oversees the day-to-day operation of the Sales & Marketing Department.

Mr Tan graduated from University of Malaya in 1983.

Mr Tan started his career with Rahim & Co. Chartered Surveyors Sdn Bhd for 5 years prior to joining Europlus Berhad as a Sales and Administration Executive. He was promoted as Marketing Manager and followed by the position as General Manager. He was transferred back to the Company subsequent to the merger exercise in 2003.

SOO KAH PIK

Chief Financial Officer

Soo Kah Pik, aged 58, male, Malaysian, joined the Company on 1 August 2014 as Vice President of Group Finance.

Mr Soo is a qualified accountant by profession and a member of the Malaysian Institute of Accountants.

He has a total of 35 years of broad experience in the fields of audit, accounting, secretarial and tax with 7 years working in various Chartered Accountancy firms in the United Kingdom. In Malaysia, he served 12 years in the Hong Leong Group before departing as Group Financial Controller of Malaysian Pacific Industries Berhad. A further 11 years were spent in various other business sectors such as construction, information technology and broadcasting before he joined the Company. He also assumed the position of Company Secretary from 1 November 2014 and was subsequently appointed as the Chief Financial Officer on 1 March 2015.

PROFILE OF KEY SENIOR MANAGEMENT
(CONT'D)

LIM LAY HONG
Vice President of Planning, Authority, Land Matters & Business Development

Lim Lay Hong, aged 55, female, Malaysian, joined the Company on 15 February 1993 as Project Development Executive and was appointed as Vice President of Planning, Authority, Land Matters ("PAALM") & Business Development in August 2014. She oversees the day-to-day operation of the PAALM and Business Development Department.

Ms Lim obtained a Diploma in Business Administration (ABE) from the School of Marketing Ipoh in 1986 and holds a Master of Business Administration in Management from Greenwich University, Norfolk Island, Australia in 2002. She was with Europlus Berhad Group for 8 years, prior to her transfer back to the Company subsequent to the merger exercise in 2003.

NG GIAK LIAN
Deputy Vice President of Finance

Ng Giak Lian, aged 59, female, Malaysian, joined the Company in 1989 and was appointed as Deputy Vice President of Finance in 2012 and is currently assisting the Chief Financial Officer on all day-to-day finance and accounting matters.

Ms Ng has more than 33 years of management experience in finance and accounting in construction and property development industry. Prior to joining the Company, she was attached to a construction company. She started her career in the Company as an Account Executive. Subsequently, she was promoted as Finance Manager followed by Senior Finance Manager and eventually to the current position as the Deputy Vice President of Finance.

She graduated from Tunku Abdul Rahman University College in Cost and Management Accounting in 1986.

Notes:-

1. *Save as disclosed, none of the Key Senior Management have:-*

    (i) *Any directorships in public companies and listed issuers;*

    (ii) *Any family relationship with any directors and/or major shareholders of the Company;*

    (iii) *Any conflict of interest with the Company;*

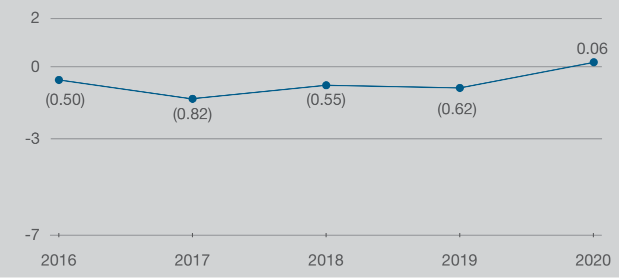
    (iv) *Any conviction for offences within the past 5 years other than traffic offences; and*

    (v) *Any public sanction or penalty imposed by the relevant regulatory bodies during the financial period ended 31 March 2020.*

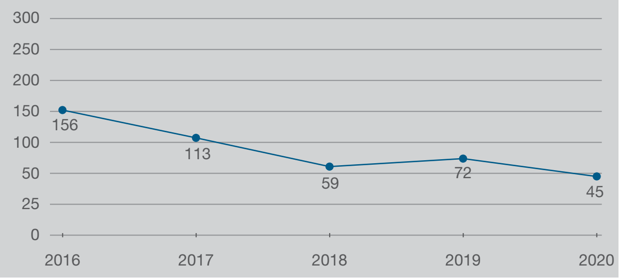
FINANCIAL HIGHLIGHTS

TALAM TRANSFORM BERHAD		2020	2019	2018	2017	2016
GROUP						
Total Assets	RM'000	780,143	824,002	900,588	956,452	1,124,516
Total Liabilities	RM'000	425,831	474,233	525,834	556,297	689,730
Equity attributable to owners of the Company	RM'000	361,735	356,392	384,498	409,813	443,311
Revenue	RM'000	44,857	71,939	58,750	112,993	155,609
Profit/(Loss) before tax	RM'000	1,758	(27,471)	(23,757)	(36,172)	19,406
Profit/(Loss) after tax attributable to owner of the Company	RM'000	2,582	(26,071)	(23,404)	(34,503)	(21,257)
Earnings/(Loss) per share	Sen	0.06	(0.62)	(0.55)	(0.82)	(0.50)
Return on Assets	%	0.2%	-3.3%	-2.6%	-3.6%	-2.1%
Return on Equity	%	0.5%	-7.7%	-6.2%	-8.4%	-5.3%
Gearing Ratios		0.20	0.17	0.27	0.21	0.44
COMPANY						
Total Assets	RM'000	668,015	729,475	803,879	950,638	1,113,752
Total Liabilities	RM'000	349,930	421,305	476,915	592,666	643,498
Equity attributable to owners of the Company	RM'000	318,085	308,170	326,964	357,934	470,254
Revenue	RM'000	33,638	29,829	51,690	465	28,871
Profit/(Loss) before tax	RM'000	6,915	(18,794)	(30,970)	(112,346)	(27,496)
Profit/(Loss) after tax attributable to owner of the Company	RM'000	6,915	(18,794)	(30,970)	(112,320)	(27,496)
Return on Assets	%	1.0%	-2.6%	-3.4%	-11.8%	-2.5%
Return on Equity	%	2.2%	-6.1%	-8.4%	-31.4%	-5.8%
Gearing Ratios		0.13	0.16	0.18	0.19	0.22

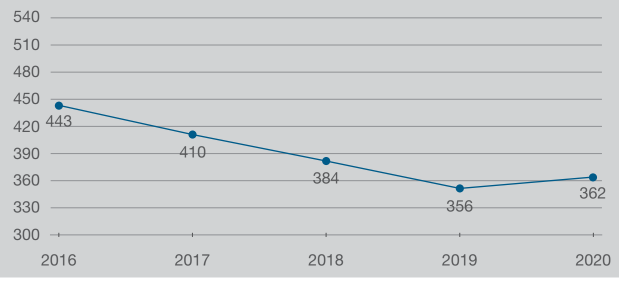
Earnings/(Loss) per share (Sen)



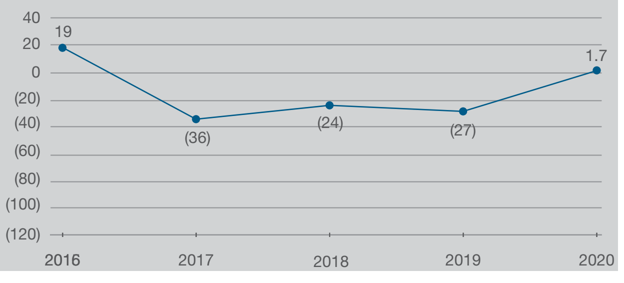
Revenue(RM' Million)

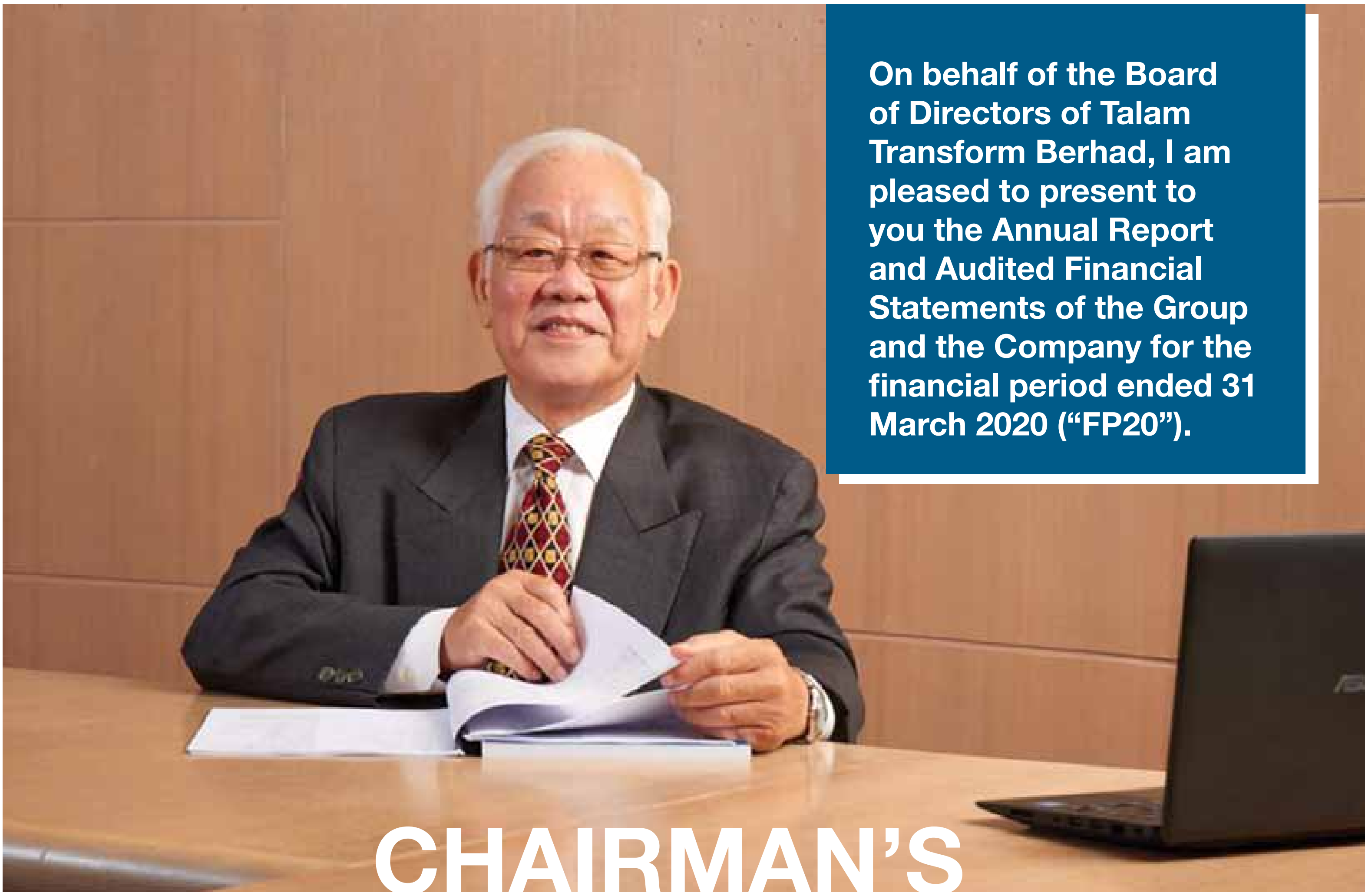


Equity attributable to owners of the Company (RM' Million)



Profit/(Loss) before tax (RM' Million)





On behalf of the Board of Directors of Talam Transform Berhad, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial period ended 31 March 2020 ("FP20").

CHAIRMAN'S STATEMENT

The Malaysian economy grew 4.3% in 2019 amid tough global protracted and unresolved trade tensions and domestic economic and political challenges. In FP20, the property sector operated under a difficult environment with overhang stocks and Bank Negara Malaysia ("BNM")'s tight credit and financing policy.

As we entered into a new decade, the sudden and unexpected Global Covid-19 pandemic resulted in the implementation of the Movement Control Order ("MCO") from 18 March 2020 to 4 May 2020 followed by the Conditional MCO until 9 June 2020 and thereafter, the Recovery MCO which expires on 31 August 2020.

To curb the spread of the Covid-19 virus, unprecedented containment measures of social distancing, disallowing non-essential businesses from operating and disruptions of supply and distribution channels were enforced and have brought economic activities to an abrupt halt resulting in Malaysia's gross domestic product ("GDP") contracting 17.1% in the second quarter of 2020. To cushion the economic impact, the Government had implemented an Economic Stimulus Package of RM250 billion to strengthen healthcare resources, support SME businesses and provide assistance to households and individuals. Bank Negara Malaysia forecasts that the Annual GDP for 2020 will contract between -3.5% and -5.5%. To stimulate the economic activities, BNM has lowered its Overnight Policy Rate ("OPR") in July 2020 to an all time low of 1.75% .

CHAIRMAN'S STATEMENT
(CONT'D)

FINANCIAL HIGHLIGHTS

For the financial period ended 31 March 2020, the Group recorded a revenue of RM44.86 million compared to RM71.94 million of the preceding financial year.

I am delighted to report that the Group pre-tax profit for FP20 was RM1.76 million, which is an increase of RM29.23 over the pre-tax loss of RM27.47 million for the preceding financial year.

A profit attributable to shareholders of RM2.58 million was registered by the Group, representing a huge increase of RM28.65 million from last year's loss of RM26.07 million.

As at the end of this financial period, the Group has current assets of RM159.2 million against current liabilities of RM424.9 million. The Group's total borrowings increased by 3.9% from RM72.8 million to RM75.6 million as at 31 March 2020.

PROSPECTS

The unprecedented severity of the Covid-19 pandemic has caused the economic, financial and business outlook to be uncertain and challenging while recovery is expected to be gradual and the normalisation of economic activities will very much depend on how fast Covid-19 is brought under control. The year 2020 is forecasted to experience GDP contraction, increase in unemployment and weak expectations on household incomes.

However the fundamentals of the country remain intact. Despite the economic contraction, it is buffered by the resumption of mega projects such as Bandar Malaysia and infrastructure projects such as KL-Singapore High Speed Rail, East Coast Rail Link, Pan Borneo Highway Johor Bahru-Singapore Rapid Transit system and public sector projects such as Klang Valley Mass Rapid Transit system, National Fiberisation and Connectivity Plan will provide additional impetus to economic growth.

The property market is expected to remain challenging in 2020 and subdued with poor consumer sentiments, reeling from the combined effects of Covid-19 pandemic, supply overhangs and a weak domestic business environment.

The Group has demonstrated resilience and continued to strengthen its operations to manage the challenges of the property market in the year ahead. With the strength of our expertise and experience in the affordable homes niche and the Group's existing 741 acres of development lands in strategic and choice locations in Selangor, the Group will launch new housing development projects when the property market environment is conducive to offer innovative affordable home products to build a sustainable long term business.

The global Covid-19 pandemic has elevated food security as a critical and essential priority and a new business opportunity. The Group is exploring venturing and expanding into agriculture and horticultural commercial farming. Our existing abundant landbanks can be monetised to create a new stream of revenue flow to cater for a rising demand for essential and secure food supplies and in turn generating new cash flow and profitability for the Group.

The Group is always seeking new opportunities to create new synergistic and collaborative partnerships or joint ventures to create value for our shareholders and will emphasise on new business ventures while focusing on business rationalisation and improving operational efficiencies to improve its financial performance.

ACKNOWLEDGEMENT

My sincere heartfelt appreciation to our valued shareholders for their continuous support and to our esteemed customers, business partners, lenders, contractors and creditors for their unwavering support and understanding as the Group navigates its way through the challenging times of Covid-19 and the economic fall out.

To my fellow Board members, your perseverance, commitment and integrity have inspired the Group to remain resilient and resourceful to overcome a challenging operating environment in navigating the Group through uncertain and untested waters and progressively bringing a normalisation of business activities and performance for the Group.

A word of special thanks to the Management and staff for their determination, dedication and unceasing commitment in supporting and sustaining the Group.

Last but not least, my heartfelt appreciation to the Securities Commission, Bursa Malaysia Securities Berhad and all the relevant authorities for their continuing support and guidance.

TSEN KENG YAM
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

(A) OVERVIEW OF GROUP'S BUSINESS

Talam Transform Berhad ("TTB") and its subsidiaries ("the Group") continued to focus on property development, property investment, construction, property management and provision of management services as its core business segments.

Supported by resilient private sector spending, the Malaysian economy grew 4.3% in 2019 which is a 10 year low since the last Global Financial Crisis in 2009 amid tough global protracted and unresolved trade tensions and domestic economic and political challenges.

Malaysia economic outlook for 2020 faces strong headwinds which saw the Malaysia's economic growth suffered a sharp slowdown and have shrunk 8.3% in the first half of 2020 arising from the spread of the Global Covid-19 pandemic and necessitating the implementation of the Movement Control Order ("MCO") from 18 March 2020 to 4 May 2020 to curb the spread of the Covid-19 virus followed by the Conditional MCO until 9 June 2020 and thereafter, the Recovery MCO which expires on 31 August 2020. These unprecedented containment measures of social distancing, disallowing non-essential businesses from operating and disruptions of supply and distribution channels have brought economic activities to a near standstill. However the Government had implemented an Economic Stimulus Package of RM250 billion to strengthen healthcare resources, support SME businesses and provide assistance to households and individuals. With a large gross domestic product ("GDP") contraction of 17.1% in the second quarter of 2020, Bank Negara Malaysia ("BNM") has revised the 2020 Annual GDP forecast to between -3.5% to -5.5% and to cushion the economic impact and stimulate the economic activities, BNM has lowered its Overnight Policy Rate ("OPR") for the fourth time in July 2020 to 1.75% which is lower than the 2% OPR in the 2009 global recession.

In property development, the existing land bank of the Group of approximately 741 acres of strategic development lands augers well for the future growth of its property development with an estimated Gross Development Value of RM10 billion over a period of 10 years. With several new housing projects approved by the authorities, the Group is poised to re-enter into property development. The Group's first "build and then sell" concept in its Putra Perdana development comprising of 192 apartment units is slated to be completed in October 2020.

In property investment, the Group has selectively undertaken non-strategic asset sales to create cash flow and improve the financial capability of the Group to undertake future development projects. As at 31 March 2020, the Group has receivables of RM33.65 million from the sale of development lands and inventories.

In construction, the Group has an existing construction order book of RM82 million that will last for the next 2 years.

(B) GROUP FINANCIAL REVIEW

The Group changed its financial year end from 31 January to 31 March. As such the new financial period commenced from 1 February 2019 to 31 March 2020 ("FP20") covering a period of fourteen months. Thereafter, the financial year of the Group shall revert to twelve months ending 31 March for each subsequent year.

The Group continues to manage its finances prudently and responsibly through optimising balance sheet and cash flow management. The Group had entered into a Global Settlement Agreement with WCE Holdings Berhad on 27 March 2019 for the sum of RM38.35 million and had utilised the proceeds to pare down debts, thus improving its financial position. Equity attributable to shareholders rose from RM356.4 million to RM361.7 million while its gearing also rose marginally from 0.17 to 0.20 as at 31 March 2020.

For the financial period ended 31 March 2020, the Group recorded a revenue of RM44.86 million compared to RM71.94 million of the preceding financial year. The Group's revenue decreased by 37.7% largely due to the absence of major land sales during the year and a decline in construction revenue, in view that one of the Group's construction projects is nearing completion while revenue from another has yet to be generated as works have just commenced.

Group pre-tax profit for FP20 was RM1.76 million, which is an increase of RM29.23 million over the pre-tax loss of RM27.47 million for the preceding financial year. The results reflect the Group's resilience to weather the turbulent challenging times.

A profit attributable to shareholders of RM2.58 million was registered by the Group, representing a huge increase of RM28.65 million from last year's loss of RM26.07 million.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

REVENUE

Total revenue of the Group decreased by just under 38% to RM44.86 million, compared to RM71.94 million generated last year. The decrease is mainly due to lower revenue from construction, which had dropped from RM34.02 million to RM15.56 million.

Other revenue from property management, sales of property stocks and land accounted for RM7.99 million, RM16.78 million and RM4.53 million respectively.

GROSS PROFIT

The Group's gross profit rose to RM5.85 million from RM2.33 million as compared to last year. The main reason is because of a better mix of revenue contribution from business segments than last year.

PROFIT BEFORE TAX

Group pre-tax profit was RM1.76 million compared to a pre-tax loss of RM27.47 million for the same period last year. The Group's positive results were derived mainly from a net gain on settlement with WCE Holdings Berhad and debts waived by various creditors, which were set off by high finance, administrative and other expenses. The higher finance cost includes a RM9.39 million provision, which is non-cash and non-operational in nature, emanating from the discounting effect of MFRS9 on long term receivables, which will be amortised as finance income in future years.

CURRENT ASSETS AND LIABILITIES

As at the end of this financial period, the Group has current assets of RM159.19 million against current liabilities of RM424.86 million, resulting in a net current liabilities position of RM265.67 million. However, subsequent to the financial period end, the Group had successfully negotiated with IJM Properties Sdn. Bhd. to extend the repayment of RM205.15 million owing to them by two years to 21 May 2022 with terms to incorporate an amicable arrangement to contra a property to IJM Properties Sdn. Bhd. to partially settle the amount and to charge certain properties to IJM Properties Sdn. Bhd. as collateral for the balances. Similarly, a term loan facility of RM26 million due in June 2020 has been extended to June 2021.

GEARING

During the financial period, the Group's total borrowings increased by 3.9% from RM72.8 million to RM75.6 million as at 31 March 2020, resulting in a slight increase in the Group's gearing ratio from 0.17 to 0.20.

(C) REVIEW OF BUSINESS OPERATIONS

PROPERTY INVESTMENT AND DEVELOPMENT

The Group has an existing strategic land bank of approximately 741 acres of development lands in choice locations in the State of Selangor. The Group has several new housing projects that have been approved by the authorities. The strategic choice landbank of the Group positions it to propel the future growth of its property development for the next 10 years ahead.

(1) Existing Projects

(a) Taman Puncak Jalil

Taman Puncak Jalil, is located next to Technology Park along Sungai Besi-Puchong road. Adjacent developments are Lestari Perdana on the southeast, Taman Equine on the south, Bandar Kinrara on the northwest and Bukit Jalil Sports Complex on the north. The project has remaining land bank of approximately 16.50 acres, with estimated Gross Development Value of RM408 million with an expected development period of six years.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

(C) REVIEW OF BUSINESS OPERATIONS (CONT'D)

PROPERTY INVESTMENT AND DEVELOPMENT (CONT'D)

(1) Existing Projects (Cont'd)

(b) Putra Perdana

Putra Perdana is located on the southern side of Puchong-Kajang trunk road, 5 km from Batu 14 Puchong, within Cyberjaya and adjacent to the Multimedia Super Corridor, 5 km west of Putrajaya and 13 km north of the Kuala Lumpur International Airport. The project has remaining land bank of approximately 67.71 acres, with an estimated Gross Development Value of RM2.2 billion.

(c) Bukit Sentosa III

Bukit Sentosa III forms an integrated township covering approximately 994 acres of freehold land in the Mukim of Serendah, approximately 47 km north of Kuala Lumpur. It is accessible through the North-South Expressway via the exit at Bukit Beruntung Interchange. The comprehensive new township comprises a mixed development of residential, commercial and industrial properties.

Bukit Sentosa III, with a balance land bank of approximately 83.48 acres is undertaken by TTB and Europlus Berhad, a wholly-owned subsidiary of TTB. The estimated Gross Development Value is about RM432 million.

(d) Bandar Bukit Beruntung

Bandar Bukit Beruntung, a converted 5,500 acres of freehold land, is located north-west of Rawang, approximately 40 km from Kuala Lumpur and will be developed by Europlus Berhad.

Bandar Bukit Beruntung has a balance land bank of approximately 215.20 acres and current market valuation of RM81.18 million.

(e) Bukit Beruntung III

Bukit Beruntung III is a mixed development project undertaken by Europlus Berhad. The project is located adjacent to the east of Bandar Bukit Beruntung within Bukit Beruntung Township off the East Side of the North-South Expressway, some 50km due north of Kuala Lumpur City Centre. The development has a balance land bank of 199.53 acres and estimated Gross Development Value of RM980 million.

(f) Berjuntai Bistari Land ("Shah Alam 2")

The proposed Shah Alam 2, currently known as Berjuntai Bistari land, originally consisted of 3,000 acres of leasehold land. The land is located adjacent to the Universiti Industri Selangor campus, about 44 km from the towns of Batang Kali and Kuala Selangor, approximately 30 km from Rawang and 20 km from Bukit Beruntung. The development is accessible via the coastal road to Kuala Selangor.

As at 31 March 2020, we have a remaining land of 91.39 acres which will be developed as a water front development when the area matures for development.

(2) Future Projects

Sierra Selayang

Sierra Selayang is a residential development project undertaken by Zhinmun Sdn Bhd. The project measures 50 acres and is located at Mukim of Batu, District of Gombak, State of Selangor. The Gross Development Value of Sierra Selayang is estimated to be RM935 million and implementation is expected to be over a period of eight years.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

(C) REVIEW OF BUSINESS OPERATIONS (CONT'D)

PROPERTY INVESTMENT AND DEVELOPMENT (CONT'D)

(3) Joint Venture Projects

(a) Serenia Garden

Serenia Garden is a residential development project undertaken by Sierra Ukay Sdn Bhd which is 50%-owned by the Group. The project measures 90 acres and is located in Mukim Ulu Kelang adjacent to the existing Ukay Perdana. The Gross Development Value of Serenia Garden is estimated to be RM920 million and is expected to be implemented over a period of ten years. Up to 31 March 2020, the project has achieved sales of 314 units valued at RM130.62 million.

(b) 160 Units Double Storey Semi-Detached House and 178 Units High Cost Apartments at Taman Puncak Jalil

This is a joint-venture development project undertaken by Trident Treasure Sdn Bhd, a 40%-associate of the Group. The development is part of Taman Puncak Jalil project and is located next to Technology Park along Jalan Sungai Besi, Puchong road. The Gross Development Value is estimated to be RM418.60 million. The development is currently awaiting authority's approval on the development order amendment.

(c) Selayang Green

Selayang Green is a residential development project undertaken by Cekap Tropikal Sdn Bhd. The project measures 50 acres and is located at Mukim of Batu, District of Gombak, State of Selangor. The Gross Development Value of Selayang Green is estimated to be RM759.42 million and implementation is expected to be over a period of six years. The development is currently awaiting detail development planning approval.

(4) Other Businesses

(a) Commercial Complexes

(i) Menara Maxisegar – A 24-storey Commercial Complex comprising an 18-storey office tower, 3 levels of retail space and 3 levels of car park that fronts Jalan Pandan Indah 4/2 and is strategically located within the commercial centre of Pandan Indah. The complex contributed rental income of approximately RM2.88 million in the financial period ended 31 March 2020.

(ii) Pandan Kapital – A 2-storey Shopping Complex with one basement car park that fronts Jalan Pandan Utama is strategically located within the commercial centre of Pandan Indah. The Group currently own 86% of the retail space of the complex. The complex contributed rental income of RM2.89 million in the financial period ended 31 March 2020.

(b) Construction

L.C.B. Management Sdn Bhd ("LCBM"), a wholly-owned subsidiary of TTB, has secured a construction order book of RM138 million from Projek Alam 2012 Sdn Bhd, Wonderful Insights Sdn Bhd and Good Debut Sdn Bhd. The Group expects to be able to recognise RM82 million as revenue in subsequent accounting periods.

On top of the construction contracts awarded, LCBM was also appointed by the abovementioned developers to provide sales and project management services for their projects namely, Alam Perdana Industrial Park, D'Seven at Lagoon Perdana and Ukay Perdana with an estimated total gross sales value of RM441.8 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

(D) OUTLOOK AND PROSPECTS

Given that the year 2020 is forecasted to experience GDP contraction, increase in unemployment and weak expectations on household incomes, the consumer sentiments will remain weak and hence, the lower OPR which increases homebuyers' purchasing power will not lead to an increase of property sales as consumer and business sentiments remain soft. The unprecedented severity of the Covid-19 pandemic has caused the business outlook to be uncertain and challenging while recovery is expected to be gradual. However the fundamentals of the country remain intact. Despite the economic contraction, the resumption of mega projects such as Bandar Malaysia and infrastructure projects such as KL-Singapore High Speed Rail, East Coast Rail Link, Pan Borneo Highway, Johor Bahru-Singapore Rapid Transit system and public sector projects such as Klang Valley Mass Rapid Transit system, National Fiberisation and Connectivity Plan will provide additional impetus to economic growth.

The property market is expected to remain challenging in 2020 and subdued, reeling from the combined effects of Covid-19 pandemic, supply overhangs, poor consumer sentiments and a weak domestic business environment.

The Group continues to manage its finances prudently and responsibly through optimising the balance sheet and cash flow management. Coupled with our expertise and experience in the affordable homes segment, the Group is well positioned to propel a new growth in property development to build a sustainable and profitable long term business.

The Group's existing 741 acres of development lands in choice locations in Selangor will form the Group's strategic thrust to launch new development projects which offers innovative affordable home products.

Going forward the Group is continuously looking to dispose of several non-strategic assets to generate cash to further pare down our borrowings and for utilisation as working capital to fund our property development and construction activities.

The Group has set aside some small scale land banks for development on the "build and then sell" concept and has implemented the first project of 192 units of affordable apartment units in Putra Perdana, Sepang which is slated for completion in October 2020. The Group will continue to focus on developing affordable properties to target the lower middle income segment.

With the Group's on-going joint venture projects, the Group has also secured approvals from the relevant authorities for its new development plans on various parcels of land. The Group has demonstrated resilience and continued to strengthen its operations to manage the challenges of the property market in the year ahead and will launch the new housing development projects when the property market environment is conducive.

The Group continues with its construction activities and has a construction order book of RM82 million to be completed over the next 2 years.

In light of the global Covid-19 pandemic which has elevated food security as an important and essential priority, both domestically and globally, the Group is exploring venturing and expanding into agriculture and horticultural commercial farming. Riding on our existing abundant landbank, we would be effectively monetising our yet to be utilised land banks to create a new stream of revenue flow to cater for a rising demand for essential and secure food supplies, in turn generating new cash flow and profitability for the Group.

The Group is always seeking and open for new opportunities to create new synergistic and collaborative partnerships or joint ventures to create value for our shareholders and will emphasise on new business ventures while focusing on business rationalisation and lifting operational efficiencies to improve its financial performance.

SUSTAINABILITY STATEMENT

INTRODUCTION

The Board of Directors ("Board") of Talam Transform Berhad ("TTB" or "the Company") recognises the importance of developing its businesses in a sustainable and responsible manner and has endeavoured to maintain a balance between economic performance to create values for its shareholders and its responsibility towards environment and social obligations. TTB and its subsidiaries ("the Group") are committed to ensure that the concept of business sustainability becomes an integral part of its organisation culture that inspires our employees to embrace sustainable changes through the work they do.

This Sustainability Statement ("Statement") formally sets out our approach to sustainability and includes the various sustainability initiatives and activities that we have undertaken for the financial period which have an impact on the economic, environmental and social ("EES") aspects. This Statement covers our core businesses comprising of property development, property investment, construction, property management and provision of management services in Malaysia and the reporting period is 14 months from 1 February 2019 to 31 March 2020 following the change in the financial year end of TTB.

