登高集團

TANCO HOLDINGS BERHAD

Registration No. 195801000190 (3326-K)

ANNUAL REPORT 2022

Our Vision

To be a leader in leisure property developments with innovative and win-win value propositions.

Our Mission

With a firm passion and solid business ethics spearheaded by a dedicated and focused team, and a range of smart, strategic and branded partnerships and alliances, we will transform ourselves into a leader of leisure property developments with quality and innovative value propositions to mutually benefit all concerned especially our investors, partners and stakeholders.

63RD ANNUAL GENERAL MEETING

DATE : Thursday, 15 December 2022

TIME : 10.30 a.m.

ONLINE MEETING PLATFORM : Vote2U online meeting platform at https://web.vote2u.my provided by Agmo Digital Solutions Sdn Bhd

DOMAIN REGISTRATION NUMBERS WITH MYNIC : D6A471702

ONLINE DOWNLOAD

1. Annual Report 2022
2. Corporate Governance Report 2022
3. Notice of 63rd AGM
4. Form of Proxy
5. Administrative Guide for the 63rd AGM
6. Requisition Form

Please scan the above QR Code for the above documents of the Company, which are also available at https://www.tancoholdings.com/notification.html.

Should you require any assistance on the above, kindly contact Puan Ruzita Abdul Latif at Tel: +6(03) 8070 8288 Ext: 206 or e-mail to corporate@tancoholdings.com.

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **Sixty-Third (63rd)Annual General Meeting ("AGM")** of Tanco Holdings Berhad ("THB" or the "Company") will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities provided by Vote2U via online meeting platform at https://web.vote2u.my (Domain Registration No. with MYNIC D6A471702) on Thursday, 15 December 2022 at 10.30 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the audited financial statements for the financial year ended 30 June 2022 together with the Reports of the Directors and the Auditors thereon. (Please refer to Explanatory Note 1)

2. To re-elect the following Directors who are retiring in accordance with Clause 114 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (i) Mr. James Wong Kwong Yew (Resolution 1)

   (ii) Mr. Christopher Tan Khoon Suan (Resolution 2)

3. To re-elect the following Directors who are retiring in accordance with Clause 119 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (i) Dato' Martini binti Osman (Resolution 3)

   (ii) Ms. Chew Shen Hoay (Resolution 4)

4. To approve the payment of Directors' fees of up to RM182,000.00 for the period from 16 December 2022 until the next AGM of the Company to be held in 2023 for the Non-Executive Directors of the Company. (Resolution 5)

5. To approve the payment of Director's fee amounting to RM35,952.00 for the period from 17 December 2021 up to the date of the forthcoming 63rd AGM of the Company for Dato' Martini binti Osman. (Resolution 6)

6. To approve the payment of benefits payable (excluding Directors' fees) up to an amount of RM137,800.00 for the period from 16 December 2022 until the next AGM of the Company to be held in 2023 for the Non-Executive Directors of the Company. (Resolution 7)

7. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT, as Auditors of the Company, to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. (Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING (Continued)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions with or without modifications:-

8. **Ordinary Resolutions**
- Retention of Independent Non-Executive Directors

(i) "THAT Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company." (Resolution 9)

(ii) "THAT subject to the passing of the Ordinary Resolution 1, Mr. James Wong Kwong Yew who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company." (Resolution 10)

9 **Ordinary Resolution**
- Approval for issuance of new ordinary shares pursuant to Section 75 and Section 76 of the Companies Act 2016

"THAT subject always to the Companies Act 2016 ("the Act"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered and authorised, pursuant to Section 75 and Section 76 of the Act to issue and allot new ordinary shares in the Company from time to time at such price and upon such terms and conditions and for such purposes and to such person/persons or party/parties whomsoever as the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company at the time of issue AND THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares to be issued AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next AGM of the Company; (Resolution 11)

AND THAT pursuant to Section 85 of the Act to be read together with Clause 13(1) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Section 75 and Section 76 of the Act."

10. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Act.