REPORTING STANDARDS

Our sustainability reporting is in line with the new Global Reporting Initiative ("GRI") standards, prioritising our focus on reviewing our material issues and mapping out our route forward to embed sustainability throughout our business operations without compromising the environment for generations to come. In addition, we will also demonstrate our commitment to integrate sustainability practices and preparing this Statement according to the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and Sustainability Reporting Guide and Toolkits issued by Bursa Malaysia Berhad ("Bursa Malaysia").

TALAM TRANSFORM BERHAD'S VISION, MISSION AND CORE VALUES

Vision

To be a reliable property developer and contractor of choice by delivering quality and affordable housing.

Mission

To achieve profitable growth through the development and construction of properties that meets the needs of the market and embrace the fostering of sustainable communities.

Core Values

To deliver value, fostering teamwork, maintaining integrity and building relationships.

SUSTAINABILITY STATEMENT
(CONT'D)

REVIEW OF OPERATION

The detailed review of the Group's operations is elaborated in the "Management Discussion and Analysis" section of this Annual Report.

The following are the key financial highlights of the Group for the financial period ended 31 March 2020:-

1	Revenue (RM'000)	44,857
2	Profit Before Tax (RM'000)	1,758
3	Profit after Tax attributable to owners of the Company (RM'000)	2,582
4	Basic Earnings per Share (Sen)	0.06
5	Net Tangible Assets per Share (RM)	0.08

Our property development division continues to be the mainstay of the Group followed by the construction division. TTB endeavours to deliver improved results to its shareholders, through proactive implementation of various strategies including enhancing its existing land bank's values to reposition itself for growth, driven by TTB's experienced and committed management team.

SUSTAINABILITY STRATEGY

As a public listed company, TTB is committed and guided by its corporate policies, operational strategies and corporate governance with the objective to improve shareholders' value in the long term. Despite the present challenging operating environment, TTB continues to practice prudence and stay focused on delivering profitable growth, while being mindful of emerging risks. Therefore, the Group is committed to uphold proactive and prudent financial management to sustain its business.

Our approach to driving sustainability is based on our core values. Accordingly, relevant policies and procedures were established throughout the Group to support such move towards sustainability. Whenever practical and required, we will incorporate sustainability factors in our businesses.

SUSTAINABILITY GOVERNANCE STRUCTURE/FRAMEWORK

The Board has the ultimate responsibility to ensure that sustainability efforts are embedded in the strategic direction of the Company. We have therefore established a Sustainability Committee which oversees the formulation, implementation and effective management of our sustainability matters and also ensure that they are in line with our business strategies. The Sustainability Committee is also supported by various working groups responsible for implementing the initiatives within the organisation. The Executive Directors and the Group Chief Executive Officer ("CEO") will update the Board of key EES risks and opportunities.

The governance of our sustainability agenda is important to the Group as it enables its businesses to effectively embed sustainability. Good governance structures also ensure that TTB is aligned to its core principles and standards. Demonstrating its commitment from the top, the Group's sustainability agenda is governed by the Sustainability Committee which comprises of TTB's Executive Directors, Group CEO and key senior management.

SUSTAINABILITY STATEMENT
(CONT'D)

MATERIALITY ASSESSMENT PROCESS

TTB defines material sustainability matters as those that impact our businesses as well as our stakeholders and influence how our stakeholders make decisions, which in turn affect our ability to achieve our long term goals and thrive as a sustainable business.

TTB periodically reviews its identified material sustainability matters to determine if they continue to be relevant to our business. The process is conducted by the Sustainability Committee and supported by the various working groups, which take into account the updated feedback from both internal and external stakeholders.

During the financial period, we have determined that the following material sustainability matters as identified shall continue to remain relevant to our businesses for the forthcoming financial year:-

Material Matters

Economic

No.	Material Matters	Why Material
1	Corporate Governance and Compliance	To be a transparent, accountable and ethical business entity
2	Innovative and Shared Development	To develop competitive advantage in business and create value for customers, investors and shareholders
3	Customer Satisfaction and Product Quality	To create customer loyalty and satisfaction
4	Procurement Practice and Supply Chain Management	To stay competitive and enhance local economic development
5	Branding and Reputation	To impart confidence to customers and stakeholders for recurring business
6	Customer Data Privacy and Security Protection	To build up customers' trust and safeguard confidential information of the Company

Environmental

No.	Material Matters	Why Material
1	Environmental Pollution Management and Compliance	To preserve a sustainable environment for the future generation
2	Water & Energy Management Consumption, and Green House Gas ("GHG") Emission and Management	To minimise resources depletion and increase cost saving
3	Waste Management and Recycling	To reduce wastage of resources, thereby reduce cost and help to preserve the environment by minimising pollution

MATERIALITY ASSESSMENT PROCESS (CONT'D)

Material Matters (Cont'd)

Social

No.	Material Matters	Why Material
1	Employee Benefit, Welfare, Well-Being, Career Advancement & Development and Recreation	To build a productive and healthy workforce, raise standard of living as well as job security and satisfaction
2	Occupational Health and Workplace Safety	Reducing the impact on financial and casualty arising from workplace injuries
3	Neighbourhood and Sustainable Community	To create a conducive environment for community interaction and connectivity through well planned property development in terms of its layout designs and services
4	Welfare and Corporate Social Responsibility ("CSR")	Engage in charitable act of giving and volunteering effort within our community especially for the needy segment

Stakeholder Feedback Channels

Stakeholder	Stakeholder Feedback Channels
Customer	Customer Satisfaction Survey Company Website Sales & Promotion Activities Social Media
Supplier/Contractor	Client and Consultant Meeting Site Meeting
Investor/Shareholder	Annual General Meeting Investor & Analyst Briefing Company Website
Regulator/Authorities	Dialogue Seminar
Community	CSR Engagement Company Website Social Media
Media	Press Interaction Social Media
Employee	Training Seminar Town Hall Meeting Departmental Meeting Performance Appraisal
Non-Governmental Organisation	Dialogue Engagement

SUSTAINABILITY STATEMENT
(CONT'D)

ECONOMICS

The Group's activities are based on responsible development with the aim of improving the lives of local communities and focusing on winning customers' confidence through trust and reliability.

(1) Corporate Governance and Compliance

Establishing good corporate governance in a company is key to ensuring the success of its business and provides a framework for structured decision making process to occur. Through this, the Board of Directors and employees can better understand the most practical and proactive steps to take towards achieving good economic, environmental and societal outcomes for our business.

Hence, the establishment of the Sustainability Committee is to oversee the formulation, implementation and effective management of our sustainability matters. It also sets out the strategic direction of the Group's agenda and to approve sustainability strategy and framework. Routine reports on management targets and performance of processes and controls as well as strong governance enables effective oversight of business compliance. With sound policies, systems, processes and internal controls in place, we will be able to adhere to all applicable laws and regulatory requirements.

The Sustainability Committee champions and governs all environmental and social initiatives across the organisation and is responsible for revising and formulating our sustainability strategy as well as to communicate with the Heads of Department on implementing the initiatives. With the implementation of corporate governance and adherence to best business practices, there have been no reports of non-compliance issues during the reporting period.

(2) Innovative and Shared Development

New creative ideas and proper planning throughout the development stages are initiated to create added value which includes new design, technology, services and processes. The emphasis on constructing buildings to a higher standard require significant investments in innovative building technologies. The landscape of building products, materials, components and systems have increased substantially in recent years. This advancement has paved the way for new design and construction methods that make buildings stronger, safer, more durable and more efficient. During the initial stage of development, we have identified four different phases of project management structure namely, conceptual, scoping, design and implementation.

In conceptual phase	-	identify funding source and scope based on market demand
	-	identify any requirements tied to funding
In scoping phase	-	identify must have/want to have items and perform prioritisation based on market demand
	-	plan size of project based on available budget
In design phase	-	review cost/benefit analysis, methodology options and perform analysis
	-	perform cost optimisation
In implementation phase	-	plan for continued costs based on building use
	-	plan for maintenance of system

However, it is important to highlight that economic feasibility and performance considerations are critical throughout the life cycle of a project.

ECONOMICS (CONT'D)

(3) Customer Satisfaction and Product Quality

Customer satisfaction is critical for our business to be a success and for further improvement. Therefore, we will keep striving to deliver quality workmanship and values to meet customers' rising expectations.

Stringent quality control checks and procedures are necessary and require standards like Qlassic to be implemented in the near future. It will set out the standard on quality of workmanship for various elements of building construction work such as structural, architectural, mechanical, electrical and external works. Hence, having a well-executed Product Quality Management Plan is crucial now to uphold the Group's reputation as a committed and responsible developer. As part of the quality management system, surveys are taken from customers for quality monitoring of projects delivered. Post mortem studies on completed stages of the projects will be implemented to understand ways to improve further on our project and service quality.

Customer engagement is equally important whereby understanding and knowing their expectations will strengthen our insights into their "wants and needs". Periodical customer satisfaction surveys will be carried out to enable us to constantly develop and deliver better products and services to the market.

(4) Procurement Practice and Supply Chain Management

Our commitment is to procure more resources locally and to support capable local vendors which in turn will generate local job creation. This will encourage consistent delivery of quality products and timely services. With effective management, it helps to create value, efficiencies, competitiveness which reduce the risk of business disruptions, conserve resources and ensures compliance to regulations. We select contractors, suppliers and other supply chain partners who share our values and work innovatively.

Different requirements and guidelines are set for new suppliers at the pre-qualification stage depending on the goods or services offered. Sustainability clauses are also included in contracts to raise the standards of our suppliers' base and also to ensure that our supply chain is robust and exceeds our high standards.

Our sustainable supply chain core principles are:-

(i) Compliance with applicable laws including all environmental, health and safety and labour legislation. On labour issues, we have stated in all our letters of award to contractors that the engagement of illegal workers is strictly prohibited at our project sites. As a result, there were no reported cases of illegal workers caught in our project sites during the financial period.

(ii) Harmful environmental impacts to be reduced and to promote environmental friendly policies in the areas of waste and disposal, improved resources efficiency, biodiversity protection, controls to minimise the release of harmful emissions into the environmental. Also, to minimise the negative impact on society and the environment such as noise, dust and other pollution.

(5) Branding and Reputation

In order to restore the Group's reputation as a reliable property developer, we strive to maintain good controls throughout the construction phase until the end of the project in order to ensure consistent quality products.

On the Group's branding, we have re-focused our property portfolio into building more quality and affordable homes based on market demands in line with the soft property market, tight credit and financing conditions. Therefore, the Group has embarked into "build and then sell" concept development on smaller scale land banks and has implemented its first project of 192 apartment units in Putra Perdana, Sepang which is slated for completion in October 2020.

SUSTAINABILITY STATEMENT
(CONT'D)

ECONOMICS (CONT'D)

(6) Customer Data Privacy and Security Protection

The emphasis on Information and Communication Technology and adequate data security management is utmost essential in this digital environment. Compliance with the Personal Data Protection Act 2010 is important to safeguard confidential details of our customers and business partners against any personal data leakages.

Investment in the latest firewall systems to safeguard against any cyber security risks is very much necessary. Aside from digital security measures, installation of closed circuit television systems to monitor crowd movements within the office premises will safeguard against any form of unwarranted risks and dangers.

Cyber Security Framework involves the following parameters:-

Identify	-	understanding the cyber security risks in relation to systems, assets, data and capabilities
Protect	-	measures to protect and maintain critical infrastructure services
Detect	-	processes to identify the occurrence of a cybersecurity event
Respond	-	arrangements to act regarding the detection of any possible cyber security threat
Recover	-	plans and restoration procedures to reinstate capabilities or services impaired due to cyber security events

ENVIRONMENTAL

We are mindful of the environmental impact of our activities and maintain full compliance with the environmental regulations. We take responsibility for the management of our environmental impact seriously and will continue to develop effective environmental initiatives to protect the environment. The industry we are in have extensive direct and indirect impact on the environment and by aligning ourselves with the sustainable development goals, we will be able to design and construct buildings sustainably. Our emphasis is to grow the business without compromising the quality of the environment that we live in.

The Group integrates environmental concerns within its operations and practices at different levels of the organisation. It also ensures that there are sufficient measures at all its construction sites and workplaces to prevent any adverse impact on the environment. For the financial period, there were no cases of compound penalty or non-monetary sanction imposed on our business entities by the government authorities for non-compliance in environmental issues.

Under the Property Division, designs of energy-efficient equipment and rainwater harvesting features were introduced into our projects to save on energy and water consumption. We encourage adequate landscaping and tree planting for our projects to help create a serene and green environment for the residents. As for the site clearing and earthwork for the development, we have adopted the design with minimum cutting of earthworks to protect the environment.

(1) Pollution Management

The Group is concerned about the impact of pollution to the environment. We discourage all types of open burning in our construction site as it will further increase the pollution to the surrounding air. We also wash all our vehicles before leaving our construction site to ensure that the access roads are not polluted with mud. Silt traps are also installed at the washing point near the exit to contain the mud from flowing into the nearby drain. For the construction sites which are nearby existing buildings, we are also mindful of the noise pollution created and therefore, we ensure that no noise pollution activities are to be carried out after working hours.

SUSTAINABILITY STATEMENT
(CONT'D)

ENVIRONMENTAL (CONT'D)

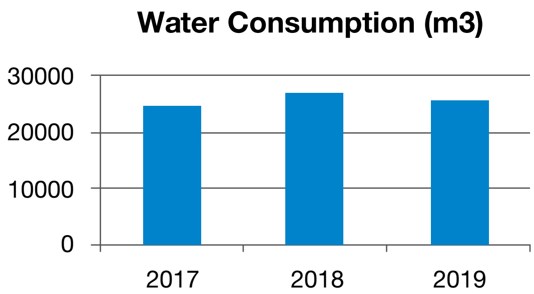
(2) Water & Energy Management and GHG Emission

The data presented below shows the water and electricity management and GHG emission statistics in our head office in Kuala Lumpur for the past 3 calendar years:-

Water Management

Water Consumption for Building – Menara Maxisegar

Year	2017	2018	2019
Water Consumption (m3)	25,670	26,233	25,982

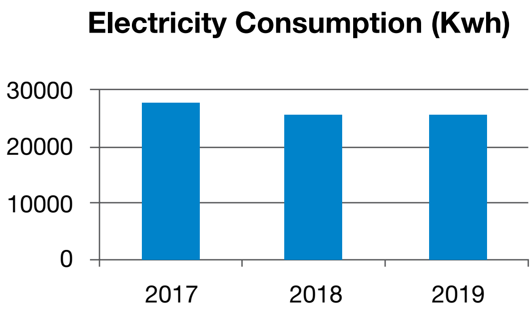


As water is a critical resource, we have implemented water conservation management by installing self-closing tap in most of our toilets in the building and also conduct daily inspection with prompt corrective action. For construction site, we harvest rainwater to minimise dependence on authority water supply.

Energy Management

Electricity Consumption for Building – Menara Maxisegar

Year	2017	2018	2019
Electricity Consumption (Kwh)	2,715,315	2,642,873	2,425,799



Energy is an essential cost component and it account for 50% of our building operating cost.

In our effort to minimise energy consumption, we have equipped all common areas with timers and sensors besides changing all the lighting to energy saving and LED type. All escalators and lifts are switched off at night and on non-working days. Air-conditioners are being maintained at comfortable temperature to obtain the optimal electricity consumption.

SUSTAINABILITY STATEMENT
(CONT'D)

ENVIRONMENTAL (CONT'D)

(2) Water & Energy Management and GHG Emission (Cont'd)

GHG Emission

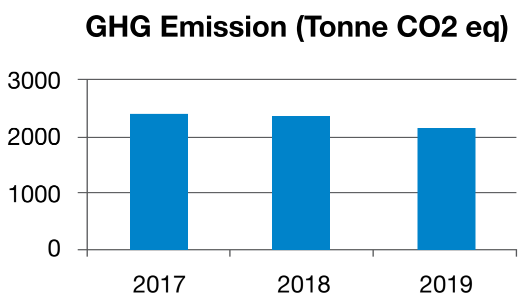
GHG Emissions can be divided into 2 types namely Direct GHG Emissions and Indirect GHG Emissions.

For Direct GHG Emissions, it covered vehicle and site machinery emission. The Group in its effort to reduce Direct GHG Emissions had ensured that all their vehicles and site machineries are tested and undergo maintenance according to planned schedules.

For Indirect GHG Emissions which covered emissions through electricity usage, we have established a data base on the electricity usage for our office as below:-

GHG Emission through Electricity Usage for Building – Menara Maxisegar

Year	2017	2018	2019
GHG Emission (Tonne CO2 eq)	2,417	2,352	2,159



The Group is mindful of climate changes due to GHG emission. We have taken the initiative to reduce the GHG emission through electricity usage by maintaining our yearly electricity usage at its minimum.

(3) Waste Management and Recycling

The Group acknowledge that waste disposal is one of the major impacts to the environment. We have always ensured that our waste disposals are managed by licensed accredited contractors who dispose off the waste in accordance with regulations and local authorities' requirements. We also emphasise on reducing paper waste through paperless and electronic email implementation.

For our construction site, we practice separation of non-hazardous and hazardous material for recycling and disposal according to the authority requirement. Extending the life-cycle of scaffolding and aluminium frameworks by reusing them in other projects are also being practised. Our designs are also equipped with Industrial Building System technology which helped to reduce usage of timber frameworks and labour.

SOCIAL

(1) Value Our Employees

The employees are the most important assets of an organisation as a business cannot be successful without effectively managing its human resources and sustainability of the Company. The Group had constantly engaged, inspired and motivated employees in accomplishing its short term and long term objectives.

We practice Annual Performance Appraisal to evaluate each and every employee and target their relevant skill development needs to improve their efficiency and productivity. We provide appropriate in-house training and external training to assist our employees to perform their jobs and excel in their abilities as well as equipped them with the right skills to assume higher roles of responsibilities as part of their career development. During the financial period, the Company has conducted 1 in-house training for directors and Management team while some employees have attended various external trainings/seminars in areas such as management of building strata titles, GHG introduction & implementation, Malaysian Financial Reporting Standard Application, Companies Act 2016 in issuance of shares & other securities and economic outlook report for Chief Financial Officer.

Our efforts are guided by a robust governance framework and updates from the Malaysian Employers Federation and other applicable regulatory organisation.

(2) Health and Safety

In our efforts to create a safe and conducive working environment, we uphold safety and health precautions strictly and recognise our employees as valuable human assets. Hence, we have complied with all applicable statutory requirements and regulations related to health and safety set by the Department of Safety & Health ("DOSH") with checks by DOSH official to ensure compliance are met. There were no injuries or casualties recorded at all our construction sites during the financial period under review.

With the implementation of the Movement Control Order by the Government of Malaysia ("Government") on 18 March 2020 due to the global Covid-19 pandemic, the Group had adhered strictly to the measures and actions imposed by the Government. We have also advised all our employees to constantly follow the standard operating procedures implemented by the Government in order to stay safe and prevent any untoward injury or ill health to our employees.

(3) The Work Place

We promote a friendly culture in our organisation and has frequent fellowship lunch gatherings to foster closer working relationships and strengthen the bonding among employees by organising get-togethers and festive celebrations. In year 2019, Deepavali and Christmas gatherings were organised for all employees, senior management and also the Board members.

We also emphasise teamwork and professionalism amongst our employees and strive to promote a culture of integrity and mutual trust in the work place. Our work force consists of 135 employees in FP2020, 85% of which are under permanent contract. Employees' turnover for FP2020 was lower at 4% compared to 5.1% in FY2019.

We are proud of the loyalty of our employees and a total number of 78 employees equivalent to 55.7% have worked for more than 10 years of service in the Group.

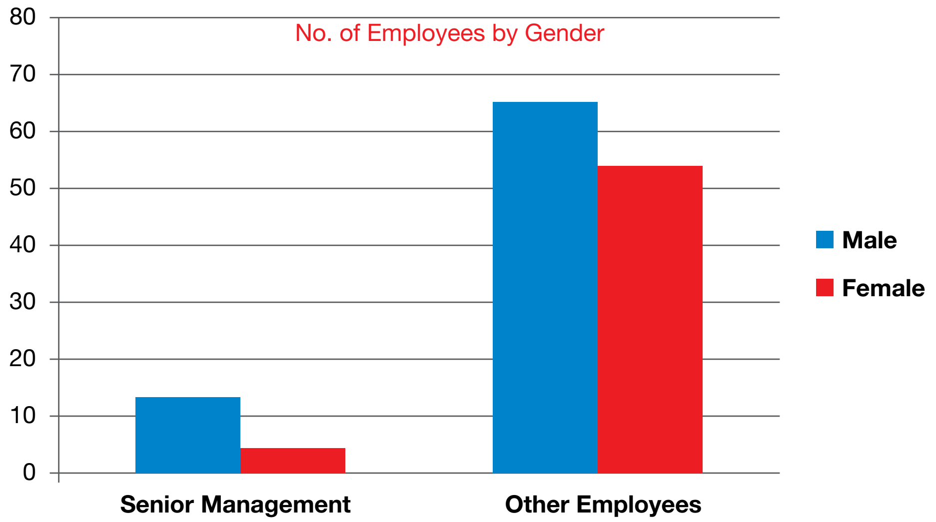
SUSTAINABILITY STATEMENT
(CONT'D)

SOCIAL (CONT'D)

(3) The Work Place (Cont'd)

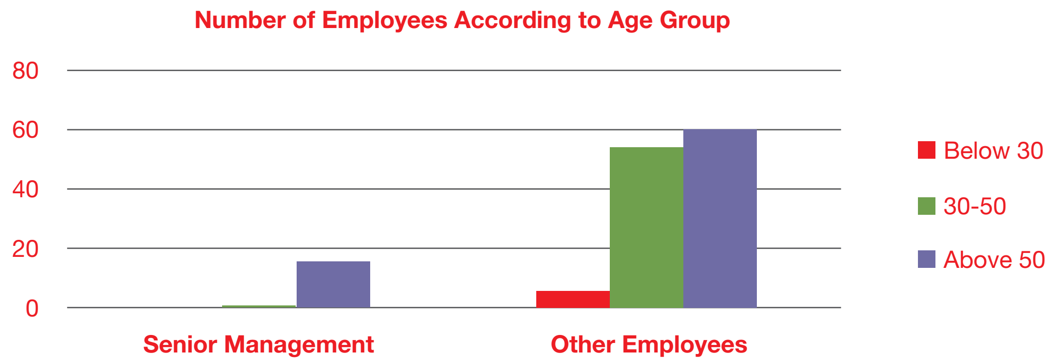
Employment Diversity in terms of Gender in the Group

Category	Male	Female	Total
1. Senior Management	13	4	17
2. Other Employees	64	54	118



Employment Diversity in terms of Age in the Group

Category	Below 30	30 – 50	Above 50	Total
Senior Management	0	1	16	17
Employees	6	52	60	118



SUSTAINABILITY STATEMENT
(CONT'D)

SOCIAL (CONT'D)

(4) Neighbourhood and Sustainable Community & CSR

As a responsible corporation, the Group strives to continuously give back to the community as well as contribute to charitable organisations on a yearly basis. During the financial period, several events were organised as follows:-

- **Blood Donation Campaign at Concourse Area, Pusat Beli Belah Pandan Kapital**

  In collaboration with Persatuan Kebudayaan dan Sukan Harapan along with Pusat Darah Negara, a blood donation campaign was organised on 1 December 2019 (Sunday) at the Concourse Area (First Floor), Pusat Beli Belah Pandan Kapital.

  The blood donation campaign is aimed at helping the National Blood Bank to replenish its blood supply, helping patients who are in need of blood and to save lives. The event has brought more than 123 participants with 77 successful donors.

SUSTAINABILITY STATEMENT
(CONT'D)

SOCIAL (CONT'D)

(4) Neighbourhood and Sustainable Community & CSR (Cont'd)

- **Christmas Carolling and Community Welfare**

In line with our aim in contributing to the well-being of our communities, we had worked in a partnership with a home called Yayasan Sunbeam Home ("Home") near Taman Muda which is housing 100 over displaced, abused and neglected children. The Home is a non-governmental, self-supporting multi-racial home, also running as a day care centre to cater for the needs of the low income underprivileged parents.

The Company's Talam Fellowship Group had organised a Christmas carolling party at its premises in Pusat Beli Belah Pandan Kapital on 19 December 2019 and invited some 65 children accompanied by their teachers from the Home to celebrate the "Season of Love" together with all the employees of the Group and shoppers. Gifts, angpows and lunch were provided to each and every kid. Their appreciation were greatly expressed from their happy faces with the Fried Chicken meal, presents and an angpow each.

In addition, our Management had been sending regularly freshly grown organic vegetables and fruits to the Home which were contributed by our Tan Sri Dato' (Dr) Ir Chan Ah Chye from his orchard in Bentong as and when it is harvested.

SOCIAL (CONT'D)

(4) Neighbourhood and Sustainable Community & CSR (Cont'd)

- **Lion Dance Performance at Main Entrance of Pusat Beli Belah Pandan Kapital**

  An Acrobatic Lion Dance was organised on 7 February 2020 to celebrate the Chinese New Year with all our employees and customers patronising Pusat Beli Belah Pandan Kapital to foster bonding among the employees and the surrounding community.

- **Charitable Support to Elderly Homes**

  The Company had contributed cash donation to the Little Sisters of the Poor and Old Folks Home Gopeng, where both homes take care of the welfare of the elderly poor.

SUSTAINABILITY STATEMENT
(CONT'D)

SOCIAL (CONT'D)

(4) Neighbourhood and Sustainable Community & CSR (Cont'd)

- **Charitable Support to Elderly Homes (Cont'd)**

LOOKING AHEAD

As we continue in our sustainability journey, we will constantly look for ways to improve our sustainability structure, both in terms of initiatives undertaken and our reporting structure to achieve our ultimate goal of building a sustainable business for generations to come. To achieve this, we will continuously keep abreast of developments in our industry, actively and regularly engage with our stakeholders, build upon our existing sustainability framework, and seek to further embed sustainable practices within our businesses so as to improve our overall sustainability performance.

Moving forward, it is our hope that we will continue to introduce new and exciting quality and affordable homes for our customers, enrich our local communities, create value for our stakeholders, and be an organisation that people will be proud to associate with.

This Statement was approved by the Board of Directors of the Company on 13 August 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Talam Transform Berhad ("TTB" or "the Company") recognises the importance of good corporate governance and fully supports the principles and best practices as set out in the Malaysian Code on Corporate Governance 2017 ("MCCG"). The Board is therefore, committed towards instilling a high level of corporate governance throughout the Company and its subsidiaries ("the Group") as a fundamental part of discharging its responsibilities to enhance shareholders' value and the financial performance of the Group. The Board will apply the principles and best practices as set out in the MCCG and evaluate the Group's practices and procedures from time to time in response to the evolving practices and changing requirements.

This Statement provides an overview of the Group's application of the principles of the MCCG pursuant to Chapter 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") during the financial period ended 31 March 2020.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(1) Board Responsibilities

The Board is fully responsible for the overall governance of the Group by promoting good corporate governance culture, providing strategic plans on business performance and sustainability, overseeing the proper conduct of business, risk management, internal control, succession planning, shareholders' communication, adequacy and integrity of financial and non-financial reporting, while the Management is accountable for the execution of the expressed policies and attainment of the Group's expressed corporate objectives. This demarcation complements and reinforces the supervisory role of the Board. Nevertheless, the Board is always guided by the Board Charter which outlines the duties and responsibilities and matters reserved for the Board in discharging its duties as follows:-

Duties and Responsibilities of the Board

(i) promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
(ii) review and adopt the overall strategic plans and programmes for the Group and ensure that the strategic plan supports long term value creation and includes strategies on economic, environmental and social consideration underpinning sustainability;
(iii) oversee and evaluate the conduct of business of the Group which includes supervision and assessment of the Management's performance to determine whether the business is being managed properly;
(iv) ensure there is a sound framework for internal controls and risk management;
(v) identify the principal risks of the Group, set the risk appetite within which the Management is expected to operate and ensure there is appropriate risk management framework to identify, analyse, manage and monitor significant financial and non-financial risks;
(vi) ensure the senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of the Board and senior management;
(vii) ensure the Company has in place procedures to enable effective communication with stakeholders; and
(viii) review the adequacy and the integrity of the financial and non-financial reporting of the Group.

The matters reserved for the Board include the approval of the corporate plans and programmes, annual budgets and major capital commitments, new ventures, material acquisitions and disposals of undertakings and properties, changes to the Management and control structure within the Group including key policies and delegated authority limits.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

(1) Board Responsibilities (Cont'd)

Duties and Responsibilities of the Board (Cont'd)

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions to the following Committees with each operating within clearly defined terms of reference that provide independent oversights of the Management and to ensure that there are appropriate checks and balances:-

(i) Audit Committee
(ii) Nomination Committee
(iii) Remuneration Committee
(iv) Executive Committee

The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and for action by the Board where appropriate.

The Board shall at all times exercise collective oversight of the Committees and Management to an extent that would not significantly hinder or reduce the Board's ability to discharge its functions. Regular reviews on the roles and responsibilities of the Committees would be conducted, when the need arises, to ensure that the Company is able to adapt to changing business circumstances.

(2) Board Charter

The Board Charter was established to ensure that all Board members are aware of their fiduciary duties and responsibilities, various legislations and regulations affecting their conduct, the need to safeguard the interests of the shareholders, customers and other stakeholders and that a high standard of corporate governance is applied in all their dealings on behalf of the Company. The Board Charter also serves as a source of reference and primary induction literature to provide insights to prospective Board members and senior management. The Board Charter clearly sets out the division of responsibility and powers of duties between the Board and Management, between the Chairman and Executive Directors/ Group Chief Executive Officer and the different Board Committees established by the Board.

The Board Charter is available on the Company's website at www.ttransform.com.my and was last reviewed and updated on 30 May 2019. The Board will periodically review and update the Board Charter to ensure it remains consistent with the Board's objectives and responsibilities, and all the relevant standards of corporate governance.

(3) Board Composition

The Board currently consists of 7 members comprising 3 Executive Directors, 3 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director. The current composition of the Board complies with Chapter 15.02 of the MMLR of Bursa Securities which requires that at least 2 Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. The 3 Independent Directors represented 43% of the Board composition. In line with the MCCG, the Board shall endeavor that at least half of the Board members are independent directors.

The Board consists of qualified individuals with diverse set of skills, experience, knowledge and independent elements that are necessary to govern the Company. The Non-Executive Directors are professionals in the fields of engineering, property and construction, finance, accounting and legal. The profiles of the Directors are set out on pages 5 to 8 of this Annual Report and is also available on the Company's website at www.ttransform.com.my.

The Board is chaired by Mr Tsen Keng Yam who is also the Senior Independent Non-Executive Director to whom concerns relating to the Company may be conveyed. He can be contacted via email at adrian@ttransform.com.my.

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

(3) Board Composition (Cont'd)

There is a clear division of roles and responsibilities between the Independent Non-Executive Chairman and Executive Directors/Group Chief Executive Officer which are undertaken by separate persons to ensure that there is a balance of power and authority, such that no one individual has unfettered powers of decision making. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the Executive Directors/Group Chief Executive Officer have overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The Executive Directors together with the Group Chief Executive Officer are responsible to ensure due execution of the strategic goals, effective operations within the Group and to explain, clarify and inform the Board on matters pertaining to the Group.

The responsibilities of the Chairman, amongst others, are as follows:-

(i) lead the Board in establishing and monitoring good corporate governance practices in the Company;
(ii) lead the Board and ensure effectiveness in all aspects of its role;
(iii) ensure an efficient organisation and conduct of the Board's function and meetings;
(iv) facilitate the effective contribution of all Directors at Board meetings;
(v) chair Board meetings and encourage active participation and allowing dissenting views to be freely expressed and discussed;
(vi) chair general meetings of the Company and provides clarification on issues that may be raised by the shareholders;
(vii) promote constructive and respectful relations between Directors, and between the Board and Management; and
(viii) ensure effective communication with shareholders and relevant stakeholders.

The responsibilities of the Executive Directors/Group Chief Executive Officer, amongst others, are as follows:-

(i) develop and implement corporate strategies for the Group;
(ii) supervise heads of divisions/departments who are responsible for all functions contributing to the success of the Group;
(iii) ensure the efficiency and effectiveness of the operation for the Group;
(iv) assess business opportunities which are of potential benefit to the Group; and
(v) bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

The Non-Executive Directors provide the necessary balance of power and authority to the Board with a mix of industry-specific knowledge and broad business and commercial experience. They ensure that all proposals by the Management are fully deliberated and examined, after taking into account the interest of shareholders and stakeholders.

The Independent Non-Executive Directors are independent of the Management and free from any business relationship which could materially interfere with the exercise of their judgment. They play a crucial role in providing unbiased and independent views, advice and judgment to the Board to safeguard the interests of minority shareholders.

According to the Company's Board Diversity Policy, the Board recognises diversity as an important criteria to determine the optimum composition which can enhance decision making capability and quality of the Board's performance. Increasingly, diversity at the Board level is considered an essential element in supporting the attainment of the Company's strategic objectives and sustainable development as it leverage on the differences in perspective, knowledge, skill, industry experience, background, age, ethnicity, race and gender between the Directors. The Board would consider appropriate targets in the achievement of the Board Diversity Policy including gender balance on the Board and would take the necessary measures to meet these targets from time to time as appropriate. The Board will consider more women representation in the composition of the Board for boardroom diversity when suitable female candidate becomes available. In identifying candidates for appointment of Directors, the Board (through Nomination Committee) will also explore independent sources to identify suitably qualified candidates other than relying on the recommendations from the existing Board members, Management and/or major shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

(3) Board Composition (Cont'd)

Presently, Ms Chua Kim Lan is the only female Director on the Board, representing approximately 14% women participation on the Board.

The Board and Nomination Committee, in reviewing and assessing suitable candidates for the Board and performing annual assessment on each Director, would be guided by the above policy on diversification.

Practice 4.2 of the MCCG states that the tenure of an independent director shall not exceed a cumulative term of 9 years. However, upon completion of the 9 years' tenure in office, the director may continue to serve on the Board as an independent director subject to shareholders' approval on an annual basis. In line with the recommendation of the MCCG, the Company has adopted this best practice in its Board Charter. The Company will also apply the two-tier voting process in seeking shareholders' approval to retain the Independent Director who exceeded 12 years' tenure in office.

The Board is of the view that the ability of long serving independent directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by tenure of service. The extended service should not affect their independence, as they are still able to provide independent judgment, experience and objectivity without being subordinated to operational considerations.

Mr Tsen Keng Yam and Dato' Kamaruddin Bin Mat Desa have both served on the Board as Independent Non-Executive Directors for more than 12 years while Datuk Dr Ng Bee Ken has served for more than 9 years. Accordingly, the Nomination Committee and the Board, have determined at the annual performance evaluation and assessment of all the independent directors, that Mr Tsen Keng Yam, Dato' Kamaruddin Bin Mat Desa and Datuk Dr Ng Bee Ken shall remain and continue to act as Independent Non-Executive Directors of the Company based on the following justifications and will seek shareholders' approval to retain them in that capacity at the forthcoming 95th Annual General Meeting ("AGM") of the Company:-

(i) All of them have fulfilled the criteria under the definition of Independent Directors as stated in the MMLR of Bursa Securities, and therefore, are able to bring independent and objective judgment to the Board;

(ii) Mr Tsen and Datuk Ng's experience in the various industries enables them to provide the Board with a diverse set of experience, expertise, skills and competence;

(iii) Mr Tsen, Dato' Kamaruddin and Datuk Ng have been with the Company for more than 16 years, 12 years and 10 years respectively. Therefore, they understand the Company's business operations which enable them to participate actively and contribute during deliberations or discussions at the Board and Board Committees' meetings;

(iv) All of them have contributed sufficient time and effort to attend the Board and Board Committees' meetings for the financial period ended 31 March 2020 to obtain independent information required for a balanced decision making. All of them have attended all the Board and Board Committees' meetings held during the financial period except for Datuk Ng who had attended 3 out of 6 Board Meetings and several Board Committees' meetings due to his personal commitment; and

(v) All of them have exercised due care during their tenure as Independent Non-Executive Directors of the Company and carried out their duties in the interest of the Company and its shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

(4) Code of Ethics and Conduct and Whistle Blowing Policy

The Board has established the Code of Ethics and Conduct ("CEC") to create a corporate culture within the Group to operate the businesses in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct. The CEC which sets out the principles and standards of business ethics and conduct of the Group is applicable to all Directors and employees of the Group.

The main principles of the CEC include the following:-

(i) avoid conflict of interest;
(ii) exercise caution and due care to safeguard confidential information;
(iii) avoid insider trading;
(iv) ensure accuracy and reliability of records;
(v) avoid discrimination or prejudice in the workplace; and
(vi) avoid acts of misconduct.

The CEC which is subject to regular review and updates is also made available on the Company's website at www.ttransform.com.my.

In addition, the Company recognises that any genuine commitment of detecting and preventing actual or suspected unethical, unlawful, illegal, wrongful or other improper conduct must include a mechanism whereby employees can report their concerns freely without fear, reprisal or intimidation. Accordingly, the Company has adopted a Whistle Blowing Policy which has been disseminated to all Directors and employees of the Group. The Whistle Blowing Policy is available on the Company's website at www.ttransform.com.my.

(5) Board Meetings and Supply of Information to the Board

Board meetings for subsequent financial year are scheduled in advance before the end of current financial year so as to enable the Directors to plan accordingly and fit the year's Board meetings into their respective schedules. The Board conducted at least 5 regular scheduled meetings annually, with additional meetings convened as and when necessary, to consider all matters relating to the overall control, business performance and strategy of the Company.

In fostering the commitment of the Board, the Directors shall devote sufficient time to carry out their responsibilities, the Directors are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment. The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company. All the Directors hold not more than 5 directorships in public listed companies.

During the financial period ended 31 March 2020, there were 6 Board meetings held and the attendance record of the Directors are set out in the table below:-

No.	Directors	Number of meetings attended
1.	Tsen Keng Yam (Chairman)	6 out of 6
2.	Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	6 out of 6
3.	Dato' Kamaruddin Bin Mat Desa	6 out of 6
4.	Datuk Dr Ng Bee Ken	3 out of 6
5.	Chua Kim Lan	6 out of 6
6.	Yaw Chun Soon	6 out of 6
7.	Chan Tet Eu	6 out of 6

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

(5) Board Meetings and Supply of Information to the Board (Cont'd)

All the Directors have complied with the minimum requirements on the attendance at Board meetings held during the financial period ended 31 March 2020 as stipulated in the MMLR of Bursa Securities. Therefore, the Board is satisfied with the level of time commitment given by the Directors towands fulfilling their roles and responsibilities as Directors of the Company. In the intervals between Board meetings, for any matters requiring Board's decisions, the Board's approvals are obtained through written resolutions. The resolutions passed by way of such written resolutions are then noted at the next Board meeting.

A full agenda of the meeting and all Board papers are distributed on a timely manner of 5 clear days prior to Board Meetings to ensure that the Directors have sufficient time to review and consider the agenda items to be discussed at the meeting and where necessary, to obtain further explanations in order to be fully briefed before the meeting. The Board papers include reports relevant to the issues of the meeting, covering the areas of strategic, financial, operational and regulatory compliance matters.

In discharging their duties, the Directors have access to all information within the Company and to the advice and services of senior management staff and Company Secretary. If necessary, the Directors may seek independent professional advice and information in furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions. Any such request is presented to the Board for approval.

Senior management staff, as well as advisers and professionals appointed on corporate proposals, may be invited to attend Board meetings to provide the Board with their views and explanations and to furnish clarification on issues that may be raised by the Directors.

The Directors are notified of any corporate announcements released to Bursa Securities. Minutes of each Board meeting were circulated to all Directors before the Board meeting for their perusal prior to confirmation of the minutes at the commencement of the Board meeting. The Directors can then request for clarifications or raise comments before the minutes are tabled for confirmation as a correct record of proceedings of the Board meeting. Apart from the Board minutes, the Chairman of the respective Board Committees will report to the Board on the outcome of the Committee meetings and such reports or minutes will be included in the Board papers.

The Company Secretary plays an important advisory role and is a source of information and advice to the Board and its Committees on issues relating to corporate governance matters, compliance with laws, rules, procedures, regulations, board policies and procedures and compliance with the relevant regulatory requirements affecting the Company and Group. The Board is supported by a suitably qualified and competent Company Secretary who is a member of a professional body and also of senior position in the Company. The Company Secretary has attended trainings and seminars to keep abreast of relevant statutory and regulatory requirements.

Every Board member has ready and unrestricted access to the advice and services of the Company Secretary who is capable of carrying out the duties and responsibilities, to which the post entails. The roles and responsibilities of the Company Secretary include the following:-

(i) advise the Board and Management on their roles and responsibilities;
(ii) advise the Board and Management on governance issues and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectation;
(iii) advise and continuously update the Board on corporate disclosures and compliance with listing requirements, company and securities legislations and related regulations;
(iv) attend all Board, Committees and general meetings, and ensure the proper recording of minutes of the meetings;
(v) ensure proper upkeep of statutory registers and records;
(vi) assist Chairman in the preparation for and conduct of meetings;
(vii) assist Chairman in determining the annual Board plan and the administration of other strategic issues;
(viii) assist in the induction of new directors, and assist in directors' training and development; and
(ix) serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

(6) Criteria for Recruitment and Assessment

The Nomination Committee has been formed to assist the Board in ensuring that the Board comprises of Directors with the appropriate mix of skills and experience, as well as to ensure a proper balance between Executive Directors and Independent Non-Executive Directors.

The Nomination Committee currently comprises the following 4 Non-Executive Directors, the majority of whom are Independent Directors:-

Members	Designation
Dato' Kamaruddin Bin Mat Desa (Chairman)	Independent Non-Executive Director
Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	Non-Independent Non-Executive Director
Tsen Keng Yam	Independent Non-Executive Director
Datuk Dr Ng Bee Ken	Independent Non-Executive Director

Although the Chairman of the Nomination Committee is not the Senior Independent Non-Executive Director, the Board is of the view that the Nomination Committee is able to perform its duties transparently and independently.

The terms of reference of the Nomination Committee is available on the Company's website at www.ttransform.com.my and was last reviewed and updated on 30 May 2019.

During the financial period ended 31 March 2020, there were 3 meetings held and attended by all the members except for Datuk Ng who had attended one of the meetings.

The Nomination Committee is responsible for making recommendations to the Board of suitable candidates for appointment as Director/Group Chief Executive Officer, after which the Company Secretary ensures that all appointments are properly made and all legal and regulatory compliance are met. In making these recommendations, the Nomination Committee considers, inter-alia, their skills, knowledge, expertise and experience, professionalism, integrity, commitment (including time commitment) and diversity including gender, ethnic, age and race, where appropriate, which the Director/Group Chief Executive Officer should bring to the Board. In the case of candidates proposed for appointment as Independent Non-Executive Director, the Nomination Committee will evaluate their ability to discharge such responsibilities/functions as expected from an independent director. This is consistent with the Group's practice of being an equal opportunity employer where all appointments and employments are based strictly on merit and are not driven by any racial or gender bias. Accordingly, the Nomination Commitee had reviewed the skillset, knowledge, expertise and working experience possessed by Dato' Mohamad Razali Bin Mohamad Rahim and recommended his appointment to the Board as the Group Chief Executive Officer of the Company. In addition, the Nomination Committee had also evaluated the performance of Mr Chan Tet Eu and recommended to the Board on his re-designation as the Executive Director (Business Development).

During the financial period ended 31 March 2020, the Nomination Committee conducted an assessment of the required mix of skills, experience and other qualities including core competencies which the Non-Executive Directors should bring to the Board and identified areas for improvement. It also conducted an assessment of the Directors and the effectiveness of the Board as a whole, Board Committees and the contribution of each individual Director, including the Independent Non-Executive Directors. The Board further agreed with the assessment of the Nomination Committee that the Independent Directors bring independent and objective judgment to the Board and this mitigates risks arising from conflict of interest or undue influence from interested parties. Where there is a likely conflict of interest in any matter under deliberation, he is required to disclose his interest and abstain from participating or discussion on the matter.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

(6) Criteria for Recruitment and Assessment (Cont'd)

The concept of independence adopted by the Board is in line with the definition of an Independent Director in Section 1.01 of the MMLR of Bursa Securities and Practice Note 13. The main element for fulfilling the criteria is the appointment of an Independent Director who is not a member of the Management and free from any relationship which could interfere in the exercise of independent judgment or the ability to act in the best interest of the Company. The Nomination Committee and Board have upon their annual assessment, concluded that each of the Independent Non-Executive Directors had demonstrated in conduct and behavior that indicate independence and each of them continues to fulfill the definition of independence as set out in the MCCG and MMLR of Bursa Securities.

The Board evaluation conducted comprised of Directors' Evaluation Form, Board Skills Matrix Form, Board & Board Committee Evaluation Form and Independent Directors' Self-Assessment Checklist. The assessment criteria include contributions to interaction, roles and duties, knowledge and integrity, governance and risk management whilst the criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Group, tenure of independence and his involvement in any significant transaction with the Group. The Board Committees are evaluated based on assessment criteria which include the right size and composition, effective recommendation and timely reporting to the Board, expertise, competence, experience and communication skill. All assessments and evaluations carried out by the Nomination Committee in discharging its functions have been properly documented.

The Board studied the results of the evaluation and is generally satisfied with the performance of the individual directors and effectiveness of the Board and Board Committees, the size of the Board, composition as well as the mix of skill sets, core competencies and the independence of its Independent Non-Executive Directors.

(7) Appointment to the Board/Re-election of Directors

The proposed appointment of a new Director is a matter for consideration and decision by the full Board, upon the recommendation from the Nomination Committee and Remuneration Committee. There was no new appointment of Directors during the financial period. The Board would consider using independent sources in identifying suitable candidates for appointment of directors in the future such as directors' recruitment agencies.

In accordance with the Constitution of the Company, all Directors who are newly appointed to the Board, are subject to re-election by shareholders subsequent to their appointment at the immediate AGM. The Constitution also provides that at least 1/3 of the Directors shall retire from office and be eligible for re-election at every AGM. All Directors shall submit themselves for re-election at least once every 3 years.

The Nomination Committee carries out annual assessment of each Director's contribution to the Company and recommends the Directors who will be subject to re-election at the next AGM, to the Board and shareholders for approval. The Nomination Committee had recommended Mr Tsen Keng Yam and Dato' Kamaruddin Bin Mat Desa to retire by rotation at the forthcoming 95th AGM of the Company pursuant to the Constitution of the Company and being eligible, have offered themselves for re-election.

The re-election of each Director is voted on separately. To assist shareholders in their decision, sufficient information, such as personal profile, meetings' attendance and the shareholding of the Director standing for re-election, are furnished in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

(8) Directors' Training and Continuing Education Programme

All the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. The Company is aware of the importance of continuous training for its Directors to enable them to effectively discharge their duties and sustain active participation in the Board deliberations and will continuously evaluate and determine the training needs of its Directors. Accordingly, the Company organises at least 1 in-house training every year for the Directors to ensure they are kept up-to-date on the relevant developments.

The Directors are also aware of their duty to continuously update their knowledge and enhance their skills through appropriate continuing education programmes. They are provided with the opportunity, and are encouraged, to attend training to keep themselves updated on relevant new legislation, financial reporting requirements, best practices and changing commercial and other risks.

During the financial period, all Directors have attended various training programmes, talks, seminars or forums organised by external professionals as follows:-

Directors	Training Programmes/Seminars/Forums
Tsen Keng Yam (Chairman)	• Conference on Constructing and Financing Affordable Housing across Asia organised by Cagamas & World Bank Group • Case Study Workshop for Independent Directors organised by Bursa Malaysia • In-house Seminar on Corporate Liability Provision for Corruption Offences under Malaysian Anti-Corruption Commission Act 2009
Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	• In-house Seminar on Corporate Liability Provision for Corruption Offences under Malaysian Anti-Corruption Commission Act 2009
Dato' Kamaruddin Bin Mat Desa	• MIA's Engagement Session with Audit Committee Members on Integrated Reporting organised by Malaysian Institute of Accountants • In-house Seminar on Corporate Liability Provision for Corruption Offences under Malaysian Anti-Corruption Commission Act 2009 • Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committee
Datuk Dr Ng Bee Ken	• Bursa Malaysia Advocacy on Diversity
Chua Kim Lan	• Bursa Malaysia's Ring the Bell for Gender Equality 2019 • Corporate Governance Advocacy Programme titled Cyber Security in the Boardroom: Accelerating from Acceptance to Action organised by Bursa Malaysia In-house Seminar on Corporate Liability Provision for Corruption Offences under Malaysian Anti-Corruption Commission Act 2009

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

(8) Directors' Training and Continuing Education Programme (Cont'd)

Directors	Training Programmes/Seminars/Forums
Yaw Chun Soon	• Findings of Sustainability Practices and Disclosures in Annual Reports and/or Sustainability Reports for Financial Year 2017 organised by Bursa Malaysia • Let's Get Real on Anti-Bribery organised by the Iclif Leadership and Governance Centre together with the Malaysian Institute of Integrity • Bursa Malaysia Thought Leadership Series: Building Corporate Longevity • Corporate Governance Advocacy Programme titled Cyber Security in the Boardroom: Accelerating from Acceptance to Action organised by Bursa Malaysia • Bursa Malaysia Thought Leadership Series entitled "Sustainability Inspired Innovations: Enablers of the 21st Century" • In-house Seminar on Corporate Liability Provision for Corruption Offences under Malaysian Anti-Corruption Commission Act 2009 • Session on Corporate Governance & Anti-Corruption organised by Bursa Malaysia • Integrated Reporting: Communicating Value Creation organised by Bursa Malaysia and Malaysian Institute of Accountants
Chan Tet Eu	• In-house Seminar on Corporate Liability Provision for Corruption Offences under Malaysian Anti-Corruption Commission Act 2009 • Corporate Liability Provision (Section 17A) of the MACC Act 2009 organised by Bursa Malaysia

The Company Secretary has also circulated the relevant guidelines on statutory and regulatory requirements to the Board for reference. The external auditors have also briefed the Audit and Board members on the changes to the Malaysian Financial Reporting Standards that affect the Company's financial statements during the period.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

(9) Directors' Remuneration Policies and Procedures

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long term objectives and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, develop and retain directors of such calibre to provide the necessary skills and experience to commensurate with the responsibilities of an effective Board. The Remuneration Committee is primarily responsible for recommending the remuneration policy and reward framework for the Executive Directors and Group Chief Executive Officer which are aligned with the business strategy and long term objectives of the Company and also fairly guided by market norms and industry practices, to the Board for approval. The Remuneration Committee also recommends the Executive Directors' and Group Chief Executive Officer's remuneration and benefits based on their individual performance and that of the Group to the Board for approval.

The Remuneration Committee carries out annual review of the Executive Directors' and Group Chief Executive Officer's remuneration packages whereupon the recommendation will be submitted to the Board for approval. Such annual review shall ensure that the remuneration packages for the Executive Directors and Group Chief Executive Officer remain sufficiently attractive to attract and retain them.

The remuneration packages for Executive Directors and Group Chief Executive Officer should involve a balance between fixed and performance-linked elements. The relative weightage of fixed and variable remuneration for target performance varies with level of responsibility, complexity of the role and typical market practice. The executive remuneration should be set at a competitive level for similar roles within comparable markets to recruit and retain high quality senior executives. Individual pay levels should reflect the performance, skills and experience of the Directors and Group Chief Executive Officer as well as responsibility undertaken and is structured so as to link the short and long-term rewards to both corporate and individual performance.

The determination of the remuneration package for the Non-Executive Directors is a matter for the Board as a whole following the relevant recommendation made by the Remuneration Committee, with the Director concerned abstaining from deliberation and voting on his own remuneration. The remuneration of the Non-Executive Directors comprises of director's fee, fixed monthly allowance and meeting allowance which are determined by the Board. The remuneration of the Non-Executive Directors reflects the contribution, time commitment, level of responsibilities undertaken by the particular Non-Executive Director and trends for similar positions in the market.

The Remuneration Committee comprises the following 3 Non-Executive Directors, all of whom are Independent Directors:-

Members	Designation
Datuk Dr Ng Bee Ken (Chairman)	Independent Non-Executive Director
Tsen Keng Yam	Independent Non-Executive Director
Dato' Kamaruddin Bin Mat Desa	Independent Non-Executive Director

During the financial period ended 31 March 2020, there were 3 meetings held and attended by all the members except for Datuk Ng who had attended one of the meetings.

The terms of reference of the Remuneration Committee is available on the Company's website at www.ttransform.com.my and was last reviewed and updated on 17 December 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

(9) Directors' Remuneration Policies and Procedures (Cont'd)

Details of the remuneration received by each Director of the Company during the financial period ended 31 March 2020 are set out below:-

	Fees (RM)	Salaries (RM)	Fixed Monthly Allowance (RM)	Benefits-in-kind (RM)[1]	Defined Contribution (RM)[2]	Other emoluments (RM)[3]	Total (RM)
Executive							
Chua Kim Lan	50,000	520,000	–	26,658	62,760	4,577	663,995
Yaw Chun Soon	50,000	520,000	–	8,800	62,760	4,577	646,137
Chan Tet Eu	50,000	165,000	–	–	19,800	16,346	251,146
Non-Executive							
Tsen Keng Yam	50,000	–	140,000	–	–	500	190,500
Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	50,000	–	70,000	–	–	500	120,500
Dato' Kamaruddin Bin Mat Desa	50,000	–	70,000	–	–	500	120,500
Datuk Dr Ng Bee Ken	50,000	–	70,000	–	–	500	120,500
Total	**350,000**	**1,205,000**	**350,000**	**35,458**	**145,320**	**27,500**	**2,113,278**

Notes:
(1) Benefits-in-kind comprises of car allowance.
(2) Defined contribution comprises of employees' provident fund.
(3) Other emoluments comprise of ex-gratia payment, driver allowance, employee social security organisation ("SOCSO") and employment insurance system ("EIS").

The Remuneration Committee had carried out the following activities during the financial period:-

(i) reviewed and recommended the Directors' fees for the financial year ended 31 January 2019;
(ii) reviewed the remuneration package of Dato' Mohamad Razali Bin Mohamad Rahim for his appointment as the Group Chief Executive Officer;
(iii) reviewed the remuneration package of Mr Chan Tet Eu for his re-designation as the Executive Director (Business Development); and
(iv) reviewed the Executive Directors' and Group Chief Executive Officer's remuneration packages for the financial year 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

(10) EXECUTIVE COMMITTEE

The Executive Committee consists of the Group Chief Executive Officer, Executive Directors and senior management staff of the Group. The Executive Committee supports the Board in the operations of the Group and assists in the implementation of operational matters of the Group. The Executive Committee meets every month to review the performance of the Group's operating divisions/departments. During the financial period ended 31 March 2020, there were 12 meetings held and details of the members and their attendance are as follows:-

Members	Designation	Number of meetings attended
Dato' Mohamad Razali Bin Mohamad Rahim (Chairman) *[Appointed on 11 April 2019]*	Group Chief Executive Officer	9 out of 10^
Yaw Chun Soon	Executive Director	12 out of 12
Chua Kim Lan	Executive Director	12 out of 12
Chan Tet Eu *(Appointed on 24 September 2019)*	Executive Director	6 out of 7^
Tan Bak Hai	Senior Vice President I (Sales & Marketing)	12 out of 12
Soo Kah Pik	Chief Financial Officer	11 out of 12
Lim Lay Hong	Vice President (PAALM & Business Development)	11 out of 12
Ng Giak Lian	Deputy Vice President (Finance)	12 out of 12

Notes:
^ Reflects the number of meetings held during the financial period following their appointment as Chairman and member of the Executive Committee.

The terms of reference of the Executive Committee are available at the Company's website at www.ttransform.com.my and was last reviewed and updated on 17 December 2019.

(11) Remuneration Policy For Employees

The Remuneration Policy for Employees shall enable the furtherance of the Group's vision and mission. Remuneration to the employees of the Group shall be used to align individual performance with the Group's short and long term goals. Employee remunerations shall be supported by a robust performance management system underpinned by the fundamentals of sound risk management, ethics and corporate responsibility. This policy will be reviewed periodically by the Remuneration Committee and shall apply to all levels and segments of employees within the Group including the senior management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

(11) Remuneration Policy For Employees (Cont'd)

Details of the remuneration of the top 5 senior management staff of the Company (including salary, ex-gratia, benefits-in-kind and other emoluments) during the financial period ended 31 March 2020 are disclosed on an aggregate basis and in each successive band of RM50,000 as follows:-

Range of Remuneration	Number of Top 5 senior management staff
RM100,000 to RM150,000	2
RM150,001 to RM200,000	1
RM250,000 to RM300,000	1
RM700,000 to RM800,000	1
TOTAL	**5**

The Company chose not to disclose the remuneration of the individual senior management staff on named basis as the Company believes that this information will not add significantly to the understanding and evaluation of the Company's governance, and may also pose security risks.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(1) Financial Reporting

The Board is responsible to ensure that the annual audited financial statements and quarterly announcements of financial results of TTB Group presents a fair, balanced and meaningful assessment of the Group's financial position, performance and prospects. The Board ensures that the Group's financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and the applicable approved accounting standards in Malaysia.

The Board is assisted by the Audit Committee to oversee the financial reporting processes and the quality of the financial reporting by TTB Group. The Audit Committee reviews and scrutinise the information of the Group's annual and quarterly financial statements in terms of the overall accuracy, adequacy and completeness of disclosure and ensuring the Group's financial statements comply with applicable financial reporting standards.

The Statement of Directors' Responsibility in respect of the preparation of the annual audited financial statements of TTB and its Group is set out on page 60 of this Annual Report.

(2) Audit Committee

The Group's financial reporting, audit, risk management and internal control system are reviewed by the Audit Committee which comprises 3 Independent Non-Executive Directors. The Audit Committee is chaired by Mr Tsen Keng Yam and the other members are Dato' Kamaruddin Bin Mat Desa and Datuk Dr Ng Bee Ken.

All members of the Audit Committee are financially literate and are able to understand matters under the purview of the Audit Committee including financial reporting process to effectively discharge their duties. They have attended relevant training to assist them in discharging their duties effectively and were also briefed by our external auditors of the latest accounting and audit standards applicable to the Group. During the financial period, the following are the training attended by the members:-

(i) Constructing and Financing Affordable Housing across Asia.
(ii) Corporate Liability Provision for Corruption Offences under Malaysian Anti-Corruption Commission Act 2009.
(iii) Integrated Reporting
(iv) Audit Oversight Board
(v) Advocacy on Diversity

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

(2) Audit Committee (Cont'd)

The Board noted that the Chairmanship of both the Audit Committee and Board are assumed by the same person, Mr Tsen Keng Yam. However, it is of the view that Mr Tsen is suitable to hold both positions as he can still bring objective judgement during the Board meetings with regards to the findings and recommendations made by the Audit Committee. Furthermore, he possesses the relevant experience and qualification such as being a member of the Malaysian Institute of Accountants, to ensure an efficient conduct of the Board and Audit Committee's functions and meetings.

The composition, attendance of meetings and summary of the activities carried out by the Audit Committee during the financial period are disclosed in the Audit Committee Report on pages 58 to 59 of this Annual Report. The activities of the Audit Committee are governed by the terms of reference that is approved by the Board.

The Audit Committee meets no fewer than 5 times a year. During the financial period ended 31 March 2020, a total of 5 Audit Committee meetings were held.

The Audit Committee meeting is always held before the Board's meeting. This is to ensure that all critical issues highlighted can be brought to the attention of the Board on a timely basis. The Chairman of the Audit Committee will report to the Board on the outcome of the Audit Committee meeting and for action by the Board where appropriate.

The Audit Committee meets with the Group's external auditors to review the scope and adequacy of the audit processes, the annual financial statements and their audit findings. In line with the good corporate governance practices, the Audit Committee also meets with the external auditors at least twice a year to discuss audit plans, audit findings and the financial statements of the Company. The Audit Committee also meets with the external auditors whenever it deems necessary.

The Company has adopted the policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee and this has been incorporated into the terms of reference of the Audit Committee. The terms of reference of the Audit Committee are available on the Company's website at www.ttransform.com.my.

(3) External Auditors

Through the Audit Committee, the Board has a direct relationship with the external auditors. The external auditors were invited and have also attended all the Audit Committee meetings of the Company during the financial period.

On an annual basis, the Audit Committee will review the suitability and independence of the existing external auditors which had been with the Company for 12 years based on the External Auditors Performance and Independence Checklist's criteria such as their calibre, quality of services, sufficiency of resources, communication and interaction, independence, objectivity and audit fees. The Audit Committee will also review and approve the provision of non-audit services by the external auditors and noted that for the financial period ended 31 March 2020, the non-audit fees incurred by the Group and Company amounted to RM16,000.00 each respectively.

The Audit Committee had obtained written assurance from the external auditors confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee and the Board is satisfied with the performance, competence and independence of the external auditors and the Board had recommended the re-appointment of the external auditors to the shareholders at the 95th AGM. The external auditors are invited to attend all annual general meetings of the Company so that they are available to answer shareholders' questions on matters with regard to the audit, its preparation and content of the audit report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

(4) Risk Management and Internal Control

The Board acknowledges that risk management is an integral part of the Group business operations. It is an ongoing process which involves different levels of management to identify, evaluate, monitor, manage and mitigate the risks that may affect the achievement of the Group's business and corporate objectives.

The Board has the overall responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. There is an on-going process for the Board to identify, evaluate and manage significant risks faced by the Group on a regular basis for the financial period under review. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives of the Group. In pursuing these objectives, internal control can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control incorporates, inter alia, risk management, financial, operational and compliance controls as well as the governance process.

The Company has established the Risk Management Committee ("RMC") which is tasked to develop and maintain an effective risk management system for the Group. It reviews matters such as responses to significant risks identified, changes to internal control system and output from monitoring processes. The RMC reports to the Audit Committee, which dedicates separate time for discussion of this subject. Significant issues related to risk management and internal controls are highlighted to the Board.

The RMC comprises the following members:-

Members	Designation
Yaw Chun Soon (Chairman)	Executive Director
Chua Kim Lan	Executive Director
Tan Bak Hai	Senior Vice President I (Sales & Marketing)
Soo Kah Pik	Chief Financial Officer
Ng Giak Lian	Deputy Vice President (Finance)

The Statement on Risk Management and Internal Control which provides an overview of the state of risk management, framework, internal control and processes within the Group are set out on pages 55 to 57 of this Annual Report.

(5) Internal Audit Function

The Board has an overall responsibility for maintaining a sound system of internal controls to safeguard the Group's assets and shareholders' investment. As the system of internal controls is designed to mitigate rather than eliminate the likelihood of errors or fraud, the system can only provide reasonable assurance against material misstatement or loss.