By Order of the Board

Choi Siew Fun
SSM PC No. 201908001479
MAICSA 0877848
Company Secretary

Puchong, Selangor Darul Ehsan
31 October 2022

NOTICE OF ANNUAL GENERAL MEETING (Continued)

NOTES:-

A. Proxy and Entitlement of Attendance

(i) The 63rd AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities provided by Agmo Digital Solutions Sdn Bhd ("Agmo") via its Vote2U online meeting platform at https://web.vote2u.my .

(ii) The main venue of the 63rd AGM for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairman of the Meeting to be at the main venue, is the online meeting platform provided by Agmo via its Vote2U online meeting platform at https://web.vote2u.my in Malaysia. Shareholders/proxies are strongly advised to participate, speak (in the form of real-time submission of typed texts) and vote remotely at the 63rd AGM through live streaming and online remote voting using the RPV facilities. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely via the RPV facilities.

(iii) Only members whose names appear on the Record of Depositors as at 8 December 2022 shall be eligible to participate, speak (in the form of real-time submission of typed texts) and vote remotely at the AGM via RPV facilities or to appoint proxy(ies) in his/her stead or in the case of a corporation, a duly authorised representative to participate, speak and/or vote in its stead.

(iv) A member entitled to participate, speak and vote at the AGM is entitled to appoint a proxy or proxies to participate, speak and vote in his/her stead. A proxy may, but need not, be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate, speak and vote at the AGM shall have the same rights as the member to speak at the AGM.

(v) A member may appoint up to two (2) proxies to participate, speak and vote at the same AGM. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

(vi) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), 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. In such instance, the member shall specify the securities account number for each appointment.

(vii) Where a member of the Company is an exempt authorised nominee as defined under the SICDA 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 to the omnibus account.

(viii) The instrument appointing a proxy or proxies shall be signed by the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(ix) For a proxy to be valid, the Form of Proxy duly completed and signed must be deposited at the Company's Registered Office at No. 1, Jalan Bandar 1, Pusat Bandar Puchong, 47160 Puchong, Selangor Darul Ehsan or via electronic means through Vote2U online meeting platform at https://web.vote2u.my (please refer to the Administrative Guide for further information on electronic submission) not less than 48 hours before the time set for holding the AGM or any adjournment thereof.

B. Poll Voting

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

NOTICE OF ANNUAL GENERAL MEETING (Continued)

NOTES:- (Continued)

C. Abstention from Voting

The respective Independent Non-Executive Director who is a shareholder of the Company will abstain from voting on Ordinary Resolutions 5, 6 and/or 7 concerning his or her Director's fees and Director's benefits (excluding Director's fees) at the 63rd AGM. Any Director referred to in Ordinary Resolutions 1-4, 9 and 10 who is a shareholder of the Company will abstain from voting on the resolution in respect of his/her re-election and/or retention as a Director at the 63rd AGM.

EXPLANATORY NOTES:-

1. Agenda 1 - Audited Financial Statements

This agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. Ordinary Resolutions 1, 2, 3 and 4 - Re-election of Directors

Clause 114 of the Company's Constitution provides that one-third (1/3rd) of the Directors of the Company for the time being shall retire from office at each AGM of the Company and that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. Mr. James Wong Kwong Yew and Mr. Christopher Tan Khoon Suan are standing for re-election as Directors and being eligible, have offered themselves for re-election.

Based on the Board's annual assessment, the Nomination Committee and the Board were satisfied with the said Directors' performance and contributions to the Board and they have discharged their responsibilities effectively. They also possess relevant qualification, knowledge and experience which complement the Board's competencies.

Clause 119 of the Company's Constitution provides that any Director appointed by the Board shall hold office only until the conclusion of the next following AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting. Dato' Martini binti Osman and Ms. Chew Shen Hoay who was appointed as Independent Non-Executive Director and Executive Director on 17 December 2021 and 1 June 2022 respectively, are standing for re-election and being eligible, have offered themselves for re-election. They possess relevant qualification, knowledge and experience which further strengthen the Board composition.

The Board has therefore recommended the re-election of each Director who is retiring at the 63rd AGM. The profiles of the retiring Directors are set out in the Directors' Profile section of the Annual Report 2022.