The Group has established an in-house Internal Audit Department which performs regular reviews of business processes, appraisal on the effectiveness of governance, risk management and internal controls processes and reports regularly to the Audit Committee. The internal audit engagement is focused on areas of priority according to their risk assessment and in accordance with the annual audit plans approved by the Audit Committee. The Internal Audit Department also reviews the nature of related party transactions within the Group to ascertain any conflict of interest situations that would raise question of management integrity. The result of this review is tabled at the Audit Committee meeting and thereafter, report to the Board. Details of these related party transactions are disclosed in the Notes to the Financial Statements on pages 147 to 148 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

(5) Internal Audit Function (Cont'd)

The Head of Internal Audit reports independently to the Audit Committee. The Audit Committee reviews and approves the internal audit plan on an annual basis. The Head of Internal Audit provided reports on key findings and progress on areas audited to the Audit Committee.

During the financial period, the Internal Audit Department has issued internal audit reports to the Audit Committee and the Management with regards to audit findings on the weaknesses in the system and controls of the operations. Areas of improvement were highlighted and implemented by the Management.

The activities of the internal auditors during the financial year are set out in the Audit Committee Report on pages 58 to 59 of this Annual Report.

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

(1) Effective Communications with Stakeholders

The Board is aware of the need to establish corporate disclosure policies and procedures to enable a comprehensive, accurate and timely disclosures relating to the Company, to the regulators, shareholders and stakeholders. The Company has identified the personnel authorised and responsible to approve and disclose material information to shareholders and stakeholders to ensure compliance with the MMLR of Bursa Securities. The Board has delegated the authority to the Executive Directors to approve all announcements for release to Bursa Securities. The Executive Directors work closely with the Board, senior management and the Company Secretary who are privy to the information to maintain strict confidentiality of the information.

The Company continues to recognise the importance of transparency and accountability to its shareholders which are the key elements of good corporate governance. The Board ensures that shareholders are informed of the financial performance and major developments in the Group. Such information is communicated to shareholders by timely release of quarterly financial results, circulars, annual reports, announcements and press releases.

Apart from the mandatory announcements through Bursa Securities, other corporate information on the Company is available on the Company's website at www.ttransform.com.my.

The Board also recognises the importance of establishing a direct line of communication with shareholders and investors through timely dissemination of information on the Group and Company's performance and major developments via appropriate channels of communications. Dissemination of information includes the distribution of Annual Report and relevant circulars, material information by way of announcements, issuance of quarterly financial results of the Group to Bursa Securities and the public as well as through press conferences. In addition, stakeholders who wish to reach the Group or Company can do so through the "Contact Us" page in our website. The Group believes that by consistently maintaining a high level of disclosure and extensive communication with its shareholders, the shareholders and investors will be able to make informed investment decision.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

(1) Effective Communications with Stakeholders (Cont'd)

The AGM is another principal forum for communication and dialogue with shareholders. The notices of meetings and the annual reports are sent out to shareholders at least 21 days before the date of the meetings in accordance with the Constitution of the Company. However, in line with the recommendation of the MCCG, the notice period for the Company's 95th AGM is more than 28 days to allow shareholders sufficient time to make the necessary arrangements to attend and participate in person or by proxies. Besides the usual agenda for the AGM, the Board presents the progress and performance of the business as contained in the Annual Report including the responses to questions raised by the Minority Shareholder Watchdog Group ("MSWG") in relation to the strategy and financial performance of the Group and corporate governance issues which were submitted by MSWG prior to the AGM. The Board also provides opportunities for shareholders to raise questions pertaining to the business activities of the Group and Company. Members of the Board, Chairmen of the Audit Committee, Nomination Committee, Remuneration Committee, Executive Committee and Risk Management Committee as well as the external auditors of the Company are present to provide responses to questions from the shareholders during these meetings. Shareholders' suggestions received during the AGMs are reviewed and considered for implementation wherever possible.

A press release is normally held after each AGM and/or general meetings of the Company to provide the media an opportunity to receive an update from the Board on the proceedings at the meetings, the Group's business progress and development, and to address any queries or areas of interest.

(2) Shareholders' Conduct and Participation at General Meetings

The Company provides information to the shareholders with regards to, amongst others, details of the AGM, their entitlements to attend the AGM, the right to appoint proxy and also, the qualifications of a proxy via its Annual Report which contains the Notice of AGM. The Notice of AGM which sets out the business to be transacted at the AGM is also published in a major local newspaper. Items of special business included in the Notice of AGM will be accompanied by an explanation of the proposed resolutions.

General meetings are an important avenue through which the shareholders can exercise their rights. The Board would ensure suitability of venue and timing of meeting to encourage shareholders' participation in the meetings. Hence, the Company's general meetings are always held near the city centre and not in a remote location.

Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, all resolutions set out in the notice of any general meetings shall be voted by poll. An independent scrutineer shall be appointed to undertake the polling process. Therefore, the Company shall be conducting poll voting for all resolutions set out in the Notice of the 95th AGM.

This Statement was approved by the Board of Directors of the Company on 13 August 2020.

A copy of the Corporate Governance Report on disclosure of the application of each practice in the MCCG, can be downloaded from TTB's website under the Corporate Governance section at www.ttransform.com.my.

ADDITIONAL COMPLIANCE INFORMATION
AS AT 31 MARCH 2020

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

During the financial period ended 31 March 2020, the Company undertook a private placement of up to 10% of the issued and paid-up share capital of the Company ("Private Placement") of which 75,000,000 new ordinary shares were issued at RM0.04 per placement share and raised RM3 million. The status of utilisation of the proceeds as at 31 March 2020 is set out below:-

No.	Purpose	Proposed Utilisation Submitted (RM'000)	Actual Utilisation (RM'000)	Balance Proceeds To Be Placed (RM'000)
1	Partially finance the balance construction cost of Seroja Apartments project	2,500	700	1,800
2	Partial repayment of borrowings (Settlement BaIDS)	2,641	0	2,641
3a	General working capital – payment to contractors and purchase of construction materials for other on-going projects	6,000	0	6,000
3b	General working capital – operating expenses for the following:-			
	(i) General Administrative Expenses	3,297	402	2,895
	(ii) Staff Related Expenses	2,871	851	2,020
	(iii) Professional Fees	600	589	11
	(iv) Miscellaneous	970	398	572
4	Placement Expenses	100	60	40
	TOTAL	**18,979**	**3,000**	**15,979**

The balance of the Proposed Utilisation had not been utilised as the Private Placement did not complete as at 31 March 2020. The Company's Adviser, UOB Kay Hian Securities (M) Sdn Bhd had on 30 September 2019 announced that Bursa Malaysia Securities Berhad had vide its letter dated 27 September 2019 resolved to grant a further extension of time until 9 April 2020 for the Company to complete the Private Placement. Subsequently, on 9 April 2020, UOB Kay Hian Securities (M) Sdn Bhd had announced that the Private Placement had lapsed on that date.

2. AUDIT AND NON-AUDIT FEES OF TTB GROUP

During the financial period, the amount of audit and non-audit fees paid to the external auditors of the Group and of the Company are as tabulated below:-

Type	Group (RM'000)	Company (RM'000)
Audit fees	466	230
Non-audit fees	16	16
	482	**246**

ADDITIONAL COMPLIANCE INFORMATION
(CONT'D)

3. MATERIAL CONTRACTS

During the financial period, there were no material contracts entered into by the Company and its subsidiaries involving the interests of its Directors, Group Chief Executive Officer or Major Shareholders, either still subsisting at the end of the financial period or entered into since the end of the previous financial year.

4. MATERIAL CONTRACTS RELATING TO LOANS

During the financial period, there were no material contracts relating to loans entered into by the Company and its subsidiaries involving the interests of its Directors, Group Chief Executive Officer or Major Shareholders, either still subsisting at the end of the financial period or entered into since the end of the previous financial year.

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

Details of the recurrent related party transactions made during the financial period ended 31 March 2020 pursuant to the shareholders' mandate obtained by the Company at the Annual General Meeting held on 25 July 2019 are as follows:-

Nature of transactions undertaken by Talam Transform Berhad ["TTB"] and/or its subsidiaries		Transacting Company	Amount Transacted (RM'000)	Interested Related Party
(A)	**Interest charged by IJM Group ("IJM")**			
	TTB	IJM	12,663	WCE Holdings Berhad ("WCE") & IJM (Note 1)

Nature of transactions undertaken by TTB and/or its subsidiaries		Transacting Company	Amount Transacted (RM'000)	Interested Related Party
(B)	**Procurement of construction contract from Wonderful Insights Sdn Bhd ("WISB")**			
	L.C.B. Management Sdn Bhd	WISB	7,030	Yaw Chun Soon ("YCS") & Chua Kim Lan ("CKL") (Note 2)

NOTES:

1. IJM was a Major Shareholder of TTB by virtue of its interest in WCE pursuant to Section 8 of the Companies Act 2016. WCE was a Major Shareholder of TTB until 30 April 2019 after they disposed the second tranche of Sale Shares to Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon pursuant to the Share Sale Agreement and Supplemental Share Sale Agreement dated 17 October 2014 and 26 August 2015 respectively.

2. YCS is a Director and Shareholder of TTB. YCS is also a Director and Substantial Shareholder of WISB.

   CKL is a Director and Shareholder of TTB. Her spouse, Chin Chee Meng is a Substantial Shareholder of WISB.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board"), guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies, is pleased to provide the following statement pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("Bursa Securities MMLR") which outlines the key elements of risk management and internal control system within the Group for the financial period ended 31 March 2020.

RESPONSIBILITY

The Board recognises its responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. There is an on-going process for the Board to identify, evaluate and manage significant risks faced by the Group on a regular basis for the financial period under review. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives of the Group. In pursuing these objectives, internal control can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control incorporates, inter alia, risk management, financial, operational and compliance controls as well as the governance process.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has established an organisational structure with clearly defined lines of accountability and delegated authority. It has extended the responsibilities of the Audit Committee to include the work of reviewing the adequacy and the integrity of the system of internal control, with the assistance of the internal audit function.

The Group has put in place a Risk Management Committee ("RMC"), which is chaired by the Group's Executive Director, and includes participation from representatives from all the departments including the Internal Audit Department. Each department's risk management function is led by the respective head of department. The RMC is tasked to develop and maintain an effective risk management system for the Group. It reviews matters such as responses to significant risks identified, changes to internal control system and output from monitoring processes. It reports to the Audit Committee, which dedicates separate time for discussion on this subject.

The risk management framework encompasses the Group's subsidiaries, jointly controlled entities and associated companies.

RISK MANAGEMENT PROCESS

The Group maintains a database of key risks specific to the Group together with their corresponding controls which are categorised, amongst others, as follows:-

- Strategic Risk - risks which affect the overall direction of the business
- Internal Business Risk - risks that have an impact on the delivery of the Group's products and services which includes development activities
- External Risk - risks associated with market conditions
- Financial Risk - risks associated with loans exposure and interest rates

The respective departments identify emerging risks on an ongoing basis. The risks are then consolidated into the database. The database which contains identified emerging risks and existing risks represents the Group risk profile.

Annually, all departments of the Group undertake to input their identified emerging risks and update their existing risks into the database. Such updates will also require the respective department heads to review existing controls and if needed, to propose additional controls to mitigate the identified risks.

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

RISK MANAGEMENT PROCESS (CONT'D)

The updated Group risk profile is then presented to the Executive Committee ("EXCO") for further assessment. The EXCO will review and re-assess the identified risks including the corresponding controls identified by the respective department heads. The EXCO may vary the risks assessment by the respective departments and may propose further controls to be put in place to further mitigate the identified risks. These processes were facilitated by the RMC.

Upon completion of the review by the EXCO, the RMC then prepares the risk management report summarising the Group's identified high risks and moderate risks together with existing controls and proposed controls which are then presented to the Audit Committee for review and deliberation for recommendation and endorsement by the Board.

INTERNAL CONTROL PROCESS

Key elements of the Group's system of internal control are as follows:-

- Regular review of business processes to assess the effectiveness of internal controls and reports are made regularly to the Audit Committee.
- Review of operational organisation structure with defined lines of responsibilities and delegation of authority. A process of hierarchical reporting has been established, which provides for a documented and auditable trail of accountability.
- Regular Management Committee and EXCO meetings are convened to discuss the Group's operations and performance. The meetings enable the regular monitoring of results against budget, with significant variance explained and appropriate action taken.
- Defined limits of authority for various transactions, including purchasing and payments.
- Standing Instructions and Standard Operating Procedures of all departments are regularly reviewed and updated to ensure effective management of the Group's operations.
- Monitoring of financial results by the Audit Committee and the Board every quarter through quarterly management reports presented that provides financial information as well as information of significant changes in accounting standards and reporting.
- Review of the risk database and its corresponding controls.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit Department reports independently to the Audit Committee. The Audit Committee reviews and approves the internal audit plan, which was developed based on the finalised key risk profile of the Group, on an annual basis. The Internal Audit Department provided reports on key findings and progress of areas audited to the Audit Committee on a regular basis.

All recommendations to improve internal controls were acted upon by the Management. Proposed corrective and preventive measures have been implemented by the Management to rectify the identified shortcomings.

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

REVIEW BY THE EXTERNAL AUDITORS

As required by paragraph 15.23 of Bursa Securities MMLR, the external auditors have conducted a limited assurance review on this Statement on Risk Management and Internal Control for inclusion in this Annual Report. Their limited assurance engagement was performed in accordance with ISAE3000 (Revised 2015), Assurance Engagement other than Audits or Review of Historical Financial Information and Audit and Assurance Practice Guide ("AAPG") 3 and Guidance for Auditors on the Review of Directors' Statement on Internal Control.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate. AAPG3 does not require the external auditors to consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control system.

CONCLUSION

The risk management processes and internal control system of the Group have been reviewed and found to be operating adequately and the Board has received such assurances from the Executive Directors and the Chief Financial Officer.

The processes as outlined on this statement have been in place for the period under review and up to the date of approval of this statement.

The Board is of the opinion that there are no significant weaknesses in the system of internal control during the financial period. The Board and the Management will continue to take measures to strengthen the internal control environment to safeguard shareholders' investment and the Group's assets.

This Statement was approved by the Board of Directors of the Company on 13 August 2020.

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises the following members:-

Members of the Committee	Designation
1. Tsen Keng Yam (Chairman)	Independent Non-Executive Director
2. Dato' Kamaruddin Bin Mat Desa	Independent Non-Executive Director
3. Datuk Dr Ng Bee Ken	Independent Non-Executive Director

The terms of reference of the Audit Committee is available on the Company's website at www.ttransform.com.my.

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

During the financial period ended 31 March 2020, there were 5 Audit Committee meetings held and the number of meetings attended by each Audit Committee member are as follows:-

Audit Committee Member	Number of meetings attended
1. Tsen Keng Yam	5 out of 5
2. Dato' Kamaruddin Bin Mat Desa	5 out of 5
3. Datuk Dr Ng Bee Ken	3 out of 5

The Chief Financial Officer and the Head of Internal Audit would normally attend all Audit Committee meetings at the invitation of the Audit Committee.

SUMMARY OF AUDIT COMMITTEE ACTIVITIES

During the financial period ended 31 March 2020, the Audit Committee carried out its duties, amongst others, in accordance with its terms of reference, as follows:-

(i) Reviewed the quarterly financial results prior to recommending them for consideration and approval by the Board of Directors;
(ii) Reviewed and discussed with the external auditors the audit planning memorandum before commencement of the annual audit;
(iii) Reviewed and discussed with the external auditors on their findings during the course of their audit and the Management's response;
(iv) Evaluated the performance of the external auditors and made recommendations to the Board on their reappointment and audit fee;
(v) Reviewed the annual financial statements and recommend for approval by the Board of Directors;
(vi) Reviewed and deliberated the recurrent related party transactions;
(vii) Reviewed and approved the internal audit plan;
(viii) Reviewed and deliberated the internal audit reports; and
(ix) Reviewed the Risk Management Committee's reports and assessment.

The reviews and deliberations were conducted during the 5 meetings of the Audit Committee held during the financial period ended 31 March 2020.

AUDIT COMMITTEE REPORT
(CONT'D)

TRAINING

During the financial period, all the Audit Committee members attended the relevant training to assist them in discharging their duties effectively. They were also briefed by the external auditors of the latest accounting and audit standards applicable to the Group.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported in its duties by an in-house internal audit function. The Committee is aware of the fact that the internal audit function is essential to assist in obtaining the assurance and consulting services it requires, regarding the effectiveness of the system of internal control in the Group. Total staff cost incurred in respect of the internal audit function during the financial period ended 31 March 2020 was RM142,795.

A summary of internal audit cost distribution is as follows:-

Cost category	% of total cost
Manpower	99.9
Training (in-house)	–
Overheads	negligible

During the financial period, the following main internal audit activities were carried out:-

(i) Conducted internal audit in accordance with the risk based/driven internal audit plan. 4 routine audits and 1 special audit were carried out during the financial period. The areas reviewed by the Internal Audit Department were the Group's insurance, purchasing transactions of the Purchasing Department, Finance Department's disbursement of transactions and matters relating to tenancy of the Complex Department.

(ii) Reviewed the internal control procedures as stipulated in the Group's Standing Instructions and Standard Operating Procedures. During the same period, Standing Instructions and Standard Operating Procedures of the departments were being jointly reviewed and updated, and practical internal control procedures were incorporated;

(iii) Reviewed the recurrent related party transactions of the Company and its Group; and

(iv) Attended the Management Committee and Risk Management Committee meetings.

All internal audit reports, which were deliberated by the Audit Committee and recommendations made to the Board of Directors and/or the Management, were acted upon.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("the Act") to prepare financial statements for each financial year in accordance with the provisions of the Act and applicable approved accounting standards to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their results and cash flows for the financial year then ended. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements accordingly.

Following the change in the financial year end of the Company from 31 January to 31 March on 18 December 2019, the next set of financial statements shall cover a period of 14 months from 1 February 2019 to 31 March 2020. In preparing the financial statements for the financial period ended 31 March 2020, the Directors have:-

(1) adopted appropriate accounting policies which were consistently applied;
(2) made judgments and estimates that are reasonable and prudent;
(3) ensure that all applicable approved accounting standards have been followed; and
(4) prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Company keeps accounting records, which discloses with reasonable accuracy the financial position of the Group and the Company and comply with the provisions of the Act. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and Company and to prevent and detect material fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of Talam Transform Berhad ("the Company") and its subsidiaries ("the Group") for the financial period from 1 February 2019 to 31 March 2020.

CHANGE OF FINANCIAL YEAR END DATE

During the period, the Company changed its financial year end date from 31 January to 31 March. The financial statements presented therefore cover the period of 14 months from 1 February 2019 to 31 March 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial period are that of the provision of management services, investment holding and property development.

The principal activities of the subsidiaries of the Company are stated in Note 31 to the financial statements.

There were no significant changes in the nature of these principal activities during the financial period.

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit for the financial period	1,757	6,915
Attributable to:		
Owners of the Company	2,582	6,915
Non-controlling interests	(825)	–
	1,757	6,915

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial period ended 31 March 2020.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors had taken reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors had taken reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances 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.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

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

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial period.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial period which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT
(CONT'D)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company issued 75,000,000 new ordinary shares via private placement at a price of RM0.04 per ordinary share for working capital purposes.

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

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that were repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial period.

As at 31 March 2020, the Company held as treasury shares a total of 2,635,800 of its 4,295,279,562 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM492,848 as disclosed in Note 18 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The directors in office during the financial period and during the period from the end of the financial period to the date of this report are:

Tsen Keng Yam
Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon
Dato' Kamaruddin bin Mat Desa
Datuk Dr Ng Bee Ken
Chua Kim Lan*
Yaw Chun Soon*
Chan Tet Eu

* Directors of the Company and certain subsidiaries.

DIRECTORS' REPORT
(CONT'D)

DIRECTORS (CONT'D)

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial period and during the period from the end of the financial period to the date of the report are:

Rudzas Binti Saim	
Cheng Keng Boo	
Tan Bak Hai	
Ong Jit Kiat	
Yunas Bin Ismail	
Vasu A/L Subramaniam	(resigned on 10 September 2019)
Hew Mok Kim @ Hew Mook Hin	(appointed on 10 September 2019)
Li Wenshuo	
Lee Soon Cheong	
Yang Kian Sin	
Dan Ning	

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial period in shares in the Company and its related corporations during the financial period were as follows:

	Number of ordinary shares			
	At 1.2.2019	**Bought**	**Sold**	**At 31.3.2020**
Direct interests				
Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon	607,710,694	400,000,000	–	1,007,710,694
Chua Kim Lan	90,039	–	–	90,039
Yaw Chun Soon	445,000	–	–	445,000
Indirect interests				
Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon	658,760,772	–	400,000,000	258,760,772 #
Chua Kim Lan	28,125	–	–	28,125 ^
Chan Tet Eu	866,471,466	400,000,000	–	1,266,471,466 *

\# Indirect interest held through his spouse, Puan Sri Datin Thong Nyok Choo, his daughter, Chan Siu Wei and deemed interested by virtue of his interest in Pengurusan Projek Bersistem Sdn. Bhd., Sze Choon Holdings Sdn. Bhd., Jejak Progresif Sdn. Bhd. pursuant to Section 59(11)(c) and Section 8 of the Companies Act 2016 in Malaysia respectively.

^ Indirect interest held through her spouse, Chin Chee Meng pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

* Deemed interested through his father Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon, his mother Puan Sri Datin Thong Nyok Choo, his sister Chan Siu Wei and by virtue of his interest in Pengurusan Projek Bersistem Sdn. Bhd., Sze Choon Holdings Sdn. Bhd. and Jejak Progresif Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 in Malaysia.

DIRECTORS' REPORT
(CONT'D)

DIRECTORS' INTERESTS (CONT'D)

Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon and Chan Tet Eu, by virtue of their interests in the shares of the Company are also deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial period had any interest in shares of the Company and its related corporations during the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in Note 30 and Note 33 to 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.

Neither during, nor at the end of the financial period, was the Company a party to any arrangement where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 31 to the financial statements.

Other than those subsidiaries with modified opinions in the auditors' reports as disclosed in Note 31 to the financial statements, the available auditors' reports on the accounts of the remaining subsidiaries do not contain any qualification.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 28 to the financial statements.

AUDITORS' INDEMNITY

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Details of significant events during the financial period are disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

CHUA KIM LAN
Director

YAW CHUN SOON
Director

Kuala Lumpur

Date: 28 August 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2020

		GROUP		COMPANY	
	Note	31.3.2020 RM'000	31.1.2019 RM'000	31.3.2020 RM'000	31.1.2019 RM'000
ASSETS					
Non–current assets					
Property, plant and equipment	5	1,108	471	713	–
Inventories	6	350,432	348,549	55,225	68,365
Investment properties	7	187,465	193,512	–	–
Investment in subsidiaries	8	–	–	485,680	482,616
Investment in associates	9	18,449	18,529	–	–
Interest in joint ventures	10	303	5,793	–	–
Amount owing by associates	9(b)	31,818	89,377	31,818	89,377
Other investment	11	2	2	–	–
Trade receivables	12(a)	23,878	24,313	–	–
Other receivables	12(b)	7,501	8,303	–	–
Total non–current assets		620,956	688,849	573,436	640,358
Current assets					
Inventories	6	49,430	69,724	7,091	14,346
Contract assets	13	63	8	–	–
Amount owing by subsidiaries	8(a)	–	–	2,524	38,970
Amount owing by associates	9(b)	85,550	23,696	82,353	21,062
Trade receivables	12(a)	6,618	7,647	358	424
Other receivables and deposits	12(b)	13,243	19,564	2,032	7,506
Prepaid expenses		171	93	–	–
Tax recoverable		176	167	–	–
Sinking funds held by trustees	14	4	4	4	4
Other investment	11	247	3,603	204	2,238
Cash and bank balances	15	3,685	10,647	13	4,567
		159,187	135,153	94,579	89,117
Assets and a disposal group classified as held for sale	16	–	–	–	–
Total current assets		159,187	135,153	94,579	89,117
TOTAL ASSETS		780,143	824,002	668,015	729,475

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020
(CONT'D)

	Note	GROUP 31.3.2020 RM'000	GROUP 31.1.2019 RM'000	COMPANY 31.3.2020 RM'000	COMPANY 31.1.2019 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	859,086	856,086	859,086	856,086
Treasury shares	18	(493)	(493)	(493)	(493)
Reserves	19	(496,858)	(499,201)	(540,508)	(547,423)
		361,735	356,392	318,085	308,170
Non–controlling interests		(7,423)	(6,623)	–	–
Total equity		354,312	349,769	318,085	308,170
Non–current liabilities					
Borrowings	20(a)	393	4,955	393	4,955
Other payables	23	579	203,547	–	190,830
Amount owing to subsidiaries	8(a)	–	–	14,154	24,362
Total non–current liabilities		972	208,502	14,547	220,147
Current liabilities					
Trade payables	21	42,738	46,875	26,593	26,439
Other payables and accrued expenses	23	305,374	149,590	220,755	59,739
Contract liabilites	13	470	606	–	–
Provision for liabilities	22	731	731	–	–
Borrowings	20(b)	75,220	67,823	40,117	45,641
Amount owing to subsidiaries	8(a)	–	–	47,918	69,339
Amount owing to associates	9(b)	325	104	–	–
Current tax liabilities		1	2	–	–
		424,859	265,731	335,383	201,158
Liabilities directly associated with assets classified as held for sale	16	–	–	–	–
Total current liabilities		424,859	265,731	335,383	201,158
Total liabilities		425,831	474,233	349,930	421,305
TOTAL EQUITY AND LIABILITIES		780,143	824,002	668,015	729,475

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2019 TO 31 MARCH 2020

		GROUP		COMPANY	
	Note	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000
Revenue	24	44,857	71,939	33,638	29,829
Cost of sales	25	(39,006)	(69,604)	(19,513)	(25,974)
Gross profit		5,851	2,335	14,125	3,855
Other income		57,144	11,089	45,920	2,094
Administrative expenses		(24,514)	(18,222)	(7,167)	(6,197)
Other expenses		(11,696)	(14,180)	(526)	(168)
Net impairment losses at financial assets and contract assets		4,240	4,940	(30,901)	(2,845)
Finance income	26	6,793	11,294	6,787	7,343
Finance costs	26	(30,490)	(24,147)	(21,323)	(22,876)
Share of results of associates		(80)	(45)	–	–
Share of results of joint ventures		(5,490)	(535)	–	–
Profit/(loss) before tax		1,758	(27,471)	6,915	(18,794)
Income tax expense	27	(1)	(47)	–	–
Profit/(loss) for the financial period/year	28	1,757	(27,518)	6,915	(18,794)
Other comprehensive income, net of tax					
Items that will be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign entities		(214)	(505)	–	–
Total comprehensive income/(loss) for the financial period/year		1,543	(28,023)	6,915	(18,794)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2019 TO 31 MARCH 2020 (CONT'D)

		GROUP		COMPANY	
	Note	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000
Profit/(loss) for the financial period/year attributable to:					
Owners of the Company		2,582	(26,071)	6,915	(18,794)
Non-controlling interests		(825)	(1,447)	–	–
		1,757	(27,518)	6,915	(18,794)
Total comprehensive income/(loss) for the financial period/year attributable to:					
Owners of the Company		2,343	(26,606)	6,915	(18,794)
Non-controlling interests		(800)	(1,417)	–	–
		1,543	(28,023)	6,915	(18,794)
Earning/(loss) per share attributable to owners of the Company (sen):					
- Basic (sen)	29	0.06	(0.62)		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2019 TO 31 MARCH 2020

GROUP	Share Capital RM'000	Capital Reserves RM'000	Reserve Classified As Held For Sale RM'000	Treasury Shares RM'000	Accumulated Losses RM'000	Sub Total RM'000	Non–Controlling Interests RM'000	Total Equity RM'000
	← Attributable to owners of the Company →							
At 1 February 2018	856,086	2,292	49,410	(493)	(522,797)	384,498	(9,744)	374,754
Total comprehensive loss for the financial year	–	(535)	–	–	(26,071)	(26,606)	(1,417)	(28,023)
Reclassification to disposal group classified as held for sale	–	49,410	(49,410)	–	–	–	–	–
Disposal of subsidiaries	–	(1,500)	–	–	–	(1,500)	4,538	3,038
At 31 January 2019	856,086	49,667	–	(493)	(548,868)	356,392	(6,623)	349,769
Total comprehensive income for the financial period	–	(239)	–	–	2,582	2,343	(800)	1,543
Transaction with owners								
Issuance of new ordinary shares	3,000	–	–	–	–	3,000	–	3,000
At 31 March 2020	859,086	49,428	–	(493)	(546,286)	361,735	(7,423)	354,312

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2019 TO 31 MARCH 2020 (CONT'D)

COMPANY	Share Capital RM'000	Treasury Shares RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 1 February 2018	856,086	(493)	(528,629)	326,964
Total comprehensive loss for the financial year	–	–	(18,794)	(18,794)
At 31 January 2019	856,086	(493)	(547,423)	308,170
Total comprehensive income for the financial period	–	–	6,915	6,915
Transaction with owners				
Issuance of new ordinary shares	3,000	–	–	3,000
At 31 March 2020	859,086	(493)	(540,508)	318,085

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2019 TO 31 MARCH 2020

	Note	GROUP 1.2.2019 to 31.3.2020 RM'000	GROUP 1.2.2018 to 31.1.2019 RM'000	COMPANY 1.2.2019 to 31.3.2020 RM'000	COMPANY 1.2.2018 to 31.1.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax		1,758	(27,471)	6,915	(18,794)
Adjustments for:					
Interest expenses		21,097	22,848	17,286	16,294
Impairment loss on:					
- receivables - trade		93	869	–	–
- receivables - non trade		1,883	2,847	1,429	1,973
- amount owing by subsidiaries		–	–	45,276	10,193
- investment in subsidiaries		–	–	–	98
Depreciation:					
- property, plant and equipment		312	301	126	–
- investment properties		5,545	8,923	–	–
Bad debts written off		395	83	–	–
Inventories written down		5,946	1,274	900	–
Gain on disposal of property, plant and equipment		(58)	–	–	–
Gain on settlement with WCE Group		(33,391)	–	(33,360)	–
Gain on deconsolidation of subsidiaries		–	(3,673)	–	–
Loss/(gain) through amortisation of finance assets		1,581	(8,752)	(3,732)	(7,058)
Loss/(gain) through amortisation of financial liabilities		1,215	(1,030)	1,032	6,337
Impairment loss no longer required					
- amount owing by subsidiaries		–	–	(10,580)	(2,221)
- receivables - trade		(317)	(574)	–	–
- receivables - non trade		(5,884)	(8,082)	(5,224)	(7,100)
Sub total carried forward		175	(12,437)	20,068	(278)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2019 TO 31 MARCH 2020 (CONT'D)

	Note	GROUP 1.2.2019 to 31.3.2020 RM'000	GROUP 1.2.2018 to 31.1.2019 RM'000	COMPANY 1.2.2019 to 31.3.2020 RM'000	COMPANY 1.2.2018 to 31.1.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)					
Sub total brought forward		175	(12,437)	20,068	(278)
Waiver of debt		(15,061)	(5,021)	(12,339)	(1,441)
Interest income		(197)	(213)	(51)	(40)
Dividend income		–	–	(12,300)	(7,202)
Share of results of associates		80	45	–	–
Share of results of joint ventures		5,490	535	–	–
Inventories written back		(7,782)	–	–	–
Reversal of provision for completion of project		–	(216)	–	–
Operating loss before working capital changes		(17,295)	(17,307)	(4,622)	(8,961)
Changes in working capital					
Contract assets/ liabilities		(191)	55	–	–
Asset held for sale		–	14,370	–	14,370
Subsidiaries balances		–	503	(30,560)	(40,336)
Inventories		16,172	(1,932)	19,495	11,406
Receivables		42,487	53,859	40,574	25,574
Payables		(47,117)	26,279	(27,539)	7,987
Prepayment		(78)	–	–	–
Cash generated from operations		(6,022)	75,827	(2,652)	10,040
Interest received		197	213	51	40
Income taxes paid		(11)	(47)	–	–
Interest paid		(21,097)	(22,848)	(17,286)	(16,294)
Net Cash (Used In)/Generated From Operating Activities		(26,933)	53,145	(19,887)	(6,214)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2019 TO 31 MARCH 2020 (CONT'D)

		GROUP		COMPANY	
	Note	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Net change in associates balances		11,853	(197)	12,339	1,880
Disposal of subsidiaries (Note 8(c))		–	(304)	–	–
Dividend received		–	–	12,300	7,202
Proceeds from disposal of property, plant and equipment		73	–	–	–
Proceeds from issuance of share capital		3,000	–	3,000	–
Proceeds from disposal/(purchase) of other investments		3,356	(2,305)	2,034	(2,208)
Investment in subsidiaries		–	–	(3,064)	10,633
Purchase of property, plant and equipment		(964)	(264)	(839)	–
Net Cash Generated From/(Used In) Investing Activities		17,318	(3,070)	25,770	17,507
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings	(a)	(10,939)	(45,986)	(10,939)	(6,902)
Drawdown of					
- term loan	(a)	13,000	–	–	–
- lease liabilities	(a)	469	–	502	–
Changes in balances pledged as security		359	–	–	–
Net Cash Generated From/(Used In) Financing Activities		2,889	(45,986)	(10,437)	(6,902)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(6,726)	4,089	(4,554)	4,391
EFFECTS OF EXCHANGE DIFFERENCES		123	72	–	–
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD/YEAR		9,043	4,882	4,567	176
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD/ YEAR (Note 15)		**2,440**	**9,043**	**13**	**4,567**

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2019 TO 31 MARCH 2020 (CONT'D)

(a) Reconciliation of liabilities arising from financing activities:

	1 February 2019 RM'000	Cash flows RM'000	Non–cash: Foreign exchange movement RM'000	Non–cash: Fair value changes RM'000	31 March 2020 RM'000
GROUP					
Borrowings (Note 20)					
Term loans	13,000	13,000	–	–	26,000
Lease liabilities	33	469	–	–	502
Other borrowings	59,745	(10,939)	(46)	351	49,111
	72,778	2,530	(46)	351	75,613
COMPANY					
Borrowings (Note 20)					
Lease liabilities	–	502	–	–	502
Other borrowings	50,596	(10,939)	–	351	40,008
	50,596	(10,437)	–	351	40,510

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2019 TO 31 MARCH 2020

1. CORPORATE INFORMATION

Talam Transform Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Unit 17.02, Level 17, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur. The principal place of business of the Company is located at Level 21, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur.

The principal activities of the Company during the financial period were those of the provision of management services, investment holding and property development. The principal activities of the subsidiaries of the Company are stated in Note 31 to the financial statements.

There were no significant changes in the nature of these principal activities during the financial period.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 August 2020.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

The Group and the Company have adopted the following amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial period:

New MFRSs	
MFRS 16	Leases
Amendments/Improvements to MFRSs	
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures
New IC Int	
IC Int 23	Uncertainty over Income Tax Treatments

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Company and did not result in significant changes to the Group and the Company's existing accounting policies, except for those as discussed below.

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 Leases and IC Int 4 Determining whether an Arrangement contains a Lease.

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group and the Company have applied MFRS 16 using the modified retrospective approach with any cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 February 2019). As such, the comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group and the Company have elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 February 2019. Existing lease contracts that are still effective on 1 February 2019 will be accounted for as lease contracts under MFRS 16.

Impact of the adoption of MFRS 16

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group and the Company have complied with in the current financial period, the application of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

<u>Short-term lease and low value assets</u>

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases of office space that have a lease term of 12 months or less and leases of low value assets based on the value of the underlying asset when new, such as IT equipment. The Group and the Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

(a) The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2020/ 1 January 2022/ 1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 June 2020*/ 1 January 2022^
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018-2020*

* *Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020*

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Cont'd)

(b) The Group and the Company plan to adopt the above applicable new MFRSs and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs that may applicable to the Group and the Company are summarised below.

Annual Improvements to MFRS Standards 2018–2020

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 *Financial Instruments* – clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combinations

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments also update by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by MASB in April 2018.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Cont'd)

(b) The Group and the Company plan to adopt the above applicable new MFRSs and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs that may applicable to the Group and the Company are summarised below. (Cont'd)

Amendment to MFRS 16 Leases

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error

The amendments refine the definition by including 'obscuring information' in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period ; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

2. BASIS OF PREPARATION (CONT'D)

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency at the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency and are rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas which involve a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates, and joint ventures used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtained control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus

- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus

- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less

- the net fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investments in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(d) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of its assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS 128 Investments in Associates and Joint Ventures.

The Group has assessed the nature of its joint arrangements and determined them to be joint ventures and accounted for its interest in the joint ventures using the equity method.

(e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investments in subsidiaries, joint ventures and associates are measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b).

"Contribution to subsidiaries" are amounts on which the Company does not expect repayment in the foreseeable future and are considered as part of the Company's investment in the subsidiaries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary item that is designated as a hedging instrument in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserve related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments

Financial instruments are recognised in the statement of financial position when, and only when, the Group and the Company becomes a party to the contract provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient are measured at the transaction price determined under MFRS 15.

(a) Subsequent measurement

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses
- Financial assets at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

The Group and the Company reclassify financial assets when and only when its business model for managing those assets changes.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classifies their debt instruments:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

(i) Financial assets (Cont'd)

Debt instruments (Cont'd)

- **Fair value through other comprehensive income (FVOCI)**

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss (FVPL)**

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group and the Company subsequently measures all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(c) Regular way purchase or sale of financial assets (Cont'd)

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive the cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

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

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition of measurement of impairment losses is in accordance with Note 3.12(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment.

(b) Subsequent cost

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

(c) Depreciation

Property, plant and equipment are depreciated on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The annual rates used for this purpose are as follows:

	Useful lives (years)
Renovation	10 years
Plant, machinery and equipment	5 – 10 years
Motor vehicles	5 years

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate.

Fully depreciated assets are retained in the financial statements until the assets are no longer in use.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases

(a) Definition of lease

Accounting policies applied from 1 February 2019

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

Accounting policies applied until 31 January 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(b) Lessee accounting

Accounting policies applied from 1 February 2020

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less).

The Group and the Company present right-of-use assets and lease liabilities as separate lines in the statements of financial position.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Accounting policies applied from 1 February 2020 (Cont'd)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Accounting policies applied from 1 February 2020 (Cont'd)

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Accounting policies applied until 31 January 2019

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group and the Company do not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit. Any upfront lease payments are classified as land use rights within intangible assets.

(c) Lessor accounting

Accounting policies applied from 1 February 2019

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(b), then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

(c) Lessor accounting (Cont'd)

Accounting policies applied from 1 February 2019 (Cont'd)

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

Accounting policies applied until 31 January 2019

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties on freehold land are stated at cost less accumulated impairment losses, if any, and are not depreciated as it has an indefinite life. Other investment properties are stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Other investment properties are depreciated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful life at an annual rate of 1% to 2.5%.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value, cost being determined based on specific identification.

Property under development

Cost includes:
- freehold and leasehold rights for land
- amounts paid to contractors for construction
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.9 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a).

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

3.10 Non-current assets or disposal groups held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset or disposal group is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets or disposal group are measured at the lower of carrying amount and fair value less costs to sell.

Any impairment loss on the disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property that is measured at fair value, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss that has been recognised.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Non-current assets or disposal groups held for sale (Cont'd)

Property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand and bank balances which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdraft.

3.12 Impairment of assets

(a) Impairment of financial assets and contract asset

Financial assets measured at amortised cost, financial assets measured at FVOCI, lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of assets (Cont'd)

(a) Impairment of financial assets and contract asset (Cont'd)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of assets (Cont'd)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount.

Impairment losses are recognised in profit or loss.

For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

3.13 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Redeemable convertible preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividend is discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of assets (Cont'd)

(c) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.14 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial period where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, the Group contributes to the Employees Provident Fund ("EPF"), the national defined contribution plan. Certain foreign subsidiaries make contributions to their respective countries' statutory pension scheme. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are determined by discounting the expected future cash flows at a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.16 Revenue and other income

Revenue is measured based on the consideration specified in contract with a customer in exchange for transferring goods or services to a customer, excluding amount collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the assets.

The Group transferred control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue and other income (Cont'd)

(a) Property development

The Group develops and sells residential and commercial properties, including development lands. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations. If the contract with customer contains more than one performance obligation, where the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus margin.

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's performance does not create an asset with an alternative use to the Group has an enforceable right to payment for performances completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and include deposits or advances received from customers exceeds revenue recognised to date then the Group recognises a contract liability for the difference.

Consistent with market practice, the Group collects deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group has obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

(b) Sales of inventories and land

Revenue is recognised at a point in time when control of the inventories and land has been transferred.

(c) Management fee

Management fee is recognised on an accrual basis, net of service taxes.

(d) Interest income

Interest income other than interest income from late payment by house buyers and other trade receivables are recognised on an accrual basis unless collectability is in doubt in which recognition will be on a receipt basis.

(e) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue and other income (Cont'd)

(f) Revenue from construction contracts

Under the terms of the contracts, control of the assets is transferred over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date that bears to the estimated total construction costs (an input method).

The Group recognises a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers, then the Group and the Company will recognise a contract liability on the difference.

3.17 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

3.18 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial period, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Income tax (Cont'd)

(b) Deferred tax (Cont'd)

Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither the taxable profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intends to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

(c) Goods and services tax ("GST") and sales and services tax ("SST")

GST in Malaysia was abolished and replaced by SST on 1 September 2018.

Revenue is stated net of any GST or SST collected.

GST or SST paid on goods and services purchased are recognised as part of the cost of purchase of such goods and services, unless the GST is recoverable from the tax authority, in which case the GST paid is recognised as a receivable.

3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the executive director of operations who is responsible for allocating resources and assessing performance of the operating segments and recommends strategic decisions to the Board.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. Active markets refer to a market in which the transactions for the assets take place with sufficient frequency and volume for pricing information to be provided on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. In market conditions where properties are actively purchased and sold and there is a stock of sufficient comparable (but not identical) properties, the fair value may be classified as Level 2. However, this is based on the fact and circumstances that no significant adjustments have been made to the observable data.

Level 3: Unobservable inputs for the asset or liability, especially in inactive or less transparent real property markets.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.21 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 Earnings Per Share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.23 Related parties

A party is related to an entity if:

(i) directly, or indirectly through one or more intermediaries, the party:
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustments to the carrying amount of the assets or liabilities affected in the future. The estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In addition to any discloses as detailed elsewhere in the financial statements, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial period included the following:

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

(a) Impairment of financial assets (Note 9 (b) and 12)

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation as forward-looking estimates at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets and contract assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(b) Inventories (Note 6)

Property inventories are stated at the lower of cost and net realisable value.

Significant judgement is required in arriving at the net realisable value, particularly the estimated selling price of property inventories in the ordinary course of the business. The Group has considered all available information, including but not limited to expected sales prices, property market conditions, locations of property inventories and target buyers.

Inventories are reviewed on a regular basis and the Group has made allowances for excess or obsolete inventories based on the factor above.

(c) Construction revenue and expenses (Note 24 and 25)

The Group recognised construction revenue and expenses in profit or loss by measuring the progress towards complete satisfaction of its performance obligations. The progress towards complete satisfaction of performance obligations is determined by the proportion of construction costs incurred for work performed to-date that bears to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligations, the extent of the construction costs incurred and the estimated total construction revenue, expenses and profitability of the construction projects, as well as the recoverability of billings. In making the judgement, the Group evaluates based on past experiences and by relying on the input of specialists.

(d) Impairment of investments in subsidiaries (Note 8)

The Group assess whether there is any indication that the cost of investment in subsidiaries is impaired at the end of each reporting date. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use involves exercise of judgement on the discount rate applied and the assumptions supporting the underlying cash flow projection which includes future sales, gross profit margin and operating expenses.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

GROUP	Renovation RM'000	Plant, Machinery and Equipment RM'000	Motor Vehicles RM'000	Right-of-use Assets RM'000	Total RM'000
Cost					
At 1 February 2018	873	1,304	1,121	–	3,298
Additions	–	44	–	–	44
Transfer from disposal group held for sale (Note 16)	–	220	–	–	220
At 31 January 2019	873	1,568	1,121	–	3,562
Additions	–	11	114	839	964
Disposals	–	–	(201)	–	(201)
Written off	(68)	–	–	–	(68)
At 31 March 2020	805	1,579	1,034	839	4,257
Accumulated Depreciation					
At 1 February 2018	839	1,158	793	–	2,790
Charge for the financial year	3	71	223	–	297
Transfer from disposal group held for sale (Note 16)	–	4	–	–	4
At 31 January 2019	842	1,233	1,016	–	3,091
Charge for the financial year	4	72	110	126	312
Disposals	–	–	(186)	–	(186)
Written off	(68)	–	–	–	(68)
At 31 March 2020	778	1,305	940	126	3,149
Carrying Amount					
At 1 February 2018	34	146	328	–	508
At 31 January 2019	31	335	105	–	471
At 31 March 2020	27	274	94	713	1,108

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

COMPANY	Renovation RM'000	Right-of-use Asset RM'000	Total RM'000
Cost			
At 1 February 2018/31 January 2019	733	–	733
Additions	–	839	839
Written off	(68)	–	(68)
At 31 March 2020	665	839	1,504
Accumulated Depreciation			
At 1 February 2018/31 January 2019	733	–	733
Depreciation charged during the year	–	126	126
Written off	(68)	–	(68)
At 31 March 2020	665	126	791
Carrying Amount			
At 1 February 2018/31 January 2019	–	–	–
At 31 March 2020	–	713	713

(a) Right-of-use assets

The Group and the Company lease motor vehicles with lease term of 5 years under lease arrangements as disclosed in Note 20 (iv) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. INVENTORIES

	31.3.2020 RM'000	31.1.2019 RM'000
Group		
Non-current		
At lower of cost or net realisable value:		
Properties held for development		
- Freehold land	144,360	161,566
- Leasehold land	146,422	127,366
- Development costs	59,650	59,617
	350,432	348,549
Current		
At lower of cost or net realisable value:		
Completed properties	20,989	41,985
Properties under development		
- Freehold land	7,898	7,898
- Leasehold land	1,061	1,419
- Development costs	19,482	18,422
	49,430	69,724
Total	399,862	418,273
Company		
Non-current		
At lower of cost or net realisable value:		
Properties held for development		
- Freehold land	16,945	29,185
- Leasehold land	37,608	38,508
- Development costs	672	672
	55,225	68,365
Current		
At lower of cost or net realisable value:		
Completed properties	7,091	14,346
	7,091	14,346
Total	62,316	82,711

6. INVENTORIES (CONT'D)

(a) Properties held for development

(i) Certain properties held for development of the Group and the Company are charged as security for credit facilities as disclosed in Note 20(ii) to the financial statements as follows:

	GROUP		COMPANY	
	31.3.2020 RM'000	**31.1.2019 RM'000**	**31.3.2020 RM'000**	**31.1.2019 RM'000**
Properties held for development	73,638	73,638	13,619	13,619

(ii) Certain properties held for development of the Group and the Company amounting to RM91.50 million (31.1.2019: RM 126.75 million) and RM 18.52 million (31.1.2019: RM 23.69 million) respectively are pledged as security to IJM Group as disclosed in Note 23 (iii) to the financial statements.

IJM Group is a related party as disclosed in Note 32(a) to the financial statements.

(iii) The leasehold lands of the Group have remaining lease terms ranging from 74 to 93 years.

(iv) The properties held for development of the Group and the Company amounting to RM4.43 million and RM12.24 million (31.1.2019: RM25.20 million and RM25.20 million) respectively were sold during the financial period and are accordingly recognised as expenses in cost of sales.

(v) The legal titles for certain properties held for development have yet to be transferred to the Group.

(b) Completed properties

(i) Certain completed properties of the Group amounting to RM0.13 million (31.1.2019: RM6.62 million) are pledged as security and earmarked as part of the settlement to IJM Group as disclosed in Note 23(iii) to the financial statements. IJM Group is a related party as disclosed in Note 32(a) to the financial statements.

(ii) Completed properties of the Group and the Company amounting to RM14.43 million and RM7.27 million (31.1.2019: RM6.69 million and RM0.77 million) respectively, were sold during the financial period and are accordingly recognised as an expense in cost of sales.

(iii) The legal titles for certain completed properties have yet to be transferred to the Group.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENT PROPERTIES

	GROUP RM'000
Cost	
At 1 February 2018	110,207
Transfer from assets held for sale (Note 16)	175,630
Foreign exchange differences	(1,400)
At 31 January 2019	284,437
Foreign exchange differences	(885)
At 31 March 2020	283,552
Accumulated Depreciation	
At 1 February 2018	14,514
Charge for the financial year	983
Transfer from disposal group held for sale (Note 16)	76,005
Foreign exchange differences	(577)
At 1 February 2019	90,925
Charge for the financial year	5,545
Foreign exchange differences	(383)
At 31 March 2020	96,087
Carrying Amount	
At 1 February 2018	269,923
At 31 January 2019	193,512
At 31 March 2020	187,465

Certain investment properties of the Group amounting to RM48.92 million (31.1.2019: RM49.70 million) are charged as security for credit facilities as disclosed in Note 20(ii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENT PROPERTIES (CONT'D)

Certain investment properties amounting to RM19.10 million (31.1.2019: RM19.10 million) are pledged as security to IJM Group as disclosed in Note 23(iii) to the financial statements. IJM Group is a related party as disclosed in Note 32(a) to the financial statements.

The following are recognised in profit or loss in respect of investment properties:

	GROUP	
	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000
Rental income	7,992	7,610
Direct operating expenses:		
- income generating investment properties	(5,255)	(4,847)
- non-income generating investment properties	–	(550)

Fair value information

Fair values of investment properties are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
31.1.2019				
Land and buildings	–	–	382,572	382,572
31.3.2020				
Land and buildings	–	–	367,698	367,698

Valuation of investment properties

Level 3 fair value

The fair values of certain investment properties of the Group are derived from references to market indication of recently transacted similar properties or asking prices of those that are currently offered for sale in the vicinity or other comparable localities and were performed by a registered independent valuer with an appropriate recognised professional qualification.

The fair values for certain investment properties of the Group are determined based on sales comparison approach. Sales price of comparable properties in the same location or close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENT PROPERTIES (CONT'D)

The following table shows the other valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in valuation models.

Description	Valuation technique	Significant unobservable input	Relationship of unobservable input to
Lots in commercial complex	Sales comparison approach	Valuation price per square foot are ranging from RM314 to RM1,172 (31.1.2019: RM273 to RM 1,310)	The higher the price per square foot, the higher the fair value
Lots in Shopping Mall	Sales comparison approach	Valuation price per square foot RM498 (31.1.2019: RM554)	The higher the price per square foot, the higher the fair value
Hotel building	Sales comparison approach	Valuation price at RM195.37 million (31.1.2019: RM195.37 million)	The higher the price per square foot, the higher the fair value
Freehold land	Sales comparison approach	Agreed selling price at RM46.71 million (31.1.2019: RM46.71 million)	The agreed selling price to third parties

On 6 February 2018, the Group had entered into a Shares Sale Agreement (the "Agreement") to dispose 100% of the equity interest in Malim Group to World Lucky Business Chief Club Limited (the "Purchaser"). Malim Group consists of Malim Enterprise (HK) Limited ("Malim") and Jilin Province Maxcourt Hotel Limited ("JPMHL") had already ceased operation in previous financial years. JPMHL is an 85% owned subsidiary of Malim that will be disposed together with Malim.

The Group has received a deposit from the Purchaser amounting of RM 1.08 million during the previous financial year. As at the end of the financial period, the disposal of Malim Group has yet to complete as certain condition precedents have not been fulfilled.

8. INVESTMENT IN SUBSIDIARIES AND AMOUNT OWING BY/(TO) SUBSIDIARIES

	COMPANY	
	31.3.2020 RM'000	31.1.2019 RM'000
Unquoted shares at cost	399,670	399,670
Loans that are part of net investments	391,797	388,733
Less: Accumulated impairment losses		
At 1 February	(305,787)	(309,361)
Additions	–	(98)
Disposal of subsidiaries	–	3,672
At 31 March/ 31 January	(305,787)	(305,787)
	485,680	482,616

Loans that are part of net investments represent amounts owing by subsidiaries which are non-trade in nature, unsecured and non-interest bearing. The settlement of these amounts is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as a long-term source of capital to the subsidiaries. As these amounts are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated impairment loss, if any.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENT IN SUBSIDIARIES AND AMOUNT OWING BY/(TO) SUBSIDIARIES (CONT'D)

(a) Amount owing by/(to) subsidiaries

	COMPANY	
	31.3.2020 RM'000	**31.1.2019 RM'000**
Amount owing by subsidiaries	243,602	245,352
Less: Accumulated impairment losses		
At 1 February	(206,382)	(198,410)
Addition	(45,276)	(10,193)
Reversal	10,580	2,221
At 31 March/ January	(241,078)	(206,382)
	2,524	38,970
Non-current		
Amount owing to subsidiaries	(14,154)	(24,362)
Current		
Amount owing to subsidiaries	(47,918)	(69,339)

The amount owing to subsidiaries classified as non-current are unsecured, interest free and requires a notice of demand for repayment of more than 12 months in order for the Company to settle the indebtedness amount.

The current amount owing by/(to) subsidiaries are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENT IN SUBSIDIARIES AND AMOUNT OWING BY/(TO) SUBSIDIARIES (CONT'D)

(b) Non-Controlling Interest ("NCI") in subsidiaries

The Group's subsidiaries that have material NCI are as follows:

GROUP 31.3.2020	Jilin Province Maxcourt Hotel Limited RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	15%		
Carrying amount of NCI	(7,365)	(58)	(7,423)
Loss allocated to NCI in current financial year	(823)	(2)	(825)
Summarised financial information before intra-group elimination			
Assets and liabilities			
Non-current assets	94,091	–	94,091
Current assets	101	6	107
Total assets	94,192	6	94,198
Current liabilities	112,940	17	112,957
Total liabilities	112,940	17	112,957
Revenue	2,223	–	2,223
Loss for the year	(5,490)	(22)	(5,512)
Total comprehensive loss	(5,313)	(22)	(5,335)
Other information			
Dividend paid to NCI	–	–	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENT IN SUBSIDIARIES AND AMOUNT OWING BY/(TO) SUBSIDIARIES (CONT'D)

(b) Non-Controlling Interest ("NCI") in subsidiaries (Cont'd)

The Group's subsidiaries that have material NCI are as follows: (Cont'd)

GROUP 31.1.2019	Cekap Mesra Development Sdn. Bhd. RM'000	Jilin Province Maxcourt Hotel Limited RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	–	15%		
Carrying amount of NCI	–	(6,568)	(55)	(6,623)
Loss allocated to NCI in current financial year	–	(1,445)	(2)	(1,447)
Summarised financial information before intra-group elimination				
Assets and liabilities				
Non-current assets	–	99,018	–	99,018
Current assets	–	582	7	589
Total assets	–	99,600	7	99,607
Current liabilities	–	113,034	17	113,051
Total liabilities	–	113,034	17	113,051
Revenue	–	2,050	–	2,050
Loss for the year	217	(9,634)	(12)	(9,429)
Total comprehensive loss	217	(9,440)	(12)	(9,235)
Other information				
Dividend paid to NCI	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENT IN SUBSIDIARIES AND AMOUNT OWING BY/(TO) SUBSIDIARIES (CONT'D)

(c) Changes in the composition of the Group

For the financial year ended 31 January 2019

On 25 October 2018, the Group entered into a Sale of Shares Agreement to dispose of 10,001 Ordinary Shares (representing 50.005% equity interest), 980,000 16% Cumulative Redeemable Preference Shares (representing 100% shareholding interest) and 1,000,100 16% Non-Cumulative Irredeemable Preference Shares (representing 50.005% shareholding interest) in Cekap Mesra Development Sdn. Bhd. ("CMDSB") for a cash consideration of RM5.00 ("Disposal 1").

On the same date, the Group had entered into a Sale of Shares Agreement to dispose of 750,000 Ordinary Shares (representing 100% equity interest) in Maxisegar Construction Sdn. Bhd. ("MCSB") for a cash consideration of RM1.00 ("Disposal 2").

Accordingly, CMDSB and MCSB ceased to be subsidiaries of the Group.

The effects on the financial results of the Group on the above disposal of subsidiaries were as follows:

	GROUP 1.2.2018 to 31.1.2019 RM'000
Revenue	125
Cost of sales	(154)
Gross profit	(29)
Other income	156
Administrative and other expenses	(100)
Finance cost	–
Profit before taxation	27
Taxation	–
Profit for the financial year attributable to the Group	27

8. INVESTMENT IN SUBSIDIARIES AND AMOUNT OWING BY/(TO) SUBSIDIARIES (CONT'D)

(c) Changes in the composition of the Group (Cont'd)

For the financial year ended 31 January 2019 (Cont'd)

The effects on the financial position of the Group on the above disposal of subsidiaries were as follows:

	GROUP 31.1.2019 RM'000
Non-current assets	1,164
Current assets	17,632
Current liabilities	(22,419)
Tax liabilities	(3,088)
Capital Reserve	(1,500)
Minority interest	4,538
Net assets disposed	(3,673)
Gain on disposal of subsidiaries	3,673
Proceeds from disposal	–
Less: Cash and cash equivalents	(304)
Net cash outflow arising from disposal of subsidiaries	(304)

9. INVESTMENT IN ASSOCIATES AND AMOUNT OWING BY ASSOCIATES

	GROUP	
	31.3.2020 RM'000	31.1.2019 RM'000
Unquoted shares, at cost	26,485	30,704
Less : Accumulated impairment losses		
At 1 February	(9,958)	(9,958)
Written off	4,219	–
At 31 January	(5,739)	(9,958)
	20,746	20,746
Share of post-acquisition reserves	(2,297)	(2,217)
	18,449	18,529

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. INVESTMENT IN ASSOCIATES AND AMOUNT OWING BY ASSOCIATES (CONT'D)

(a) Details of the associates are as follows:

Name of Companies	Principal placeof business/ country of incorporation	Financial Year End	Effective Equity Interest and Voting Interest 31.3.2020 %	31.1.2019 %	Nature of relationship
Trident Treasure Sdn. Bhd. ^	Malaysia	31 December	40	40	Property development. The activities contribute to the Group's property development segment
Good Debut Sdn. Bhd.	Malaysia	31 March	50	50	Property development. The activities contribute to the Group's property development segment
Cekap Tropikal Sdn. Bhd. *	Malaysia	31 March	50	50	Property development. The activities contribute to the Group's property development segment
Oaxis Sdn. Bhd. * ^	Malaysia	31 January	25	25	Property development. The activities contribute to the Group's property development segment
Parkgrove (Cambodia) Pte. Ltd. * #	Cambodia	31 March	49	49	Dormant
Noble House Investment (Cambodia) Pte. Ltd. * #	Cambodia	31 March	49	49	Dormant

* Audited by firms other than Messrs Baker Tilly Monteiro Heng PLT.

^ The financial period end of these associates are not coterminous with the Group. As such, for the purpose of applying equity method of accounting, the management financial statements of these associates for the financial period ended 31 March 2020 have been used.

Investment in associate being written off during the financial period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INVESTMENT IN ASSOCIATES AND AMOUNT OWING BY ASSOCIATES (CONT'D)

(b) Amount owing by/(to) associates

	GROUP		COMPANY	
	31.3.2020 RM'000	**31.1.2019 RM'000**	**31.3.2020 RM'000**	**31.1.2019 RM'000**
Non-current				
Amount owing by associates	31,818	89,377	31,818	89,377
Current				
Amount owing by associates	85,550	23,717	82,353	21,062
Less: Accumulated impairment losses				
At 1 February	(21)	(21)	–	–
Written off	21	–	–	–
At 31 March/ 31 January	–	(21)	–	–
	85,550	23,696	82,353	21,062
Total	117,368	113,073	114,171	110,439
Current				
Amount owing to associates	325	104	–	–

(c) The amount owing by associate of the Group of RM 31.82 million as at 31 March 2020 is in relation to a property development project. The assessment of impairment losses on these balances requires significant judgement made by the directors on the expected credit losses. The Group is of the view that no impairment was required for the amount owing by the associate.

(d) The amount owing by associates classified as non-current are to be repaid from proceeds of future development projects.

(e) In the previous financial years, the Company had entered into a settlement agreement with IJM Properties Sdn. Bhd. ("IJMP"), whereby the Company is obliged to assume the debts owed by Good Debut Sdn. Bhd. and Cekap Tropikal Sdn. Bhd. to IJMP. This arrangement would enable both of these companies to eventually become wholly-owned subsidiaries of the Group upon full settlement of abovementioned debt due to IJMP.