3. Ordinary Resolutions 5, 6 and 7 - Payment of Directors' fees and Benefits Payable (excluding Directors' fees) to Non-Executive Directors

In accordance with Section 230(1) of the Act that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval shall be sought at this AGM for the payment of Directors' fees and benefits payable to the Non-Executive Directors of the Company under Resolutions 5, 6 and 7.

NOTICE OF ANNUAL GENERAL MEETING (Continued)

EXPLANATORY NOTES:- (Continued)

3. **Ordinary Resolutions 5, 6 and 7 - Payment of Directors' fees and Benefits Payable (excluding Directors' fees) to Non-Executive Directors (Continued)**

(i) **Ordinary Resolution 5 – Payment of Directors' fees to Non-Executive Directors of the Company**

The quantum of the Directors' fees for each of the Non-Executive Director is the same as the previous financial year ended 30 June 2021, there is no revision to the proposed fees. The proposed fees to be paid to the Non-Executive Directors is based on the following fees structure:

	RM (per annum)
Chairman of the Board	60,000.00
Member of the Board	36,000.00

(ii) **Ordinary Resolution 6 - Payment of Director's fee to Dato' Martini binti Osman**

Following the appointment of Dato' Martini binti Osman as an Independent Non-Executive Director of the Company with effect from 17 December 2021, the Director's fee payable to Dato' Martini binti Osman was pro-rated from 17 December 2021 (Date of Appointment) up to the date of the forthcoming 63rd AGM of the Company.

(iii) **Ordinary Resolution 7 - Payment of benefits payable (excluding Directors' fees) to Non-Executive Directors of the Company**

The Company is seeking for shareholders' approval for payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors of the Company which comprises of meeting attendance allowances of RM500.00 per meeting for attending the Board and Board Committees meetings and other benefits up to an amount of RM137,800.00 for the period from 16 December 2022 until the next AGM of the Company to be held in 2023 as follows:-

	RM
Directors' meeting attendance allowances	78,000.00
Directors' other benefits	59,800.00
Total	137,800.00

In determining the estimated Directors' benefits payable (excluding Directors' fees) to the Non-Executive Directors of the Company, the Board considered various factors including the number of scheduled meetings for the Board, Board Committees and general meetings of the Company, assuming full attendance by all of the Non-Executive Directors. The anticipated amount of Directors' benefits payable (excluding Directors' fees) also caters for unforeseen circumstances i.e. the appointment of additional Directors, additional unscheduled Board meetings and/or the formation of additional Board Committees.

The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid the Directors' benefits (excluding Directors' fees), particularly after they have discharged their responsibilities and rendered their services to the Company.

In the event, where the payment of Directors' fees and benefits payable (excluding Directors' fees) during the above period exceeded the estimated amount sought at this AGM, a shareholders' approval will be sought at the next AGM.

4. **Ordinary Resolution 8 - Re-appointment of Auditors**

The Board, through the Audit and Risk Management Committee, had reviewed and was satisfied with the performance and independence of Baker Tilly Monteiro Heng PLT during the financial year under review. The Board has therefore recommended the re-appointment of Baker Tilly Monteiro Heng PLT as external auditors of the Company for the financial year ending 30 June 2023.

NOTICE OF ANNUAL GENERAL MEETING (Continued)

EXPLANATORY NOTES:- (Continued)

5. Ordinary Resolutions 9 and 10 - Retention of Independent Non-Executive Directors

The Board via the Nomination Committee has assessed the independence of Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse and Mr. James Wong Kwong Yew who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and the Board has recommended them to be retained as Independent Non-Executive Directors of the Company based on the following justifications:

(i) They have fulfilled the criteria under the definition on Independent Director in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
(ii) They are able to bring independent and objective judgment to the Board;
(iii) They have been with the Company for more than nine (9) years and therefore understand the Company's business operations which enable them to participate actively and contribute positively during deliberations or discussions at Board Meetings;
(iv) They have devoted sufficient time to discharge their statutory duties and fiduciary responsibilities; and
(v) They have exercised due care during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the interest of the Company and shareholders.

The proposed retention of Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse and Mr. James Wong Kwong Yew as Independent Non-Executive Directors of the Company will be voted through a two-tier voting process.

6. Ordinary Resolution 11- Approval for Issuance of new Ordinary Shares pursuant to Section 75 and Section 76 of the Act

The proposed Ordinary Resolution No. 11, if passed, will renew the authority given to the Directors of the Company, from the date of the above AGM, to issue and allot new ordinary shares in the Company up to and not exceeding in total ten percent (10%) of the total number of issued shares of the Company for the time being, for such purposes as they consider would be in the interest of the Company ("General Mandate"). This renewed General Mandate, unless revoked or varied by the Company at a General Meeting, will expire at the next AGM.

As at the date of this notice, the Company has not issued any new shares under the General Mandate, which was approved at the 63rd AGM held on 16 December 2021, and which will lapse at the conclusion of the 63rd AGM. A renewal of this General Mandate is being sought at the 63rd AGM under the proposed Ordinary Resolution No. 11.

The renewed General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding current and/or future investment project(s), working capital and/or acquisition(s) and thereby reducing administrative time and costs associated with the convening of additional shareholders meeting(s).

STATEMENT ACCOMPANYING THE NOTICE OF AGM PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

- There are no individuals who are standing for election as Directors at the forthcoming 63rd AGM of the Company.

- Details of the General Mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Act are set out in Explanatory Note 6 of the Notice of this meeting.

NOTICE OF ANNUAL GENERAL MEETING (Continued)

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse
Independent Non-Executive Chairman

Dato' Sri Andrew Tan Jun Suan
Group Managing Director

Datuk Rashidi bin Hasbullah
Independent Non-Executive Director

James Wong Kwong Yew
Independent Non-Executive Director

Dato' Martini binti Osman
Independent Non-Executive Director

Koay Ghee Teong
Executive Director

Christopher Tan Khoon Suan
Executive Director

Chew Shen Hoay
Executive Director and Group Chief Financial Officer

AUDIT AND RISK MANAGEMENT COMMITTEE
James Wong Kwong Yew (Chairman)
Datuk Rashidi bin Hasbullah
Dato' Martini binti Osman

NOMINATION COMMITTEE
Datuk Rashidi bin Hasbullah (Chairman)
James Wong Kwong Yew
Dato' Martini binti Osman

REMUNERATION COMMITTEE
Datuk Rashidi bin Hasbullah (Chairman)
James Wong Kwong Yew
Dato' Martini binti Osman

COMPANY SECRETARY
Choi Siew Fun
SSM PC No. 201908001479
MAICSA 0877848

PRINCIPAL PLACE OF BUSINESS / REGISTERED OFFICE
No. 1, Jalan Bandar 1,
Pusat Bandar Puchong,
47160 Puchong, Selangor Darul Ehsan, Malaysia.
Tel: +6(03) 8070 8288   Fax: +6(03) 8070 8299
Website: www.tancoholdings.com
E-mail: corporate@tancoholdings.com

SHARE REGISTRAR
Boardroom Share Registrars Sdn. Bhd.
Registration No. 199601006647(378993-D)
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel: +6(03) 7890 4700   Fax: +6(03) 7890 4670

AUDITORS
Baker Tilly Monteiro Heng PLT
Chartered Accountants

PRINCIPAL BANKERS
Bank Kerjasama Rakyat Malaysia Berhad
CIMB Islamic Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad,
Malaysia

MANAGEMENT DISCUSSION AND ANALYSIS

Tanco Holdings Berhad ("Tanco" or the "Company") and its subsidiaries ("the Group") have been involved in the property development sector since 1995. The Group's beachside properties and subsequent expansion into tourism and leisure businesses have paved the path towards its goal as an integrated resort developer. As part of its growth strategies to strengthen its revenue base, the Group has been expanding the capabilities of its construction business via infrastructure projects and the supplying of construction materials, as well as pursuing the relevant regulatory approvals to catalyse opportunities from its health supplements business.