The remaining balance of amounts owing (to)/by associates are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. INVESTMENT IN ASSOCIATES AND AMOUNT OWING BY ASSOCIATES (CONT'D)

(f) The Group's share of results of the material associates and the summarised financial information are as follows:

GROUP 31.3.2020	Trident Treasure Sdn. Bhd. RM'000	Good Debut Sdn. Bhd. RM'000	Cekap Tropikal Sdn. Bhd. RM'000	Oaxis Sdn. Bhd. RM'000	Other individually immaterial associates RM'000	Total RM'000
Summary of financial information						
Assets and liabilities						
Non-current assets	4,559	–	29,996	269	–	34,824
Current assets	39,144	33,550	45	52,337	–	125,076
Total assets	43,703	33,550	30,041	52,606	–	159,900
Non-current liabilities	21,000	–	20	18	–	21,038
Current liabilities	26,127	40,310	62,576	46,151	–	175,164
Total liabilities	47,127	40,310	62,596	46,169	–	196,202
Results						
Revenue	–	1,780	–	–	–	1,780
(Loss)/ profit after taxation	(110)	(433)	(3,000)	(143)	–	(3,686)
Reconciliation of net assets to carrying amount						
Share of the net assets at the acquisition date	8,462	250	260	1,624	–	10,596
Goodwill on acquisition	338	–	–	15,551	–	15,889
Cost of investment	8,800	250	260	17,175	–	26,485
Impairment loss	–	–	–	(5,739)	–	(5,739)
Share of post-acquisition (losses)/ profits	(1,772)	(250)	(260)	(15)	–	(2,297)
Carrying amount in the statement of financial position	7,028	–	–	11,421	–	18,449
Group's share of loss						
Group's share of total comprehensive loss	(45)	–	–	(35)	–	(80)
Other information						
Dividend received	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. INVESTMENT IN ASSOCIATES AND AMOUNT OWING BY ASSOCIATES (CONT'D)

(f) The Group's share of results of the material associates and the summarised financial information are as follows: (Cont'd)

GROUP 31.1.2019	**Trident Treasure Sdn. Bhd. RM'000**	**Good Debut Sdn. Bhd. RM'000**	**Cekap Tropikal Sdn. Bhd. RM'000**	**Oaxis Sdn. Bhd. RM'000**	**Other individually immaterial associates RM'000**	**Total RM'000**
Summary of financial information						
Assets and liabilities						
Non-current assets	4,559	–	29,996	270	4,101	38,926
Current assets	39,100	33,749	3,045	52,122	–	128,016
Total assets	43,659	33,749	33,041	52,392	4,101	166,942
Non-current liabilities	21,000	–	20	18	–	21,038
Current liabilities	25,977	40,082	62,576	45,794	140	174,569
Total liabilities	46,977	40,082	62,596	45,812	140	195,607
Results						
Revenue	–	–	–	–	–	–
(Loss)/ profit after taxation	(88)	671	– *	(40)	–	543
Reconciliation of net assets to carrying amount						
Share of the net assets at the acquisition date	8,462	250	260	1,624	4,219	14,815
Goodwill on acquisition	338	–	–	15,551	–	15,889
Cost of investment	8,800	250	260	17,175	4,219	30,704
Impairment loss	–	–	–	(5,739)	(4,219)	(9,958)
Share of post-acquisition (losses)/ profits	(1,727)	(250)	(260)	20	–	(2,217)
Carrying amount in the statement of financial position	7,073	–	–	11,456	–	18,529
Group's share of loss						
Group's share of total comprehensive loss	(35)	–	–	(10)	–	(45)
Other information						
Dividend received	–	–	–	–	–	–

* Represents an amount less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. INVESTMENT IN ASSOCIATES AND AMOUNT OWING BY ASSOCIATES (CONT'D)

(f) The Group's share of results of the material associates and the summarised financial information are as follows: (Cont'd)

As at 31 March 2020, the Group has not recognised its share of losses of Good Debut Sdn. Bhd. and Cekap Tropikal Sdn. Bhd. amounting to RM3.63 million and RM16.27 million (31.1.2019: RM3.40 million and RM14.77 million) respectively because the Group's cumulative share of losses has already exceeded its interest in that associate and the Group has therefore no further obligation in respect of their losses. The Group's cumulative accumulated losses not recognised were RM19.90 million (31.1.2019: RM18.17 million).

10. INTEREST IN JOINT VENTURES AND AMOUNT OWING BY JOINT VENTURE

	GROUP	
	31.3.2020 RM'000	31.1.2019 RM'000
Unquoted shares, at cost	10,250	10,250
Share of post-acquisition reserves	(9,947)	(4,457)
	303	5,793

(a) Details of the joint ventures, which are incorporated in Malaysia, are as follows:

Name of Companies	Principal place of business/ country of incorporation	Financial Year End	Effective Equity Interest 31.3.2020 %	Effective Equity Interest 31.1.2019 %	Nature of relationship
Sierra Ukay Sdn. Bhd.	Malaysia	31 March	50	50	Property development. The activities contribute to the Group's property development segment
Crest Envy Sdn. Bhd.	Malaysia	30 June	50	50	Property development. The activities contribute to the Group's property development segment

The financial statements of the joint ventures are audited by firms other than Messrs Baker Tilly Monteiro Heng PLT. The audited financial statements and auditor's reports of these joint ventures are not available in the current financial year. As such, for the purpose of applying equity method of accounting, the management financial statements of these joint ventures for the financial period ended 31 March 2020 have been used.

(b) All the rights and interest in and benefits to the Group's shareholding in Sierra Ukay Sdn. Bhd. ("SUSB") together with the Group's future share of profit in SUSB have been pledged as security to IJM Group as disclosed in Note 23(iii) to the financial statements. IJM Group is a related party as disclosed in Note 32(a) to the financial statements.

10. INTEREST IN JOINT VENTURES AND AMOUNT OWING BY JOINT VENTURE (CONT'D)

(c) The Group's share of results of the material joint ventures and the summarised financial information are as follows:

GROUP 31.3.2020	**Sierra Ukay Sdn. Bhd. RM'000**	**Crest Envy Sdn. Bhd. RM'000**	**Total RM'000**
Reconciliation of net assets to carrying amount			
Group's share of net assets	–	303	303
Summary of financial information			
Assets and liabilities			
Non-current assets	7,614	–	7,614
Current assets	306,672	616	307,288
Total assets	314,286	616	314,902
Current liabilities	330,633	10	330,643
Total liabilities	330,633	10	330,643
Results			
Revenue	3,796	–	3,796
Loss after taxation	27,317	10	27,327
Group's share of loss			
Group's share of loss	5,485	5	5,490
Group's share of total comprehensive loss	5,485	5	5,490
Other information			
Dividend received	–	–	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

10. INTEREST IN JOINT VENTURES AND AMOUNT OWING BY JOINT VENTURE (CONT'D)

(c) The Group's share of results of the material joint ventures and the summarised financial information are as follows: (Cont'd)

GROUP 31.1.2019	**Sierra Ukay Sdn. Bhd. RM'000**	**Crest Envy Sdn. Bhd. RM'000**	**Total RM'000**
Reconciliation of net assets to carrying amount			
Group's share of net assets	5,485	308	5,793
Summary of financial information			
Assets and liabilities			
Non-current assets	6,397	–	6,397
Current assets	318,785	623	319,408
Total assets	325,182	623	325,805
Current liabilities	314,213	13	314,226
Total liabilities	314,213	13	314,226
Results			
Revenue	290	–	290
Loss after taxation	(1,078)	8	(1,070)
Group's share of loss			
Group's share of loss	(539)	4	(535)
Group's share of total comprehensive income	(539)	4	(535)
Other information			
Dividend received	–	–	–

The Group has not recognised its share of losses of Sierra Ukay Sdn. Bhd. which amounts to RM21.83 million because the Group's cumulative share of losses have already exceeded its interest in that joint venture and as such, the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised were RM21.83 (31.1.2019: RMnil).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. OTHER INVESTMENT

	GROUP		COMPANY	
	31.3.2020 RM'000	31.1.2019 RM'000	31.3.2020 RM'000	31.1.2019 RM'000
Non-Current				
Fair value through other comprehensive income ("FVOCI")				
At fair value:				
- Unquoted equity share	2	2	–	–
	2	2	–	–
Current				
Financial assets at fair value through profit or loss ("FVTPL")				
At fair value:				
- Cash management fund investment	247	3,603	204	2,238
	249	3,603	204	2,238

The cash management fund investment carried at fair value through profit or loss represents an investment in short term variable income instrument issued and managed by an investment management company.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

12. TRADE AND OTHER RECEIVABLES

(a) Trade receivables

	GROUP		COMPANY	
	31.3.2020 RM'000	**31.1.2019 RM'000**	**31.3.2020 RM'000**	**31.1.2019 RM'000**
Non-current				
Trade receivables	23,878	24,313	–	–
Current				
Trade receivables	12,302	12,485	358	424
Reclassified from/(to) disposal group held for sale (Note 16)	–	1,075	–	–
	12,302	13,560	358	424
Less:				
Impairment loss				
At 1 February	(5,913)	(5,854)	–	–
Foreign exchange difference	5	3	–	–
Reversal	317	574	–	–
Additions	(93)	(320)	–	–
Reclassified (from)/to disposal group held for sale (Note 16)	–	(962)	–	–
Disposal of subsidiaries	–	646	–	–
At 31 January	(5,684)	(5,913)	–	–
	6,618	7,647	358	424
Total	30,496	31,960	358	424

(i) In previous financial year, included in current trade receivables is an amount due from WCE Holdings Berhad and its subsidiaries amounted to RM6.97 million.

The amount owing by WCE Group was interest free and repayable on demand.

As disclosed in Note 23(ii) to the financial statements, a Global Settlement Agreement was executed on 27 March 2019 between the Company and WCE Holdings Berhad on the amount due from WCE Group.

(ii) Trade receivables are non-interest bearing and the Group's normal trade credit terms ranges from 14 days to 60 days (31.1.2019: 14 days to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

(iii) Included in non-current trade receivables is an amount of RM23.88 million (31.1.2019: RM24.31 million) that is to be received over the next 3 to 6 years.

(iv) As at 31 March 2020, approximately 78.30% (31.1.2019: 76.35%) of the Group's total trade receivables are due from 2 (31.1.2019: 1) significant receivables.

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

(v) Based on the Group's assessment of the collectability of trade receivables, the directors believe that no further impairment is necessary in respect of trade receivables that are past due but not impaired.

(vi) The information about the credit exposures are disclosed in Note 34(b)(i).

(b) Other receivables

	GROUP		COMPANY	
	31.3.2020 RM'000	**31.1.2019 RM'000**	**31.3.2020 RM'000**	**31.1.2019 RM'000**
Non-current				
Other receivables	7,501	8,303	–	–
Current				
Other receivables	68,630	105,356	43,866	64,615
Reclassified from/(to) disposal group held for sale (Note 16)	–	759	–	–
	68,630	106,115	43,866	64,615
Less:				
Impairment loss				
At 1 February	(87,455)	(93,984)	(57,110)	(62,238)
Foreign exchange difference	2	2	–	–
Reclassified (from)/to disposal group held for sale (Note 16)	–	(403)	–	–
Additions	(1,857)	(2,822)	(1,403)	(1,972)
Reversals	5,884	8,016	5,224	7,100
Disposal of subsidiaries	–	1,709	–	–
Written off	27,179	27	11,454	–
At 31 January	(56,247)	(87,455)	(41,835)	(57,110)
	12,383	18,660	2,031	7,505
Refundable deposits	16,641	16,659	1,035	1,009
Less:				
Impairment loss				
At 1 February	(15,755)	(15,827)	(1,008)	(1,008)
Additions	(26)	(15)	(26)	–
Reversals	–	66	–	–
Disposal of subsidiaries	–	21	–	–
At 31 January	(15,781)	(15,755)	(1,034)	(1,008)
	860	904	1	1
	13,243	19,564	2,032	7,506
Total	20,744	27,867	2,032	7,506

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Other receivables (Cont'd)

(i) The non-current other receivable represents a deposit placed with a land owner to secure a project. The amount will be repaid upon the commencement of the development project.

(ii) Included in current other receivables of the Group are miscellaneous charges receivable from house purchasers of RM0.11 million (31.1.2019: RM0.12 million).

(iii) Included in current other receivables of the Group and of the Company are amounts due from related parties as follows:

	GROUP		COMPANY	
	31.3.2020 RM'000	31.1.2019 RM'000	31.3.2020 RM'000	31.1.2019 RM'000
WCE Group	–	4,668	–	3,893
Radiant Pillar Group	–	6	–	6
	–	4,674	–	3,899

The nature of the relationship with the above related parties is disclosed in Note 33(a) to the financial statements.

The amount owing by WCE Group was interest free and was repayable on demand.

As disclosed in Note 23(ii) to the financial statements, a Global Settlement Agreement was executed on 27 March 2019 between the Company and WCE Holdings Berhad on the amount due from WCE Group.

(iv) During the financial period, the Group had written-off receivables amounting to RM0.09 million (31.1.2019: RM0.08 million) to the income statement respectively.

13. CONTRACT ASSETS/(LIABILITIES)

	GROUP	
	31.3.2020 RM'000	31.1.2019 RM'000
Contract assets relating to construction service contracts	63	8
Total contract assets	63	8
Contract liabilities relating to construction services contracts	470	606
Total contract liabilities	470	606

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

13. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

The contract assets primarily relate to the Group's right to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

The contract liabilities primarily related to the advance consideration received from a customer for construction contract, where revenue is recognised overtime during the construction of a building. The contract liabilities are expected to be recognised as revenue over a period of 90 days.

Significant changes to contract assets and contract liabilities balances during the year are as follows:

	Contract assets Increase/(Decrease)		Contract liabilities Increase/(Decrease)	
	31.3.2020 RM'000	31.1.2019 RM'000	31.3.2020 RM'000	31.1.2019 RM'000
Revenue recognsed that was included in contract liabilities at the beginning of the financial year	–	–	135	544
Transfer from contract assets recognised at the beginning of the period to receivables	(7)	–	–	–
A result of changes in the measure of progress	63	–	–	–

14. SINKING FUNDS HELD BY TRUSTEES

The sinking funds are held by trustees for the redemption and/ or servicing of credit facilities.

15. CASH AND BANK BALANCES

	GROUP		COMPANY	
	31.3.2020 RM'000	31.1.2019 RM'000	31.3.2020 RM'000	31.1.2019 RM'000
Housing development accounts ("HDA")	50	49	–	–
Deposits with licensed banks	2,856	2,879	–	–
Cash in hand and bank balances	779	7,719	13	4,567
Cash and bank balances	3,685	10,647	13	4,567
Less:				
Balances pledged as security to licensed banks	(1,245)	(1,604)	–	–
Cash and cash equivalents	2,440	9,043	13	4,567

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

15. CASH AND BANK BALANCES (CONT'D)

The housing development accounts of the Group are maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966. These accounts, which consist of monies received from purchasers, are for the payment of property development costs incurred and are restricted from use in other operations. The surplus monies, if any, will be released to the Group upon the completion of the development projects and after all development costs have been fully settled.

In previous financial year, included in deposits with a licensed bank is an amount of RM0.40 million which is held in trust under the names of 2 key senior management personnel of the Group.

16. ASSETS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	GROUP		COMPANY	
	31.3.2020 RM'000	31.1.2019 RM'000	31.3.2020 RM'000	31.1.2019 RM'000
Assets and a disposal group classified as held for sale				
At 1 February	–	14,370	–	14,370
Disposals during the year	–	(14,370)	–	(14,370)
At 31 March/31 January	–	–	–	–
Liabilities directly associated with assets classified as held for sale	–	–	–	–

In the previous financial year, assets held for sale amounting to RM13.37 million have been recognised as cost of sales during the year as disclosed in Note 25 to the financial statements.

17. SHARE CAPITAL

	GROUP AND COMPANY			
	Number of shares		Amounts	
	31.3.2020 '000 unit	31.1.2019 '000 unit	31.3.2020 RM'000	31.1.2019 RM'000
Issued and fully paid-up:				
At 1 February	4,220,280	4,220,280	856,086	856,086
Issued during the financial year	75,000	–	3,000	–
At 31 March/31 January	4,295,280	4,220,280	859,086	856,086

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

During the financial year, the Company issued 75,000,000 new ordinary shares via private placement at a price of RM0.04 per ordinary share for working capital purposes.

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

18. TREASURY SHARES

	GROUP AND COMPANY			
	31.3.2020 '000 unit	31.1.2019 '000 unit	31.3.2020 RM'000	31.1.2019 RM'000
Ordinary shares	2,636	2,636	(493)	(493)

19. RESERVES

		GROUP		COMPANY	
		31.3.2020 RM'000	31.1.2019 RM'000	31.3.2020 RM'000	31.1.2019 RM'000
Capital reserves:					
Other capital reserve	(a)	792	792	–	–
Foreign exchange reserve	(b)	48,636	48,875	–	–
Total capital reserves		49,428	49,667	–	–
Accumulated losses		(546,286)	(548,868)	(540,508)	(547,423)
		(496,858)	(499,201)	(540,508)	(547,423)

(a) Other capital reserve

The capital reserve represents the capitalisation of retained earnings for bonus issue of ordinary shares by subsidiaries.

(b) Foreign exchange reserve

The foreign capital reserve arose from the translation of the financial statements of foreign subsidiaries and is not distributable by way of dividends.

20. BORROWINGS

	GROUP		COMPANY	
	31.3.2020 RM'000	31.1.2019 RM'000	31.3.2020 RM'000	31.1.2019 RM'000
(a) Long term borrowings				
Secured:				
Revolving credits (Note 20(iii)):				
-Related party	–	4,955	–	4,955
Lease liabilities (Note 20(iv))	393	–	393	–
	393	4,955	393	4,955

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

20. BORROWINGS (CONT'D)

(b) Short term borrowings

Secured:

BaIDS (Note 20(i))	40,008	45,641	40,008	45,641
Revolving credits	9,103	9,149	–	–
Term and bridging loans (Note 20(ii))	26,000	13,000	–	–
Lease liabilities (Note 20(iv))	109	33	109	–
	75,220	67,823	40,117	45,641
Total Borrowings	75,613	72,778	40,510	50,596

The Group's and of the Company's borrowings are denominated in Ringgit Malaysia.

(i) Al-Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")

The 10-year BaIDS was issued at 100% of its nominal value on 29 June 2009 and bears the following profit rates:

Period	Profit rate (per annum)
Year 1 - 3	Not applicable
Year 4 - 5	2%
Year 6 - 8	6%
Year 9	8%
Year 10	9%

The BaIDS of the Company consist of non-interest bearing primary notes together with non-detachable secondary notes. The redemption of the primary notes shall be made on 100% of its nominal value at maturity date while the redemption of the secondary notes shall be made on a semi-annual basis throughout the tenure of the BaIDS.

The BaIDS is secured by assets of the Group as disclosed in Note 6(i) to the financial statements.

On 22 March 2019, the BaIDS's holders via an Extraordinary General Meeting have approved for the issuer to extend maturity date of the Settlement BaIDS for a further 18 months. Consequently, this amount will be due on 28 December 2020.

(ii) The term and bridging loans are secured on the assets of the Group as disclosed in Note 6(a)(i) and Note 7 to the financial statements. On 5 June 2020, TA Capital Sdn. Bhd. had resolved to extend the facility of RM26 million by 12 months to 8 June 2021.

(iii) The related party was Pengurusan Projek Bersistem Sdn. Bhd. and the nature of the relationship is disclosed in Note 32(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. BORROWINGS (CONT'D)

(iv) Lease liabilities

	GROUP		COMPANY	
	1.2.2019 to 31.3.2020 RM'000	**1.2.2018 to 31.1.2019 RM'000**	**1.2.2019 to 31.3.2020 RM'000**	**1.2.2018 to 31.1.2019 RM'000**
Future minimum finance lease payments				
- not later than one year	131	33	131	–
- later than one year and not later than two years	131	–	131	–
- later than two years but not later than five years	294	–	294	–
	556	33	556	–
Future interest charges	(54)	–	(54)	–
Present value of finance lease liability	502	33	502	–
Represented by:				
Current				
- not later than one year	109	33	109	–
Non-current				
- later than one year and not later than two years	115	–	115	–
- later than two years but not later than five years	278	–	278	–
	393	–	393	–
	502	33	502	–

The lease liability is effectively secured on the rights of the assets.

(v) The range of effective interest and profit rates during the financial period for borrowings are as follows:

	GROUP		COMPANY	
	31.3.2020 %	**31.1.2019 %**	**31.3.2020 %**	**31.1.2019 %**
Term and bridging loans	12.00	12.00	–	–
Lease liability	2.80	2.32	2.80	–
Revolving credits	10.00	6.60	–	–
BaIDS	9.00	8.00 - 9.00	9.00	8.00 - 9.00

NOTES TO THE FINANCIAL STATEMENTS
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21. TRADE PAYABLES

	GROUP		COMPANY	
	31.3.2020 RM'000	31.1.2019 RM'000	31.3.2020 RM'000	31.1.2019 RM'000
Current				
Trade payables	37,748	41,060	25,046	24,560
Retention sum	3,447	4,272	4	336
Accrual	1,543	1,543	1,543	1,543
	42,738	46,875	26,593	26,439

(a) Included in trade payables and retention sum are amounts due to related parties as follows:

	GROUP	
	31.3.2020 RM'000	31.1.2019 RM'000
Trade payables		
WCE Group	–	687

The amount payable to WCE Group is interest free. As disclosed in Note 23(ii) to the financial statements, a Global Settlement Agreement was executed on 27 March 2019 between the Company and WCE Holdings Berhad on the amount due from WCE Group.

(b) Included in trade payables of the Group and the Company is an amount of RM23.69 million (31.1.2019: RM23.69 million) payable to Menteri Besar Selangor (Incorporated) ("MBSI"). There are on-going negotiations between the Group and MBSI in respect of some replacement lands that MBSI had previously promised to the Group. The amount due to MBSI will be settled only upon the finalisation of these negotiations.

(c) The normal trade credit terms granted to the Group ranges from 30 days to 90 days (31.1.2019: 30 days to 90 days).

22. PROVISION FOR LIABILITIES

	Provision for Cost to Completion of Project	
GROUP	31.3.2020 RM'000	31.1.2019 RM'000
At 1 February	731	947
Reversals	–	(216)
At 31 March/ 31 January	731	731

Provision for cost to completion of project is recognised in respect of probable outflow of resources related to a development project undertaken by a subsidiary.

23. OTHER PAYABLES AND ACCRUED EXPENSES

	GROUP		COMPANY	
	31.3.2020 RM'000	31.1.2019 RM'000	31.3.2020 RM'000	31.1.2019 RM'000
Non-current				
Other payables	579	203,547	–	190,830
Current				
Other payables	263,984	107,902	214,685	51,802
Accrued expenses	41,390	41,688	6,070	7,937
	305,374	149,590	220,755	59,739
Total other payables	305,953	353,137	220,755	250,569

Included in other payables and accrued expenses of the Group and of the Company are the following:

		GROUP		COMPANY	
		31.3.2020 RM'000	31.1.2019 RM'000	31.3.2020 RM'000	31.1.2019 RM'000
Accrued interest expenses	(i)	6,259	6,509	949	2,211
Amount owing to WCE Group	(ii)	–	26,351	–	9,360
Amount payable to authorities in relation to development project		3,986	2,926	250	487
Amount payable to IJM Group	(iii)	205,150	224,020	205,150	224,020
Amount payable to director	(iv)	–	156	–	–
Deposit received from purchasers of Malim Group	(v)	1,082	1,082	–	–
Refundable deposit received from purchasers of properties and tenants of complexes		1,856	1,967	12	16

(i) The accrued interest expenses are in respect of the secured BaIDS and amount owing to IJM Group.

(ii) Amounts owing to a corporate shareholder, WCE Holdings Berhad, are interest free.

WCE Holdings Berhad was a related party as disclosed in Note 32(a) to the financial statements.

On 27 March 2019, a Global Settlement Agreement between the Company and WCE Holdings Berhad was executed, which has resolved the Company's claims against WCE Group in relation to the foreclosure of property by Bangkok Bank Berhad. A net amount of RM17.012 million owing by the Group to WCE was extinguished as part of this settlement.

During the financial period, effective from 1 November, WCE Holdings Berhad ceased to be a corporate shareholder and related party of the Group.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

(iii) The amount payable to IJM Group is interest bearing at 6.50% per annum (31.1.2019: 6.50% - 8.00%) and is secured on the assets of the Group as disclosed in Note 6(a)(ii), Note 6(b)(i), Note 7 and Note 10(b) to the financial statements.

Under current other payables, there is an amount payable to IJM Group of RM205.15 million (31.1.2019: RM190.83 million (classified under non-current payables)). In previous financial year, the Group had entered into a settlement arrangement with IJM Group to settle the amount RM190.83 million by 21 May 2020. On 3 August 2020, IJM Group extended the repayment of the outstanding amounts by another two years to 21 May 2022 with terms to incorporate an amicable arrangement to contra a property to IJM Group to partially settle the amount and to charge certain properties to IJM Group as collateral for the balances.

IJM Group was a related party but had ceased to be so since 1 November 2019 as disclosed in Note 32(a) to the financial statements.

(iv) The amount payable to a director of the Company is unsecured, interest free and is payable on demand.

(v) As disclosed in Note 7, the deposit amounting to RM1.08 million represents the deposit received for the disposal of 100% equity interest in Malim Group.

24. REVENUE

	GROUP		COMPANY	
	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000
Revenue from contract customers:				
(i) Recognised at a point in time				
Sale of land	4,530	21,248	13,350	21,248
Sale of inventories	16,777	8,421	7,988	1,072
Management fees and charges to third parties	–	639	–	307
(ii) Recognised over time				
Construction revenue	15,558	34,021	–	–
	36,865	64,329	21,338	22,627
Revenue from other sources:				
Rental income from investment properties	7,992	7,610	–	–
Dividend income	–	–	12,300	7,202
	7,992	7,610	12,300	7,202
	44,857	71,939	33,638	29,829

For contracts that exceed one year, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at the end of this financial period is RM81.70 million, which the Group expects to recognise as revenue in 2021 and subsequent years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. COST OF SALES

	GROUP		COMPANY	
	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000
Construction cost	14,886	32,351	–	–
Cost of rental	5,255	4,847	–	–
Cost of land	4,433	25,200	12,240	25,200
Cost of inventories sold	14,432	6,686	7,273	774
Property development costs	–	280	–	–
Other	–	240	–	–
	39,006	69,604	19,513	25,974

26. FINANCE INCOME AND COSTS

	GROUP		COMPANY	
	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000
Finance Income:				
Interest income	197	213	51	40
Amortisation of financial instrument	6,596	11,081	6,736	7,303
	6,793	11,294	6,787	7,343
Finance cost:				
Interest expenses on:				
- term and bridging loans	2,748	5,635	–	–
- other borrowings	13,746	12,742	12,684	11,827
- finance lease liability	21	4	20	–
	16,515	18,381	12,704	11,827
Amortisation of financial instrument	9,393	1,299	4,037	6,582
Profit on Islamic debt securities	4,582	4,467	4,582	4,467
	30,490	24,147	21,323	22,876

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. INCOME TAX EXPENSE

	GROUP		COMPANY	
	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000
Income tax:				
- current financial period/year	7	25	–	–
- prior financial years	(6)	22	–	–
	1	47	–	–

Income tax is calculated at the statutory rate of 24% of the estimated taxable profit for the financial period.

A reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	GROUP		COMPANY	
	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000
Profit/(loss) before tax:	1,758	(27,471)	6,915	(18,794)
Taxation at Malaysian statutory tax rate of 24%	422	(6,593)	1,660	(4,511)
Income not subject to tax	(10,943)	(3,629)	(18,480)	(5,156)
Expenses not deductible for tax purposes	10,385	7,478	16,114	8,343
Origination of deferred tax assets not recognised in the financial statements	111	2,629	706	1,324
Share of results of associates	19	11	–	–
Share of results of joint venture	1	128	–	–
Underprovision of income tax expense in prior financial years	6	23	–	–
Tax expense for the financial period/year	1	47	–	–

27. INCOME TAX EXPENSE (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:

	GROUP		COMPANY	
	31.3.2020 RM'000	31.1.2019 RM'000	31.3.2020 RM'000	31.1.2019 RM'000
Deductible temporary differences	(1,855)	(2,388)	59	3
Unused tax losses	159,188	159,259	43,274	40,387
	157,333	156,871	43,333	40,390
Potential deferred tax assets not recognised @ 24%	37,760	37,649	10,400	9,694

The unutilised tax losses and capital allowances of the Company and individual companies within the Group are available to be carried forward for a maximum period of 7 years from the year of assessment 2018 or year in which the losses arose, whichever is later, for offset against future profits of the respective companies. As such, they will expire in the following financial years.

	GROUP RM'000	COMPANY RM'000
31.3.2020		
Year of assessments		
2025	124,822	11,652
2026	34,812	28,737
	159,634	40,389

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

28. PROFIT/(LOSS) FOR THE FINANCIAL PERIOD/YEAR

	GROUP		COMPANY	
	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000
Profit/(loss) before tax from continuing operations and discontinued operation is arrived at:				
Auditors' remuneration:				
- current year	466	316	230	156
- under accrual in prior years	21	27	–	–
Bad debts written off	395	83	–	–
Depreciation of:				
- property, plant and equipment	312	301	126	–
- investment properties	5,545	8,923	–	–
Impairment loss on:				
- investment in subsidiaries	–	–	–	98
- receivables - trade	93	869	–	–
- receivables - non trade	1,883	2,847	1,429	1,973
- amount owing by subsidiaries	–	–	45,276	10,193
Inventories written down	5,946	1,274	900	–
Reversal of cost to completion of project	–	(216)	–	–
Realised loss on foreign exchange	5	–	–	–
Loss/(gain) on financial assets at amortised cost	1,581	(8,752)	(3,732)	(7,058)
Staff costs:				
- wages and salaries	7,517	6,575	–	–
- social security	86	70	–	–
- defined contribution	880	690	–	–
- other staff related expenses	519	72	–	–
Gain on deconsolidation of subsidiaries	–	(3,673)	–	–
Loss/(gain) on financial liabilities at amortised cost	1,215	(1,030)	1,032	6,337
Gain on disposal of property, plant and equipment	(58)	–	–	–
Impairment loss no longer required:				
- receivables - trade	(317)	(574)	–	–
- receivables - non trade	(5,884)	(8,082)	(5,224)	(7,100)
- amount owing by associates	–	-	(10,580)	(2,221)
Income receivables from money market	–	(38)	–	–
Inventories written back	(7,782)	–	–	–
Waiver of debt	(15,061)	(5,021)	(12,339)	(1,441)
Gain on settlement with WCE Group	(33,391)	–	(33,360)	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

29. PROFIT/(LOSS) PER SHARE

(a) Basic profit/(loss) per ordinary share

Basic profit/(loss) per share is calculated by dividing the loss for the financial period attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial period, excluding treasury shares held by the Company.

	GROUP	
	1.2.2019 to 31.3.2020	1.2.2018 to 31.1.2019
Profit/(loss) for the financial year attributable to owners of the Company (RM'000)	2,582	(26,071)
Weighted average number of shares (Units'000)	4,276,572	4,220,280
Basic profit/(loss) per share (sen)	0.06	(0.62)

(b) Diluted profit/(loss) per ordinary share

The Group has no potential dilutive of ordinary shares. As such, there is no dilution effect on the profit/(loss) per share of the Group.