OPERATING ENVIRONMENT

Global

Social restrictions have eased in many countries and international borders are reopening from the second half of 2021 till today. Whilst the Company co-exist with COVID-19 and transition towards endemicity, pent up domestic activities and resumption on international travel are positively contributing to an economic rebound. The ensuing rebound in demand, coupled with supply chain disruptions and labour shortages, led to sharp rises in the need for logistics and commodities. As a result, amid an uneven global recovery, higher inflation pressures are persistent till today.

The persistent inflation that is further exacerbated by the potential energy crisis from on-going geopolitical tensions, trade wars and sanctions, as well as China's strict policies against COVID-19 entails the tightening of monetary policies due to supply-demand imbalances.

In view of the above, the International Monetary Fund has projected a further downgrade to 3.2% vs their revised 2022 global growth forecast of 3.6%.[1] In 2023, the IMF projects the global economy to grow by 3.6% while world trade is expected to expand by 4.1%. The global crude oil price is forecast to remain elevated at an average of USD93 per barrel and the global inflation rate is projected at 4.8%. [2]

Domestic

The country's economic outlook going into 2023 is expected to be challenging due to concerns over a global economic slowdown due to persistent inflation, China's COVID-19 policy (China is Malaysia's largest trading partner), US Federal Reserve hawkish monetary policies, potential escalation of geopolitical conflict, supply-related disruptions, commodity price developments and potential adverse developments surrounding COVID-19.

Nonetheless, according to the Malaysian Pre-Budget Statement 2023, it was noted that based on IMF's Article IV Consultation Staff Report released in April 2022, the Malaysian economy is projected to remain resilient at 5.7% in 2023 while headline inflation is forecast to moderate at 2% in 2023. The growth will be mainly supported by further expansion in domestic demand. [2]

Malaysia is forecasted to grow between 5.3% and 6.3% in 2022. [3] The forecasted growth in 2022 is reinforced by the latest economic report that the Malaysian economy further expanded by 6.9% in 1H 2022 (2Q 2022: 8.9%, 1Q 2022: 5.0%), recovery momentum expected to continue for 2H 2022. [3]

This economic recovery is underpinned by strong domestic demand, continued expansion in external demand, improvements in the labour market, backed by supportive monetary and fiscal policies from the government.

---

1 *World Economic Outlook Update, International Monetary Fund, July 2022*
2 *2023 Pre-Budget Statement, Ministry of Finance Malaysia, 3 June 2022*
3 *Malaysia Economic Performance Second Quarter 2022, Department of Statistics Malaysia Official Portal, 12 August 2022*

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATING ENVIRONMENT (Continued)

Despite these macroeconomic headwinds, the Group sees a few encouraging prospects in the horizon. Firstly, the progressive handover of the units of Tower 2 of Splash Park Suites Project which commenced in second half of 2022, as well as the potential sales of the remaining available units.

Secondly, the expansion of its other business segments. The Construction segment is building new capabilities via infrastructure projects and supplying construction materials. The total infrastructure contract value from projects awarded in 2022 comes to RM53 million, and the Group will continue this expansion by bidding for several domestic infrastructure projects. This is in line with the Government's supportive policies for the construction industry and will strengthen the outlook of the Group's order books.

The health supplements business segment will be pursuing a few regulatory approvals which will allow the Group to better position the supplements and catalyze opportunities for growth.

The revenue and profitability of the Group is cumulatively strengthened by the expansion of these business segment. With the support of on-going projects to enhance its revenue visibility, the outlook over the next few years is positive. The Group also plans to source for more business partners to further expand its supplies of construction materials business (which has already generated revenue of RM7.78 million as at 30 June 2022).

BUSINESS OVERVIEW

Mixed Commercial Development in Dickson Bay, Port Dickson, Negeri Sembilan

Artist impression of Dickson Bay

The Group's prime asset is Dickson Bay, a 480 acres sea-fronting land in Port Dickson, Negeri Sembilan. Strategically located along Jalan Pantai in Mukim Pasir Panjang, it has the potential to be the largest integrated resort in Port Dickson. Dickson Bay is to be developed in various phases over 10 years.