30. DIRECTORS' REMUNERATION

	GROUP AND COMPANY	
	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000
Executive directors:		
- Fees	150	80
- Salaries	1,205	816
- Defined contribution	145	101
- Other emoluments	26	94
- Benefits-in-kind	35	15
	1,561	1,106
Non-executive directors:		
- Fees	200	200
- Other emoluments	352	390
	552	590
	2,113	1,696

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. DIRECTORS' REMUNERATION (CONT'D)

The numbers of directors of the Group and the Company whose total remuneration during the financial period fall within the following bands are as follows:

	GROUP AND COMPANY	
	1.2.2019 to 31.3.2020	1.2.2018 to 31.1.2019
Executive directors:		
RM650,001 - RM700,000	1	–
RM600,001 - RM650,000	1	–
RM550,001 - RM600,000	–	–
RM500,001 - RM550,000	–	2
RM450,001 - RM500,000	–	–
RM400,001 - RM450,000	–	–
RM350,001 - RM400,000	–	–
RM300,001 - RM350,000	–	–
RM250,001 - RM300,000	1	–
RM200,001 - RM250,000	–	–
RM150,001 - RM200,000	–	–
RM100,001 - RM150,000	–	–
Below RM100,000	–	–
Non-Executive directors:		
RM150,001 - RM200,000	1	1
RM100,001 - RM150,000	3	4
Below RM100,000	–	–
	7	7

31. SUBSIDIARIES

Details of subsidiaries are as follows:

Name of Companies	Principal place of business/ country of incorporation	Effective Equity Interest and Voting Interest 31.3.2020 %	31.1.2019 %	Principal Activities
Abra Development Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Ample Zone Berhad	Malaysia	100	100	Dormant
Biltradex Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Bukit Khazanah Sdn. Bhd.	Malaysia	100	100	Property development and investment holding

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows: (Cont'd)

Name of Companies	Principal place of business/ country of incorporation	Effective Equity Interest and Voting Interest 31.3.2020 %	31.1.2019 %	Principal Activities
Envy Vista Sdn. Bhd.	Malaysia	100	100	Dormant
Era-Casa Sdn. Bhd.	Malaysia	100	100	Investment holding
Europlus Berhad	Malaysia	100	100	Investment holding and property development
G.L. Development Sdn. Bhd.	Malaysia	100	100	Property investment and development
Inti Johan Sdn. Bhd.	Malaysia	100	100	Property investment and management
Lambang Wira Sdn. Bhd.	Malaysia	100	100	Investment holding
Larut Management Services Sdn. Bhd.	Malaysia	100	100	Investment holding
Larut Overseas Ventures Sdn. Bhd.	Malaysia	100	100	Investment holding
L.C.B. Management Sdn. Bhd.	Malaysia	100	100	Provision of management services and construction
Maxisegar Realty Sdn. Bhd.	Malaysia	100	100	Dormant
Mutual Prosperous Sdn. Bhd.	Malaysia	100	100	Investment holding
Pandan Lake Club Sdn. Bhd.	Malaysia	100	100	Dormant
Seaview Plantations Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Saujana Ukay Sdn. Bhd.	Malaysia	51	51	Dormant
Talam Leisure Development Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Talam Management Services Sdn. Bhd.	Malaysia	100	100	Dormant
Talam Plantations Sdn. Bhd.	Malaysia	100	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows: (Cont'd)

Name of Companies	Principal place of business/ country of incorporation	Effective Equity Interest and Voting Interest 31.3.2020 %	31.1.2019 %	Principal Activities
Terang Tanah Sdn. Bhd.	Malaysia	100	100	Investment holding
Untung Utama Sdn. Bhd.	Malaysia	100	100	Property development
Venue Venture Sdn. Bhd.	Malaysia	100	100	Investment holding, property investment and management
Winax Development Sdn. Bhd.	Malaysia	100	100	Investment holding
Winax Engineering Sdn. Bhd.	Malaysia	100	100	Investment holding
Zhinmun Sdn. Bhd.	Malaysia	100	100	Property development
Zillion Development Sdn. Bhd.	Malaysia	100	100	Property investment and development
Larut Talam International Management Services Limited *	Hong Kong	99.88	99.88	Dormant
Malim Enterprise (HK) Limited * [1]	Hong Kong	100	100	Investment holding
Noble House Investments Limited * [2]	Hong Kong	100	100	Investment holding
Parkgrove Limited * [2]	Hong Kong	100	100	Investment holding
Jilin Province Maxcourt Hotel Limited * ¥	The People Republic of China	85	85	Ceased hotel operations

* Audited by firms other than Messrs Baker Tilly Monteiro Heng PLT.

¥ The audited financial statements of this subsidiary are not available. As such, management accounts had been used for the purpose of consolidation. This subsidiary is currently inactive.

[1] The auditors' reports of the subsidiary for the financial period ended 31 March 2020 contain a qualified opinion on the financial statements in view of the following:

- impairment review of amount due from subsidiary; and
- non preparation of group financial statements.

[2] The auditors' reports of these subsidiaries for the financial period ended 31 March 2020 contain a qualified opinion on these financial statements in view of the following:

- no equity accounting for investment in associates

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial period under review, the significant related party transactions were as follows:

(a) Transactions with related parties

	GROUP		COMPANY	
	1.2.2019 to 31.3.2020 RM'000	**1.2.2018 to 31.1.2019 RM'000**	**1.2.2019 to 31.3.2020 RM'000**	**1.2.2018 to 31.1.2019 RM'000**
Interest expense paid/ payable:				
- IJM Group	12,663	11,649	12,663	11,649
Construction services revenue:				
- WISB	7,030	5,323	–	–
Sales of properties				
- Europlus Berhad	–	–	12,350	–
- IJM Group	905	–	905	–
Gain on settlement:				
- WCE Holdings	33,391	–	33,360	–

The nature of the relationship with the related parties is as follows:

Related Parties	**Nature of Relationship**
Pengurusan Projek Bersistem Sdn. Bhd. ("PPBSB")	PPBSB is a corporate shareholder of the Company. Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon ("TSDCAC"), a director of the Company and his spouse, Puan Sri Datin Thong Nyok Choo ("PSDTNC"), are both substantial shareholders of the Company, have substantial financial interest in PPBSB.
Agrocon (M) Sdn. Bhd. ("AMSB")	The sister of TSDCAC, a director and substantial shareholder of the Company, has substantial financial interest in AMSB.
WCE Holdings Berhad and its subsidiaries ("WCE Group") *	WCE Holdings Berhad ("WCE") was a substantial shareholder of the Company.
IJM Corporation Berhad ("IJM") and its subsidiaries ("IJM Group") *	IJM was a substantial shareholder of the Company by virtue of IJM having substantial equity interest in WCE.
Radiant Pillar Sdn. Bhd. ("RP") and its subsidiaries *	RP is a 60%-owned subsidiary of IJM and 40%-owned associate of WCE. Both IJM and WCE are substantial shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

During the financial period under review, the significant related party transactions were as follows: (Cont'd)

(a) Transactions with related parties (Cont'd)

The nature of the relationship with the related parties is as follows:(Cont'd)

Related Parties	Nature of Relationship
Wonderful Insights Sdn. Bhd. ("WISB")	Yaw Chun Soon ("YCS") is a director and shareholder of the Company. YCS is also a director and substantial shareholder of WISB. Chua Kim Lan ("CKL") is a director and shareholder of the Company. Her spouse, Chin Chee Ming is a substantial shareholder of WISB.

* ceased to be related parties since 1 November 2019

(b) Key management personnel compensation

The remuneration of key management personnel, which includes the directors' remuneration, is disclosed as follows:

	GROUP		COMPANY	
	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000
Directors:				
Fees	150	80	150	80
Salaries	1,205	816	1,205	816
Defined contribution	145	101	145	101
Other emoluments	26	94	26	94
Benefits-in-kind	35	15	35	15
	1,561	1,106	1,561	1,106
Subsidiaries:				
Salaries	399	412	–	–
Defined contribution	58	46	–	–
Other emoluments	26	33	–	–
	483	491	–	–
Total	2,044	1,597	1,561	1,106
Included in the staff costs:				
Key Management Personnel other than Directors:				
Salaries and other emoluments	1,060	429	–	–
Defined contribution	129	48	–	–
	1,189	477	–	–

33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management practice is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value as well as to enable the Group to continue as going concern. To achieve this, the Group ensures that an optimal capital structure is maintained. The Group periodically reviews and manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The directors monitor and determine the optimal debt to equity ratio that complies with the debt covenants. No changes were made in the objectives, policies or processes during the financial period ended 31 March 2020 and 31 January 2019.

	GROUP		COMPANY	
	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000	1.2.2019 to 31.3.2020 RM'000	1.2.2018 to 31.1.2019 RM'000
Borrowings	75,613	72,778	40,510	50,596
Less: Cash and bank balances	(3,685)	(10,647)	(13)	(4,567)
Net debts	71,928	62,131	40,497	46,029
Equity attributable to owners of the Company	361,735	356,392	318,085	308,170
Net gearing ratio (times)	0.20	0.17	0.13	0.15

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Fair value through profit or loss ("FVPL")
(ii) Amortised cost
(iii) Fair value through other comprehensive income ("FVOCI")

	Carrying Amount RM'000	FVPL RM'000	Amortised Cost RM'000	FVOCI RM'000
31.3.2020				
Financial assets				
GROUP				
Other investment	249	247	–	2
Trade and other receivables	51,240	–	51,240	–
Amount owing by associates	117,368	–	117,368	–
Sinking funds held by trustees	4	–	4	–
Cash and bank balances	3,685	–	3,685	–
	172,546	247	172,297	2
COMPANY				
Other investment	204	204	–	–
Trade and other receivables	2,390	–	2,390	–
Amount owing by subsidiaries	2,524	–	2,524	–
Amount owing by associates	114,171	–	114,171	–
Sinking funds held by trustees	4	–	4	–
Cash and bank balances	13	–	13	–
	119,306	204	119,102	–
31.3.2020				
Financial liabilities				
GROUP				
Trade and other payables	348,691	–	348,691	–
Amount owing to associate	325	–	325	–
Borrowings	75,613	–	75,613	–
	424,629	–	424,629	–
COMPANY				
Trade and other payables	247,348	–	247,348	–
Amount owing to subsidiaries	62,072	–	62,072	–
Borrowings	40,510	–	40,510	–
	349,930	–	349,930	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

	Carrying Amount RM'000	FVPL RM'000	Amortised Cost RM'000	FVOCI RM'000
31.1.2019				
Financial assets				
GROUP				
Other investment	3,605	3,603	–	2
Trade and other receivables	59,827	–	59,827	–
Amount owing by associates	113,073	–	113,073	–
Sinking funds held by trustees	4	–	4	–
Cash and bank balances	10,647	–	10,647	–
	187,156	3,603	183,551	2
COMPANY				
Other investment	2,238	2,238	–	–
Trade and other receivables	7,930	–	7,930	–
Amount owing by subsidiaries	38,970	–	38,970	–
Amount owing by associates	110,439	–	110,439	–
Sinking funds held by trustees	4	–	4	–
Cash and bank balances	4,567	–	4,567	–
	164,148	2,238	161,910	–
31.1.2019				
Financial liabilities				
GROUP				
Trade and other payables	400,012	–	400,012	–
Amount owing to associate	104	–	104	–
Borrowings	72,778	–	72,778	–
	472,894	–	472,894	–
COMPANY				
Trade and other payables	277,008	–	277,008	–
Amount owing to subsidiaries	93,701	–	93,701	–
Borrowings	50,596	–	50,596	–
	421,305	–	421,305	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, interest rate risk and market price risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit Risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its third party receivables and amount owing by associates. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. Receivables are monitored on a going concern basis via Group's management reporting procedures and action will be taken for long outstanding debt. Majority of the receivables are from property development segment. The credit risk is limited as the ownership and rights to the properties revert to the Group in the event of default.

<u>Credit risk concentration profile</u>

The Group and the Company determine the credit risk concentration of its trade receivables and contract assets by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables and contract assets at the reporting date are as follows:

	Group	
	31.3.2020 RM'000	**31.1.2019 RM'000**
Property development	24,242	26,736
Property investment and management	1,520	2,677
Construction	4,734	2,547
	30,496	31,960

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit Risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the group manages its debtor and take appropriate actions (including but not limited to legal actions) to recover long overdue balances.

For construction contracts, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

The Group and the Company apply the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

Ageing analysis of the Group's and of the Company's trade receivables are as follow:

	Group		Company	
	31.3.2020 RM'000	**31.1.2019 RM'000**	**31.3.2020 RM'000**	**31.1.2019 RM'000**
Neither past due nor impaired	25,638	24,448	–	–
Past due but not impaired				
1-30 days past due	2,315	3,064	–	–
31-60 days past due	134	158	358	424
61-90 days past due	5	19	–	–
91-120 days past due	5	135	–	–
more than 121 days past due	8,083	10,049	–	–
	10,542	13,425	358	424
Impaired Individually	(5,684)	(5,913)	–	–
	30,496	31,960	358	424

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit Risk (Cont'd)

Other receivables and other financial assets

For other receivables and other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Refer to Note 3.12(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Inter-company loans and advances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay loans and advances on an individual basis.

At the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by collateral or supported by other credit enhancements.

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payment of subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities, principally from trade and other payables, loan and borrowings.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met on timely basis. In addition, the Group and the Company maintain sufficient level of cash and available financing facilities at a reasonable level to its overall debt position to met their working capital requirement.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity Risk (Cont'd)

The following summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date on contractual undiscounted repayment obligations:

GROUP	Carrying Amount RM'000	Contractual Cashflow RM'000	On demand / within one year RM'000	Two to five years RM'000
31.3.2020				
Trade and other payables	348,691	350,762	350,183	579
Borrowings	75,111	82,742	82,742	–
Lease liabilities	502	556	130	426
Amount owing to associate	325	325	325	–
Total undiscounted financial liabilities	424,629	434,385	433,380	1,005
31.1.2019				
Trade and other payables	400,012	413,278	196,465	216,813
Borrowings	72,745	79,369	74,062	5,307
Lease liability	33	33	33	–
Amount owing to associate	104	104	104	–
Total undiscounted financial liabilities	472,894	492,784	270,664	222,120

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity Risk (Cont'd)

The following summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date on contractual undiscounted repayment obligations: (Cont'd)

COMPANY	Carrying Amount RM'000	Contractual Cashflow RM'000	On demand / within one year RM'000	Two to five years RM'000
31.3.2020				
Trade and other payables	247,348	249,420	249,420	–
Borrowings	40,008	43,609	43,609	–
Lease liabilities	502	556	131	425
Amount owing to subsidiaries	62,072	63,123	47,918	15,205
Total undiscounted financial liabilities	349,930	356,708	341,078	15,630
31.1.2019				
Trade and other payables	277,008	289,413	86,178	203,235
Borrowings	50,596	53,002	47,695	5,307
Amount owing to subsidiaries	93,701	95,433	69,339	26,094
Total undiscounted financial liabilities	421,305	437,848	203,212	234,636

Despite the uncertainty in the property development market, the Group will endeavour to undertake all necessary measures to mitigate the adverse effects on the liquidity position of the Group.

The Group has prepared a cash flow forecast to consider the availability of unutilised funding facilities in supporting the management of liquidity risk that the Group will have sufficient financial resources for a period of at least 12 months from the end of the financial period. Significant assumptions and judgement are used in the preparation of the cash flow forecast.

The Group will dispose of its excess land, if the need arises, to generate cash to meet its obligations.

Besides current development projects, cash will be generated by joint venture projects undertaken with other reputable corporations.

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

A subsidiary operating in The People's Republic of China has assets and liabilities together with expected cash flows from anticipated transactions denominated in its functional currency that reduce its exposure to foreign exchange.

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investment.

Where the Group's operations are overseas, the funding is sourced in that local currency in which the operations are carried out to hedge against any foreign exchange fluctuation.

No sensitivity analysis for foreign currency risk is prepared at the end of reporting period as the Group does not have significant exposure to foreign currency risk.

(iv) Interest Rate Risk

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

The Group borrows in the currency in which its business units operate as far as possible. This provides a natural hedge against any foreign currency fluctuation. The Group's policy is to borrow principally on a fixed rate basis but retain a proportion of floating rate debt. The objectives for the mix between fixed and floating rate borrowings is to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

<u>*Sensitivity analysis for interest rate risk*</u>

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial period.

GROUP	Change in basis period	Effect on profit for the financial period/year RM'000	Effect on equity RM'000
31.3.2020	+ 50	46	–
	- 50	(46)	–
31.1.2019	+ 50	46	–
	- 50	(46)	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Interest Rate Risk (Cont'd)

Sensitivity analysis for interest rate risk (Cont'd)

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

The following summarised the carrying amount as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk.

GROUP	Within one year RM'000
31.3.2020	
Floating interest rate	
Revolving credits	9,103
31.1.2019	
Floating interest rate	
Revolving credits	9,149

(v) Market Risk

The market risk arises from changes in the state of domestic property prices, the cost of building materials, availability of labour and other related cost in property development.

The Group concentrates on development projects in carefully selected locations and this has resulted in resilience against softening of the property sector.

(vi) Operational Risk

The operational risk arises from the daily activities of the Group as a property developer and contractor which includes legal, credit, reputation and financing risk and other risks associated to daily running of its business operations.

Such risks are mitigated through proper authority levels of approvals limits, clear reporting structure, segregation of duties, policies and procedures implemented and periodic management meetings.

In dealing with its stewardship, the Board of Directors recognises that effective risk management is an integral part of good business practice.

The Board of Directors will pursue an on-going process of identifying, assessing and managing key business areas, overall operational and financial risks faced by the business units as well as regularly review and enhancing risk mitigating strategies with its appointed and key management personnel.

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value measurement

The carrying amounts at cash and cash equivalents, sinking funds held by trustee, short-term receivables and payables and short-term borrowings reasonably approximately their fair values due to the relatively short-term nature at these financial instruments.

There have been no transfers between level 1 and level 2 during the financial period (31.1.2019: no transfer in either direction).

The fair value of non-current financial lease liability is estimated using discounted cash flow analysis, based on current lending rate for similar types of lease arrangements.

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Carrying amount	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
		Fair value				Fair value			
	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
GROUP									
31.3.2020									
Non–current									
Financial assets									
Other investment	2	–	–	2	2	–	–	–	–
Amount owing by associate	31,818	–	–	–	–	–	–	31,818	31,818
Trade receivables	23,878	–	–	–	–	–	–	23,878	23,878
Other receivables	7,501	–	–	–	–	–	–	7,501	7,501
Financial liabilities									
Lease liabilities	393	–	–	–	–	–	393	–	393
Other payables	579	–	–	–	–	–	–	579	579
31.1.2019									
Non–current									
Financial assets									
Other investment	2	–	–	2	2	–	–	–	–
Amount owing by associates	89,377	–	–	–	–	–	–	89,377	89,377
Trade receivables	24,313	–	–	–	–	–	–	24,313	24,313
Other receivables	8,303	–	–	–	–	–	–	8,303	8,303
Financial liabilities									
Revolving credit	4,955	–	–	–	–	–	4,955	–	4,955
Other payables	203,547	–	–	–	–	–	–	203,547	203,547

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value measurement (Cont'd)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments: (Cont'd)

	Carrying amount	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
		Fair value				Fair value			
	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
COMPANY									
31.3.2020									
Non–current									
Financial asset									
Amount owing by associate	31,818	–	–	–	–	–	–	31,818	31,818
Financial liabilities									
Amount owing to subsidiaries	14,154	–	–	–	–	–	–	14,154	14,154
Lease liabilities	393	–	–	–	–	–	393	–	393
31.1.2019									
Non–current									
Financial asset									
Amount owing by associates	89,377	–	–	–	–	–	–	89,377	89,377
Financial liabilities									
Amount owing to subsidiaries	24,362	–	–	–	–	–	–	24,362	24,362
Revolving credit	4,955	–	–	–	–	–	4,955	–	4,955
Other payables	190,830	–	–	–	–	–	–	190,830	190,830

There were no transfers between the levels during the financial period ended 31 March 2020 and financial year ended 31 January 2019.

35. OTHER COMMITMENT

The Group leases out several of its properties which have remaining lease terms of between one to five years and the leases are renewable upon expiry. The leases do not include any contingent rentals.

Future minimum rental receivable under the non-cancellable operating leases at the reporting date are as follows:

	GROUP	
	31.3.2020 RM'000	**31.1.2019 RM'000**
- Not later than one year	3,300	4,885
- More than one year but not later than five years	2,135	1,744
	5,435	6,629

36. SEGMENTAL INFORMATION

Measurement of reportable segments

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Executive Director of operation for the purpose of making decision about resource allocation and performance assessment.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

Segment profit
Segment statements of comprehensive income are profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from previous financial years in the measurement methods used to determine reported segment statements of comprehensive income.

Segment assets
All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, investment in associates and joint ventures. Jointly used assets are allocated on the basis of the revenues earned by individual segments.

Segment liabilities
All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated on proportion to the segment assets.

Business Segments

The Group's operations comprise the following business segments:

Property development	:	Investment holdings, development of residential and commercial properties.
Property investment and management	:	Rental and disposal of properties and provision of management services.
Construction	:	Performance of construction activities.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

36. SEGMENTAL INFORMATION (CONT'D)

Business Segments (Cont'd)

	Property Development RM'000	Property Investment and Management RM'000	Construction RM'000	Note	Total RM'000
31.3.2020					
Revenue	21,308	7,991	15,558	A	44,857
Results					
Bad debts written off	395	–	–		395
Depreciation of:					
- property, plant and equipment	281	31	–		312
- investment properties	–	5,545	–		5,545
Impairment loss on:					
- receivables - trade	–	93	–		93
- receivables - non trade	1,450	433	–		1,883
Loss on financial assets at amortised cost	1,581	–	–		1,581
Inventories written down	5,946	–	–		5,946
Loss on financial liabilities at amortised cost	1,215	–	–		1,215
Impairment loss no longer required:					
- receivables - trade	(317)	–	–		(317)
- receivables - non trade	(5,853)	(31)	–		(5,884)
Interest income	(130)	(67)	–		(197)
Waiver of debt	(15,061)	–	–		(15,061)
Share of results of associates	80	–	–		80
Share of results of joint ventures	5,490	–	–		5,490
Results of segment profit/(loss)	9,630	(8,544)	672		1,758
Taxation	(1)	–	–		(1)
Profit/(loss) for the financial period	9,629	(8,544)	672		1,757
Other information					
Segment assets	582,899	173,694	4,798		761,391
Investment in associates	18,449	–	–		18,449
Investment in joint ventures	303	–	–		303
Segment liabilities	371,373	48,196	6,262		425,831
Capital expenditures	964	–	–	B	964

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

36. SEGMENTAL INFORMATION (CONT'D)

Business Segments (Cont'd)

	Property Development RM'000	Property Investment and Management RM'000	Construction RM'000	Note	Total RM'000
31.1.2019					
Revenue	30,308	7,610	34,021	A	71,939
Results					
Bad debts written off	78	5	–		83
Depreciation of:					
- property, plant and equipment	291	10	–		301
- investment properties	–	8,923	–		8,923
Impairment loss on:					
- receivables - trade	126	743	–		869
- receivables - non trade	2,410	437	–		2,847
Provision for cost to completion of project no longer required	(216)	–	–		(216)
Gain on financial assets at amortised cost	(8,752)	–	–		(8,752)
Inventories written down	1,274	–	–		1,274
Gain on financial liabilities at amortised cost	(1,030)	–	–		(1,030)
Impairment loss no longer required:					
- receivables - trade	(186)	(388)	–		(574)
- receivables - non trade	(8,082)	–	–		(8,082)
Interest income	(213)	–	–		(213)
Waiver of debt	(5,021)	–	–		(5,021)
Share of results of associates	45	–	–		45
Share of results of joint ventures	535	–	–		535
Results of segment (loss)/profit	(19,529)	(9,612)	1,670		(27,471)
Taxation	(34)	(13)	–		(47)
(Loss)/profit for the financial year	(19,563)	(9,625)	1,670		(27,518)
Other information					
Segment assets	606,981	190,152	2,547		799,680
Investment in associates	18,529	–	–		18,529
Investment in joint ventures	5,793	–	–		5,793
Segment liabilities	422,849	46,507	4,877		474,233
Capital expenditures	44	–	–	B	44

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

36. SEGMENTAL INFORMATION (CONT'D)

Business Segments (Cont'd)

Note: Nature of adjustments and elimination to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation

B Additions of capital expenditure consists of:

	GROUP	
	31.3.2020 RM'000	31.1.2019 RM'000
Property, plant and equipment	964	44

Geographical information

With the cessation of the Group's overseas hotel and recreation business, all remaining operation are conducted in Malaysia. Hence, no geographical segment is presented.

Information about major customers

For property development segment, revenue from two (31.1.2019: two) customers represent approximately RM13.98 million (31.1.2019: RM21.25 million) of the Group's total revenue.

For construction segment, revenue from two (31.1.2019: one) customers represent approximately RM12.27 million (31.1.2019: RM26.23 million) of the Group's total revenue.

37. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Coronavirus outbreak

On 11 March 2020, the World Health Organisation declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties to Malaysia and markets in the Company operate.

The Group and the Company have performed an assessment of the overall impact of the situation on the Group's and the Company's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities and concluded that there is no material adverse effects on the financial statements for the financial period ended 31 March 2020.

The Group continues to actively pursue new opportunities in property investment and its project developments. The Group and the Company will continue to focus on cost optimisation efforts to ensure the Group and the Company remain competitive in a challenging post -MCO business environment and endeavor to deliver sustainable growth in the long term.

38. MATERIAL LITIGATION

Save as disclosed below, neither the Group and the Company are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the business or financial position of the Group, and the Board of Directors has no knowledge of any proceedings pending or threatened against the Group or of any fact likely to give rise to any proceedings which might materially and adversely affect the business or financial position of the Group:

A Writ of Summons and the Statement of Claim was filed in the Kuala Lumpur High Court by Universal Healthcare (R&D) Sdn. Bhd. ("UHSB") against TTB and 3 other Defendants who were Directors of Pandan Indah Medical Management Sdn. Bhd. (In Liquidation), a former subsidiary of TTB ("PIMM").

UHSB claims against TTB for the Declarations that TTB is a director of PIMM and that the business of PIMM was carried out by its Directors and/ or TTB and that the Directors of PIMM and/or TTB are personally liable to UHSB. Consequently, UHSB is seeking an order that the Directors of PIMM and/ or TTB pay jointly and/ or severally, the alleged debt arising from the judgment sum of RM23.82 million assessed by UHSB against PIMM together with interest at the rate of 8% per annum from the date of Writ of Summons until full settlement amounting to a total alleged claim of RM49.23 million (as at 12 October 2015) and/ or in the alternative, damages to be assessed.

TTB has filed its Defence and also counterclaimed against UHSB and the 3 Directors of UHSB for general damages, exemplary damages and aggravated damages for the tort of abuse of process and/ or malicious prosecution.

The full trial of the Civil Suit commenced on 19, 23 and 24 January 2017 and continued to be partly heard on 19 and 20 June 2017, 1, 2 and 3 August 2017, 20 and 24 October 2017 and 27 and 28 November 2017. The Court further continued with the hearing on 18, 19 and 29 January 2018 and 9 and 12 February 2018 and 15 March 2018 and 5, 7 and 8 June 2018 for continued hearing and completed the full hearing on 25 June 2018. Both parties have put in their written submission on 20 August 2018 and the reply on 12 September 2018. The Court had on 10 January 2019 and 12th to 14th June 2019 heard oral submission and fixed 29 August 2019 to deliver its decision which was then deferred to 29 January 2020 and subsequently to 6 March 2020.

The High Court had on 6 March 2020 delivered its decision and dismissed UHSB's Civil Suit and also TTB's Counter Claim with no order as to costs. UHSB's Solicitors had on 14 May 2020 served a Notice of Appeal dated 1 April 2020 to appeal to the Court of Appeal against part of the decision of the High Court dismissing UHSB's High Court Civil Suit without cost.

STATEMENT BY DIRECTORS
(PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016)

We, **CHUA KIM LAN** and **YAW CHUN SOON**, being two of the directors of **TALAM TRANSFORM BERHAD**, do hereby state that in the opinion of the directors, the financial statements set out on pages 68 to 165 are properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements 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 March 2020 and of their financial performance and cash flows for the financial period then ended.

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

CHUA KIM LAN
Director

YAW CHUN SOON
Director

Kuala Lumpur

Date: 28 August 2020

STATUTORY DECLARATION
(PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016)

I, **SOO KAH PIK**, being the officer primarily responsible for the financial management of **TALAM TRANSFORM BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 68 to 165 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

SOO KAH PIK
(MIA No. 8102)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 28 August 2020.

Before me,

HADINUR MOHD SYARIF W76
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TALAM TRANSFORM BERHAD
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the financial statements of TALAM TRANSFORM BERHAD, which comprise the statements of financial position as at 31 March 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 165.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020, and of its financial performance and its cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Qualified Opinion

As disclosed in Note 9(c) to the financial statements, the amount owing by an associate of the Group of RM31.82 million as at 31 March 2020 is in relation to a property development project. The assessment of impairment losses on these balances requires significant judgement made by the directors on the expected credit losses. The Group is of the view that no impairment was required for the amount owing by the associate.

We were unable to obtain sufficient appropriate audit evidence in relation to their assessment that no expected credit loss was required for the amount owing by associate. Therefore, we could not determine whether any expected credit loss was necessary in accordance to MFRS 9 *Financial Instruments*.

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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 period. 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. In addition to the matters described in Basis of Qualified Opinion, we have determined the matters below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT
(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Group

Funding requirements and ability to meet short term obligations

The Group's policies and processes for the management of liquidity risk is disclosed in Note 34(b)(ii) to the financial statements. The directors have prepared the cash flow forecast for the next 12 months from the financial period end to support the assertion that the Group will have sufficient funds to meet its cash flow obligations. We focus on this area due to significant judgement involved in determining the assumptions used by the directors in arriving at the Group's cash flow forecast for the next 12 months.

Our audit response:
Our audit procedures included, among others:
- reviewing the cash flow forecast over the next 12 months;
- comparing the Group's assumptions in the cash flow forecast to our understanding obtained during our audit in relation to key assumptions;
- agreeing sources of financing and uses of funds to relevant supporting documents; and
- testing the mathematical accuracy of the cash flow forecast calculation.

Receivables and amount owing by associates (Note 4(a), 9(b) and 12 to the financial statements)

We focused on this area because the directors made judgements over both the events or changes in circumstances indicating that receivables and amount owing by associates are impaired and the estimation of the size of any such impairment. The receivables are monitored individually by management and therefore the impairment is assessed based on the knowledge of each individual receivable and amount owing by associates.

Our audit response:
Our audit procedures included, among others:
- understanding of significant credit exposures which were significantly overdue through analysis of ageing reports prepared by management;
- obtaining confirmation of balances from selected receivables and associates; and
- reviewing subsequent receipts, correspondences, and considering the level of activity with the debtor and management explanations on recoverability with significantly past due balances.

Inventories (Note 4(b) and 6 to the financial statements)

The Group and the Company have significant balances of completed properties and properties held for development as at 31 March 2020. We focused on this area because the assessment of the net realisable value of these completed properties and properties held for development requires the application of significant judgements made by the directors.

Our audit response:
Our audit procedures included, among others:
- understanding the assumption used by the directors in determining the value of properties held for development;
- comparing the recent transacted prices of comparable completed properties. We focused our evaluation on those completed properties that are slow moving;
- performing site visit on selected completed properties and properties held for development to ascertain the condition; and
- reviewing subsequent sales and Group's assessment on estimated net realisable value on selected inventory items.

INDEPENDENT AUDITORS' REPORT
(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Group (Cont'd)

Revenue and corresponding cost recognition for construction activities (Note 24 and Note 25 to the financial statements)

The amount of revenue and corresponding costs of the Group's construction activities is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of construction costs incurred for works performed to date to the estimated total costs for each project.

We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of performance obligation, the extent of construction costs incurred and the estimated total construction contracts revenue and costs. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our audit response:
Our audit procedures included, among others:
- reading the terms and conditions of agreements with customers to determine that revenue recognition is consistent with the requirements of MFRS 15 *Revenue from Contracts with Customers;*
- discussing the progress of projects and expected outcome with project manager to obtain an understanding of the basis on which the estimates are made;
- reviewing the reasonableness of computed progress towards anticipated satisfaction of performance obligation for identified projects against architect or consultant certificate; and
- testing the mathematical accuracy of the cash flow forecast calculation.

Investment in subsidiaries (Note 4(d) and Note 8 to the financial statements)

The Company has significant balance of investment in subsidiaries. At the end of the financial period, the Company determined whether there is any indication of impairment of investment in subsidiaries.

We focused on this area because the directors' assessment of the recoverable amount involved significant judgement. The recoverable amount of investment in subsidiaries was determined based on the fair value less cost to sell or value-in-use which involves exercise of significant judgement on the discount rates applied and the assumptions supporting the underlying cash flow projections which include future sales, gross profit margin and operating expenses.

Our audit response:
Our audit procedures included, among others:
- comparing the Group's assumptions to our understanding obtained during our audit in relation to key assumptions to assess their reasonableness; and
- testing the mathematical accuracy of the impairment assessment.

INDEPENDENT AUDITORS' REPORT
(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information other than the Financial Statements and Auditors' Report Thereon

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

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

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

If, based on the work we have performed on the other information that we obtained prior the date of this auditor' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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 the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT
(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Companies Act 2016 in Malaysia, we report that:
(a) the subsidiaries of which we have not acted as auditors, are disclosed in Note 31 to the financial statements.
(b) in our opinion, the matters as described in the Basis for Qualified Opinion section have not been properly kept by the Company in accordance with the provision of the Companies Act 2016 in Malaysia.
(c) in our opinion, we have not obtained all the information and explanation that we required.

INDEPENDENT AUDITORS' REPORT
(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF0117
Chartered Accountants

Ong Teng Yan
No. 03076/07/2021 J
Chartered Accountant

Kuala Lumpur

Date: 28 August 2020

LIST OF TOP 10 PROPERTIES

AS AT 31 MARCH 2020

No.	@ Joint Venture + Registered # Beneficial Owner		Location	Original Land area/ Built up area	* Remaining Acreage/ ** Built up area (sq.ft.) (Nett Area)	Description/ proposed development	Date of Acquisition/ Joint Venture/ Completion	Tenure	Expiry	Approximate age of the building (Years)	Net Book Value/Net Carrying Value as at 31/03/2020 RM'000
1	Europlus Berhad	+, #	Mukim Serendah, Daerah Ulu Selangor, Bandar Bukit Beruntung, Negeri Selangor	197.61 acres	* 179.46	Township Development Bukit Beruntung	17/02/2015	Freehold	N/A	N/A	41,964
		#	Mukim Serendah, Daerah Ulu Selangor, Bandar Bukit Sentosa, Negeri Selangor	15.13 acres 6.29 acres	* 15.13 * 6.29	Bukit Sentosa III Development of residential and commercial properties	13/05/2019 17/03/2020	Freehold Freehold	N/A N/A	N/A N/A	5,270 8,080
2	Talam Transform Berhad	+	Mukim Serendah, Daerah Ulu Selangor, Bandar Bukit Sentosa, Negeri Selangor	993.99 acres	* 62.06	Bukit Sentosa III Development of industrial, residential and commercial properties	29/10/1994	Freehold	N/A	N/A	17,410
3	Europlus Berhad	+	Mukim Ulu Yam, Daerah Ulu Selangor, Bukit Beruntung 3, Negeri Selangor	717 acres	* 199.53	Bukit Beruntung III Development of residential and industrial properties	18/12/1991	Freehold	N/A	N/A	89,790
4	Talam Leisure Development Sdn Bhd	#	Mukim Dengkil, Daerah Sepang, Taman Putra Perdana, Puchong, Selangor	120.50 acres	* 67.71	Development of residential and commercial properties	05/02/2015	99 years Leasehold	19/10/2093	N/A	119,809
5	Talam Transform Berhad	+, #	Mukim Batang Berjuntai, Daerah Kuala Selangor, Negeri Selangor	236.50 acres	* 91.39	Batang Berjuntai	04/07/2015	99 years Leasehold	21/01/2101	N/A	13,619
6	Terang Tanah Sdn Bhd	#	Mukim Serendah, Daerah Ulu Selangor, Bandar Bukit Beruntung, Negeri Selangor	35.74 acres	* 35.74	Bukit Beruntung Development of industrial, residential and commercial development	27/02/2015	Freehold	N/A	N/A	19,102
7	Jilin Province Maxcourt Hotel Limited	+	No. 823, Xian Road, Changchun City, District of Chaoyang, Jilin Province, People's Republic of China Postcode: 130061	5,995 sq m 41,584 sq m	N/A	A 4 star 24-storey hotel building	24/12/1999	30 years Leasehold	29/12/2023	20	93,902

LIST OF TOP 10 PROPERTIES
(CONT'D)

No.	@ Joint Venture + Registered # Beneficial Owner		Location	Original Land area/ Built up area	* Remaining Acreage/ ** Built up area (sq.ft.) (Nett Area)	Description/ proposed development	Date of Acquisition/ Joint Venture/ Completion	Tenure	Expiry	Approximate age of the building (Years)	Net Book Value/Net Carrying Value as at 31/03/2020 RM'000
8	Abra Development Sdn Bhd	+	Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur	3,900 sq m / 33,778.15 sq m	N/A	Menara Maxisegar 24-storey commercial complex	22/06/1995	99 years Leasehold	03/04/2094	22	48,915
9	Inti Johan Sdn Bhd	#	Pandan Kapital Shopping Mall, Jalan Pandan Utama, Pandan Indah, 55100 Kuala Lumpur	28,007 sq m / 177,471 sq feet	** 151,681 sq feet	Pandan Kapital Shopping Mall	09/03/2005	99 years Leasehold	24/03/2101	21	26,147
10	Zhinmun Sdn Bhd	+	Mukim of Batu, District of Gombak, State of Selangor	50 acres	* 50 acres	Mixed Development	08/02/2006	99 years Leasehold	23/12/2103	N/A	36,000

Material Properties Owned By Associates (Refer to Note 9 of the Audited Financial Statements for further information)

11	Cekap Tropikal Sdn Bhd	#	Mukim of Batu, District of Gombak, State of Selangor	50 acres	* 50 acres	Mixed Development	05/03/2007	99 years Leasehold	24/02/2105	N/A	29,951

STATEMENT ON DIRECTORS' AND GROUP CHIEF EXECUTIVE OFFICER'S INTERESTS

AS AT 3 AUGUST 2020

DIRECTORS' AND GROUP CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS

(Based on Register of Directors' and Register of Principal Officers' shareholdings as at 3 August 2020)

		No. of Ordinary Shares Held			
		Direct Interest	%[*5]	Indirect Interest	%[*5]
The Company					
1.	Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	1,007,710,694	23.47	258,760,772[*1]	6.03
2.	Chua Kim Lan	90,039	0.002	28,125[*2]	0.001
3.	Yaw Chun Soon	445,000	0.01	–	–
4.	Chan Tet Eu	–	–	1,266,471,466[*3]	29.50
5.	Dato' Mohamad Razali Bin Mohamad Rahim	15	[*4]	–	–

Notes:-

[*1] Held through his spouse, Puan Sri Datin Thong Nyok Choo ("PSDTNC"), his daughter, Chan Siu Wei ("CSW") and deemed interested by virtue of his interest in Pengurusan Projek Bersistem Sdn Bhd ("PPBSB"), Sze Choon Holdings Sdn Bhd ("SCHSB") and Jejak Progresif Sdn Bhd ("JPSB") pursuant to Section 59(11)(c) and Section 8 of the Companies Act 2016 ("Act") respectively.

[*2] Held through her spouse, Chin Chee Meng pursuant to Section 59(11)(c) of the Act.

[*3] Deemed interested through his father, TSDCAC, his mother, PSDTNC, his sister, CSW and by virtue of his interest in PPBSB, SCHSB and JPSB pursuant to Section 8 of the Act.

[*4] negligible

[*5] % shareholding is based on the total number of voting shares as at 3 August 2020 of 4,292,643,762.

Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon and Chan Tet Eu, by virtue of their interests in the shares of the Company are also deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

Save as disclosed above, none of the other Directors of the Company have any interests in the shares of the Company and its related corporations as at 3 August 2020.

ANALYSIS OF SHAREHOLDINGS
AS AT 3 AUGUST 2020

SHARE CAPITAL

Total Number of Issued Shares	:	4,295,279,562 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share
Total Number of Voting Shares	:	4,292,643,762 (excluding treasury shares of 2,635,800)

DISTRIBUTION OF ORDINARY SHAREHOLDINGS
(Based on Record of Depositors as at 3 August 2020)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
1 - 99	1,453	7.24	63,842	0.00
100 - 1,000	1,942	9.67	1,200,512	0.03
1,001 - 10,000	6,347	31.61	29,396,349	0.68
10,001 -100,000	6,991	34.81	339,334,485	7.91
100,001 – 214,632,187 (*1)	3,346	16.66	3,292,648,574	76.70
214,632,188 and above (*2)	2	0.01	630,000,000	14.68
TOTAL (*3)	20,081	100.00	4,292,643,762	100.00

NOTES:-

(*1) Less than 5% of the total number of voting shares
(*2) 5% and above of the total number of voting shares
(*3) Exclusive of treasury shares

THIRTY LARGEST ORDINARY SHAREHOLDERS
(Based on Record of Depositors as at 3 August 2020)

	Name	No. of Ordinary Shares Held	%
(1)	CHAN AH CHYE @ CHAN CHONG YOON	400,000,000	9.32
(2)	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JEJAK PROGRESIF SDN BHD	230,000,000	5.36
(3)	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN AH CHYE @ CHAN CHONG YOON	183,718,086	4.28
(4)	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHAN AH CHYE @ CHAN CHONG YOON (PB)	168,000,000	3.91
(5)	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHAN AH CHYE @ CHAN CHONG YOON (PBCL-0G0237)	126,000,000	2.94

ANALYSIS OF SHAREHOLDINGS
(CONT'D)

THIRTY LARGEST ORDINARY SHAREHOLDERS (CONT'D)
(Based on Record of Depositors as at 3 August 2020)

	Name	No. of Ordinary Shares Held	%
(6)	CHAN AH CHYE @ CHAN CHONG YOON	124,374,565	2.90
(7)	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PROMINENT XTREME SDN BHD	107,849,781	2.51
(8)	AL WAKALAH NOMINEES (TEMPATAN) SDN BHD BANK ISLAM MALAYSIA BERHAD	103,373,494	2.41
(9)	WCE HOLDINGS BERHAD	79,670,967	1.86
(10)	TEO KWEE HOCK	61,215,200	1.43
(11)	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	48,870,878	1.14
(12)	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI	44,308,700	1.03
(13)	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	31,110,000	0.72
(14)	RESON SDN BHD	27,131,500	0.63
(15)	LIVEWERKZ SDN BHD	25,000,000	0.58
(16)	YEOH TEONG ENG	22,507,300	0.52
(17)	PENGURUSAN PROJEK BERSISTEM SDN BHD	21,000,404	0.49
(18)	TENGKU UZIR BIN TENGKU UBAIDILLAH	19,000,000	0.44
(19)	CHONG YIEW ON	17,692,200	0.41
(20)	NG LOO SOON	16,000,000	0.37
(21)	ONG YENG TIAN @ ONG WENG TIAN	13,934,470	0.32
(22)	GENERAL TECHNOLOGY SDN BHD	13,197,431	0.31
(23)	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WCE HOLDINGS BERHAD	13,169,550	0.31
(24)	YEOH TEONG ENG	12,000,000	0.28
(25)	POS MALAYSIA BERHAD	11,637,000	0.27
(26)	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO KWEE HOCK	11,000,000	0.26
(27)	YAP CHOON HIAN	11,000,000	0.26
(28)	ONG YEW BENG	10,900,000	0.25
(29)	ONG SOO CHIANG	10,500,000	0.24
(30)	HO SHU KEONG	10,000,000	0.23
		1,974,161,526	45.99

ANALYSIS OF SHAREHOLDINGS
(CONT'D)

SUBSTANTIAL SHAREHOLDERS
(Based on Register of Substantial Shareholders as at 3 August 2020)

		No. of Ordinary Shares			
	Name of Substantial Shareholders	**Direct Interest**	**%*5**	**Indirect Interest**	**%*5**
1.	Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	1,007,710,694	23.47	258,760,772*1	6.03
2.	Puan Sri Datin Thong Nyok Choo	600,145	0.01	1,265,871,321*2	29.49
3.	Chan Siu Wei	3,259,950	0.07	1,263,211,516*3	29.43
4.	Chan Tet Eu	–	–	1,266,471,466*4	29.50
5.	Jejak Progresif Sdn Bhd	230,000,000	5.36	–	–

NOTES:-

*1 Held through his spouse, Puan Sri Datin Thong Nyok Choo ("PSDTNC"), his daughter, Chan Siu Wei ("CSW") and deemed interested by virtue of his interest in Pengurusan Projek Bersistem Sdn Bhd ("PPBSB"), Sze Choon Holdings Sdn Bhd ("SCHSB") and Jejak Progresif Sdn Bhd ("JPSB") pursuant to Section 59(11)(c) and Section 8 of the Companies Act 2016 ("Act") respectively.

*2 Deemed interested through her spouse, TSDCAC, her daughter, CSW and by virtue of her interest in PPBSB, SCHSB and JPSB pursuant to Section 8 of the Act.

*3 Deemed interested through her father, TSDCAC, her mother, PSDTNC and by virtue of her interest in PPBSB, SCHSB and JPSB pursuant to Section 8 of the Act.

*4 Deemed interested through his father, TSDCAC, his mother, PSDTNC, his sister, CSW and by virtue of his interest in PPBSB, SCHSB and JPSB pursuant to Section 8 of the Act.

*5 % shareholding is based on the total number of voting shares as at 3 August 2020 of 4,292,643,762.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 95th Annual General Meeting of **TALAM TRANSFORM BERHAD** ("the Company") will be held at Pusat Konvensyen, Triumph Convention Centre, Lot 1.01, Level 1, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur on Tuesday, 29 September 2020 at 11.30 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial period ended 31 March 2020 and the Reports of the Directors and Auditors thereon. ***(Please refer to Explanatory Note 1)***

2. To approve the payment of Directors' fees of RM25,000 for each Director for the financial period ended 31 March 2020 (2019: RM50,000 for each Director). ***(Resolution 1)***

3. To approve the payment of additional Non-Executive Directors' remuneration (excluding Directors' fees) up to an amount of RM52,000 from 1 August 2020 to 29 September 2020. ***(Resolution 2)***

4. To approve the payment of Non-Executive Directors' remuneration (excluding Directors' fees) up to an amount of RM312,000 from 30 September 2020 until the next Annual General Meeting of the Company to be held in the year 2021. ***(Resolution 3)***

5. To re-elect the following Directors who are retiring in accordance with Clause 110 of the Constitution of the Company:-

   (i) Mr Tsen Keng Yam ***(Resolution 4)***
   (ii) Dato' Kamaruddin Bin Mat Desa ***(Resolution 5)***

6. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. ***(Resolution 6)***

AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolutions:-

7. **ORDINARY RESOLUTION** ***(Resolution 7)***
   Proposed Retention of Independent Non-Executive Director

   "**THAT** Mr Tsen Keng Yam be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting notwithstanding that he has been in that capacity for a cumulative term of more than twelve (12) years."

8. **ORDINARY RESOLUTION** ***(Resolution 8)***
   Proposed Retention of Independent Non-Executive Director

   "**THAT** Dato' Kamaruddin Bin Mat Desa be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting notwithstanding that he has been in that capacity for a cumulative term of more than twelve (12) years."

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

9. **ORDINARY RESOLUTION** ***(Resolution 9)***
Proposed Retention of Independent Non-Executive Director

"**THAT** Datuk Dr Ng Bee Ken be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting notwithstanding that he has been in that capacity for a cumulative term of more than nine (9) years."

10. **ORDINARY RESOLUTION** ***(Resolution 10)***
Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

"**THAT** subject to Sections 75 and 76 of the Companies Act 2016, Constitution of the Company, approvals of the relevant governmental/regulatory authorities and the passing of the Special Resolution as contained here in respect of the alteration to the Constitution of the Company, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed twenty per cent (20%) of the total number of issued shares of the Company for the time being, and the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad.

AND THAT such authority shall commence immediately upon the passing of this resolution and to continue to be in force until the conclusion of the next Annual General Meeting of the Company."

11. **ORDINARY RESOLUTION** ***(Resolution 11)***
Proposed renewal of shareholders' mandate for existing recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate ")

"**THAT** subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiary companies shall be mandated to enter into such recurrent transactions of a revenue or trading nature which are necessary for their day-to-day operations and with those related parties as specified in Section 2.4 (1) to (5) of the Circular to Shareholders dated 28 August 2020 subject further to the following:-

(i) the transactions are in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company; and

(ii) disclosure will be made in the Annual Report of the aggregate value of transactions of the Proposed Shareholders' Mandate conducted during the financial year, including amongst others, the following information:-

(a) the type of the recurrent transactions made; and

(b) the names of the related parties involved in each type of the recurrent transactions made and their relationship with the Company and/or its subsidiary companies.

AND THAT such mandate shall commence upon passing of this resolution and shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such mandate was passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed; or

(ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

12. **SPECIAL RESOLUTION** ***(Resolution 12)***
Proposed Alteration to the Constitution of the Company

"**THAT** Clause 14 of the Constitution of the Company be hereby amended and thereafter, Clause 14 shall be read as follows:-

Subject to the Listing Requirements and notwithstanding the existence of a resolution pursuant to Section 75(1) and Section 76(1) of the Companies Act 2016, the Company shall not issue any shares or convertible Securities if the total number of those shares or convertible Securities when aggregated with the total number of any such shares or convertible Securities issued during the preceding twelve (12) months, exceed twenty per cent (20%) of the total number of issued shares of the Company, except where the shares or convertible Securities are issued with the prior approval of the Company in meeting of Members of the precise terms and conditions of the issue."

13. To transact any other ordinary business which due notice shall have been given.

BY ORDER OF THE BOARD

SOO KAH PIK (MIA 8102)
SSM Practising Certificate No. 201908004099
Company Secretary

Kuala Lumpur
28 August 2020

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

NOTES:-

1. *The Company has changed its financial year end from 31 January to 31 March and an announcement has been made to Bursa Malaysia Securities Berhad on 18 December 2019 on the change of financial year end. The Companies Commission of Malaysia has granted its approval for an extension of time until 30 September 2020 for the Company to hold its Annual General Meeting in respect of the calendar year 2020. Hence, the 95th AGM will be held to table the 14 months Audited Financial Statements made up from 1 February 2019 to 31 March 2020.*

2. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restrictions as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the members to speak at the meeting.*

3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, under its common seal or the hand of an officer or attorney duly authorised.*

4. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

5. *Where a member appoints two (2) proxies, the member shall specify the proportion of his shareholdings to be represented by each proxy.*

6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

7. *All Forms of Proxy must be deposited at the Registered Office of the Company situated at Unit 17.02, Level 17, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

8. *For the purpose of determining members who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 22 September 2020. Only members whose names appear therein shall be entitled to attend the said meeting or appoint a proxy to attend, speak and vote on their behalf.*

9. *Pursuant to Paragraph 8.29(A)(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of this Annual General Meeting will be put to vote by poll.*

EXPLANATORY NOTES TO THE ORDINARY AND SPECIAL BUSINESS

1. *Audited Financial Statements of the Company for the financial period ended 31 March 2020*

   This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

EXPLANATORY NOTES TO THE ORDINARY AND SPECIAL BUSINESS (CONT'D)

2. *Resolution 2: Payment of additional Non-Executive Directors' Remuneration (excluding Directors' Fees) from 1 August 2020 to 29 September 2020*

   Pursuant to Section 230(1) of the Companies Act 2016, any fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at a general meeting.

   At the 94th Annual General Meeting of the Company held on 25 July 2019, the shareholders of the Company had approved the payment of the Non-Executive Directors' remuneration for the period commencing from 26 July 2019 (being the date immediately after the 94th Annual General Meeting of the Company) until the next annual general meeting of the Company to be held latest by 31 July 2020.

   However, the Company had on 18 December 2019 announced to Bursa Malaysia Securities Berhad regarding the change of the Company's financial year end from 31 January to 31 March and hence, the new financial period of the Company shall cover a period of 14 months from 1 February 2019 to 31 March 2020. The Companies Commission of Malaysia has also granted its approval for an extension of time until 30 September 2020 for the Company to hold its Annual General Meeting in respect of calendar year 2020. Hence, there will be additional Non-Executive Directors' remuneration comprising of additional 2 months of fixed monthly allowance and meeting allowance for 1 additional Board of Directors' meeting payable to the Directors and the quantum shall be as per the table of remuneration stated in Note 3 below.

3. *Resolution 3: Payment of Non-Executive Directors' Remuneration (excluding Directors' Fees) from 30 September 2020 until the next Annual General Meeting of the Company to be held in the year 2021*

   The Company is seeking shareholders' approval for the payment of the Non-Executive Directors' remuneration for the period commencing from 30 September 2020 (being the date immediately after the 95th Annual General Meeting of the Company) until the next annual general meeting of the Company to be held in the year 2021.

   The Remuneration Committee had conducted a review of the Directors' remuneration and after taking into consideration the global economic crisis due to the Covid-19 pandemic health crisis coupled with the present difficult property market and financial conditions, had recommended that the following estimated Directors' remuneration (excluding Directors' Fees) payable to the Non-Executive Directors to remain the same as per last year:-

No.	Description	Designation	Current
(i)	Fixed Monthly Allowance	Chairman	RM10,000 per month
		Non-Executive Directors	RM5,000 per month per director
(ii)	Meeting Allowance • Board Meeting (5 times per year) • General Meeting • (1 time per year)	Non-Executive Directors	RM500 per meeting per director

   However, the Non-Executive Directors have agreed to take a reduction in their fixed monthly allowance in tandem with the Group's Salary Reduction Implementation exercise by 50% for the Chairman and 20% for the other Non-Executive Directors since 1 May 2020 in order to give financial support to the Company in this difficult times. The Remuneration Committee shall in the meantime, continuously review the financial situation and will reinstate back their fixed monthly allowance to original quantum when able to do so.

   The Board has reviewed and accepted the Remuneration Committee's proposal as it is of the view that it is fair and reasonable and was in the Company's best interest. However, the payment of the Directors' remuneration (excluding Directors' Fees) to the Non-Executive Directors will be made by the Company on a monthly basis and/or as and when incurred, given that they have duly discharged their responsibilities and provided their services to the Company and the Group for the said period, if the Proposed Resolution 3 has been passed at the 95th Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

EXPLANATORY NOTES TO (THE ORDINARY AND SPECIAL BUSINESS) (CONT'D)

4. Resolution 7, Resolution 8 and Resolution 9: Proposed Retention of Independent Non-Executive Director

Resolution 7, Resolution 8 and Resolution 9 are proposed pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017 and if passed, will allow Mr Tsen Keng Yam, Dato' Kamaruddin Bin Mat Desa and Datuk Dr Ng Bee Ken to be retained and continue to act as Independent Non-Executive Directors.

(a) Mr Tsen Keng Yam

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Mr Tsen Keng Yam who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years and recommended him to continue to act as an Independent Non-Executive Director of the Company, through a two-tier voting process, based on the following justifications:-

(i) He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore is able to bring independent and objective judgment to the Board;
(ii) His experience in the various industries enables him to provide the Board with a diverse set of experience, expertise, skills and competence;
(iii) He has been with the Company for more than sixteen (16) years and therefore understands the Company's business operations which enables him to participate actively and contribute during deliberations or discussions at the Board and Board Committees' meetings;
(iv) He has contributed sufficient time and effort and attended all the Board and Board Committees' meetings for the financial period ended 31 March 2020 to obtain independent information required for a balanced decision making; and
(v) He has exercised due care during his tenure as an Independent Non-Executive Director of the Company and carried out his duties in the interest of the Company and its shareholders.

(b) Dato' Kamaruddin Bin Mat Desa

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Dato' Kamaruddin Bin Mat Desa who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years and recommended him to continue to act as an Independent Non-Executive Director of the Company, through a two-tier voting process, based on the following justifications:-

(i) He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore is able to bring independent and objective judgment to the Board;
(ii) He has been with the Company for more than twelve (12) years and therefore understands the Company's business operations which enables him to participate actively and contribute during deliberations or discussions at the Board and Board Committees' meetings;
(iii) He has contributed sufficient time and effort and attended all the Board and Board Committees' meetings for the financial period ended 31 March 2020 to obtain independent information required for a balanced decision making; and
(iv) He has exercised due care during his tenure as an Independent Non-Executive Director of the Company and carried out his duties in the interest of the Company and its shareholders.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

EXPLANATORY NOTES TO (THE ORDINARY AND SPECIAL BUSINESS) (CONT'D)

4. *Resolution 7, Resolution 8 and Resolution 9: Proposed Retention of Independent Non-Executive Director (Cont'd)*

   (c) *Datuk Dr Ng Bee Ken*

   The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Datuk Dr Ng Bee Ken who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:-

   (i) *He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore is able to bring independent and objective judgment to the Board;*
   (ii) *His experience in the various industries enables him to provide the Board with a diverse set of experience, expertise, skills and competence;*
   (iii) *He has been with the Company for more than ten (10) years and therefore understands the Company's business operations which enables him to participate actively and contribute during deliberations or discussions at the Board and Board Committees' meetings;*
   (iv) *He has contributed sufficient time and effort and attended 3 out of 6 Board Meetings and several Board Committees' meetings for the financial period ended 31 March 2020 to obtain independent information required for a balanced decision making; and*
   (v) *He has exercised due care during his tenure as an Independent Non-Executive Director of the Company and carried out his duties in the interest of the Company and its shareholders.*

5. *Resolution 10: Authority to issue shares*

   The proposed Ordinary Resolution 10 is intended to renew the authority granted to the Directors of the Company at the 94th Annual General Meeting of the Company held on 25 July 2019, to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company for the time being ("General Mandate"). The General Mandate granted by the shareholders at the 94th Annual General Meeting of the Company has not been utilised and hence, no proceed was raised therefrom.

   The new General Mandate will be seeking a higher limit for the issuance of new shares up to 20% limit as allowed or authorised by Bursa Malaysia Securities Berhad pursuant to its letter dated 16 April 2020. This gives the Company additional fund raising flexibility and will enable the Directors to take swift action for the allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions and to avoid delay and cost in convening general meetings to approve such issue of shares.

6. *Resolution 11: Proposed renewal of shareholders' mandate for existing recurrent related party transactions of a revenue or trading nature*

   The detailed information on the proposed renewal of shareholders' mandate for existing recurrent related party transactions of a revenue or trading nature, is set out in the Circular to Shareholders dated 28 August 2020 which is enclosed together with the Company's Annual Report 2020.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

EXPLANATORY NOTES TO (THE ORDINARY AND SPECIAL BUSINESS) (CONT'D)

7. Resolution 12: Special Resolution - Proposed Alteration to the Constitution of the Company

According to Bursa Malaysia Securities Berhad's letter dated 16 April 2020, one of the additional temporary reliefs to listed issuers is the increase of the general mandate limit for new issue of securities from 10% to 20% which will be valid up to 31 December 2021. However, the Company's Constitution has restricted the mandate to 10% of the total number of shares that it could issue and therefore, this relief will be not available to the Company unless the Constitution is altered by amending Clause 14.

Therefore, the proposed alteration to the existing Constitution of the Company is to amend Clause 14 of the Constitution to seek higher general mandate limit for issuance of new shares up to 20% limit as allowed or authorised by Bursa Malaysia Securities Berhad.

The Board is of the opinion that the proposed alteration, if approved, will be in the best interest of the Company as well as its shareholders as it gives the Company additional fund raising flexibility to raise funds and/or issue new shares as part or full payment consideration for any viable and feasible acquisition quickly and in a more cost effective manner.

TALAM TRANSFORM BERHAD

[Company Registration No: 192001000012 (1120-H)]
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	
No. of Shares Held	

*I/We ____
(Full Name of Shareholder as per NRIC/Passport/Certificate of Incorporation in capital letters)

(NRIC/Passport/Company No. ______________________) of ______________________________
(Full Address)

____
(Full Address)

______________________________ being a *member/members of **TALAM TRANSFORM BERHAD** ("the Company")

hereby appoint ______________________________ (NRIC/Passport No. ______________________________)
(Full Name of Proxy as per NRIC/Passport In capital letters)

of ____
(Full Address)

*and/ or ______________________________ (NRIC/Passport No. ______________________________)
(Full Name of Proxy as per NRIC/Passport In capital letters)

of ____
(Full Address)

**or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the 95th Annual General Meeting ("95th AGM") of the Company to be held at Pusat Konvensyen, Triumph Convention Centre, Lot 1.01, Level 1, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur on Tuesday, 29 September 2020 at 11.30 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
	As Ordinary Business		
1	To approve the payment of Directors' fees of RM25,000 for each Director for the financial period ended 31 March 2020 (2019: RM50,000 for each Director).		
2	To approve the payment of additional Non-Executive Directors' remuneration (excluding Directors' fees) up to an amount of RM52,000 from 1 August 2020 to 29 September 2020.		
3	To approve the payment of Non-Executive Directors' remuneration (excluding Directors' fees) up to an amount of RM312,000 from 30 September 2020 until the next Annual General Meeting of the Company to be held in the year 2021.		
4	To re-elect the Director, Mr Tsen Keng Yam, who is retiring in accordance with Clause 110 of the Constitution of the Company.		
5	To re-elect the Director, Dato' Kamaruddin Bin Mat Desa who is retiring in accordance with Clause 110 of the Constitution of the Company.		
6	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	As Special Business		
7	Ordinary Resolution Proposed retention of Mr Tsen Keng Yam as Independent Non-Executive Director.		
8	Ordinary Resolution Proposed retention of Dato' Kamaruddin Bin Mat Desa as Independent Non-Executive Director.		
9	Ordinary Resolution Proposed retention of Datuk Dr Ng Bee Ken as Independent Non-Executive Director.		
10	Ordinary Resolution Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
11	Ordinary Resolution Proposed renewal of shareholders' mandate for existing recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate").		
12.	Special Resolution Proposed Alteration to the Constitution of the Company		

(Please indicate with an "X" in the appropriate spaces how you wish your vote to be casted. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstains from voting.)

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies must be indicated below:-	
	Percentage (%)
First proxy	
Second proxy	

Signed this______________day of______________________2020.

____
Signature/Common Seal of Member(s)

* *Please delete if not applicable.*

** *If you do not wish to appoint the Chairman of the Meeting as your proxy/one of your proxies, please strike out the words "or failing him/her, the Chairman of the Meeting" and insert the name(s) of the proxy(ies) you wish to appoint in the blank space(s) provided.*

NOTES:-

1. *The Company has changed its financial year end from 31 January to 31 March and an announcement has been made to Bursa Malaysia Securities Berhad on 18 December 2019 on the change of financial year end. The Companies Commission of Malaysia has granted its approval for an extension of time until 30 September 2020 for the Company to hold its Annual General Meeting in respect of the calendar year 2020. Hence, the 95th AGM will be held to table the 14 months Audited Financial Statements made up from 1 February 2019 to 31 March 2020.*
2. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restrictions as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the members to speak at the meeting.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, under its common seal or the hand of an officer or attorney duly authorised.*
4. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a member appoints two (2) proxies, the member shall specify the proportion of his shareholdings to be represented by each proxy.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
7. *All Forms of Proxy must be deposited at the Registered Office of the Company situated at Unit 17.02, Level 17, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
8. *For the purpose of determining members who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 22 September 2020. Only members whose names appear therein shall be entitled to attend the said meeting or appoint a proxy to attend, speak and vote on their behalf.*
9. *Pursuant to Paragraph 8.29(A)(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of this Annual General Meeting will be put to vote by poll.*

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AFFIX
STAMP

The Company Secretary
TALAM TRANSFORM BERHAD
[Company Registration No: 192001000012 (1120-H)]
Unit 17.02, Level 17, Menara Maxisegar
Jalan Pandan Indah 4/2
Pandan Indah
55100 Kuala Lumpur

2nd Fold Here

Fold This Flap For Sealing

www.ttransform.com.my

TALAM TRANSFORM BERHAD
(Incorporated in Malaysia) 192001000012 (1120-H)
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Jalan Pandan Indah 4/2,
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