In these recent years, the harsh realities of the COVID-19 pandemic outbreak required drastic countermeasures by the Government in order to contain the outbreak. The effects of these measures rippled across various industries and prevented any significant progress on site works.

Now however, development of the first phase of Dickson Bay, which comprises the STEM EduPark and a block of Service Suites ("Tower 2") and the subsequent fit-out have since recommenced.

Barring the occurrence of any unforeseen circumstances, the Group has progressively deliver vacant possession of Tower 2 units commencing second half of 2022. Upon full completion, Tower 2 will be managed by Archipelago Overseas Pte. Ltd. ("Archipelago"), the Group's strategic partner from Indonesia with more than 200 properties under its range of hotel brands like Kamuela, Aston, Alana, Harper, Quest, Neo, Favehotel and Nomad ranging from ultra-luxurious private pool villas to serviced apartments and select service economy class hotels globally.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS OVERVIEW (Continued)

Kuantan Hotel Suites, Kuantan, Pahang

Artist impression of Kuantan Hotel Suites

The Kuantan Hotel Suites is a proposed 20-storey boutique hotel to be developed on a 2.05 acres beach front land at Beserah beach just 15 minutes from Kuantan. The boutique hotel comprises 365 units of posh design hotel rooms and suites, beach front alfresco, elevated pool, banquet hall and wide range of facilities.

The Group has obtained most approvals and is in the process of obtaining the remaining development approvals from the relevant authorities. Overall, the process has been affected by the former COVID-19 countermeasures, and the Group is exploring the collaboration with new partners to kickstart it once more.

KEY CORPORATE DEVELOPMENTS

Bonus Issuance of Free Warrants

On 28 June 2022, the Board of Directors of the Company announced a proposed bonus issue of free warrants ("Free Warrants") on the basis of 1 Warrant C for every 2 existing ordinary shares in Company held by entitled shareholders of the company on 24 August 2022 (entitlement date). The requisite approvals were obtained from Bursa Malaysia Securities Bhd on 12 July 2022 and from the shareholders of Tanco on 10 August 2022 respectively, and listed on 5 September 2022.

The Bonus Issue of Free Warrants serves to reward Tanco's shareholders for their continued support by giving them the following opportunities: -

- trade in Bonus Issue of Free Warrants at no cost;
- exercise Bonus Issue of Free Warrants into Tanco Shares at a fixed price of RM0.31 thereby allowing them to capitalise on any market upside of Tanco Shares; and
- reduce the dilution impact to their shareholdings as a result of any potential conversion of Redeemable Convertible Notes into new Tanco Shares.

Upon the Bonus Issue of Free Warrants being exercised, the Company's capital base is expected to strengthen, providing the Group with additional working capital. This is estimated at a maximum of RM273.8 million which may be utilized for, amongst others, development expenditure, repayment of borrowings and administrative expenses.

Facilitation Fund Agreement with the Government of Malaysia

On 20 November 2017, a subsidiary of the Group executed a Facilitation Fund Agreement ("FFA") with the Government of Malaysia as represented by the Public Private Partnership Unit, Prime Minister's Department ("the Government") and Bank Pembangunan Malaysia Berhad ("BPMB") wherein subject to the terms and conditions of the FFA, the Government agreed to provide a grant of up to RM12.8 million ("Grant") to The Subsidiary. The Grant is to be utilised to facilitate the planning, designing, financing, development, construction, equipping, installation, completion, testing and commissioning of the project comprising a water theme park, 1 block of 18 storey hotel and convention hall, 1 block of 24 storey service apartments and 1 block of 20 storey service apartments.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

KEY CORPORATE DEVELOPMENTS (Continued)

Facilitation Fund Agreement with the Government of Malaysia (Continued)

On 7 April 2021, a Supplemental Agreement to the FFA (“SA”) was executed between the Subsidiary, the Government and BPMB to vary the terms and conditions of the FFA.

This SA revises the scope of work to one block of 24 storey service apartment together with the necessary facilities on the project land and public infrastructure. Accordingly, the grant amount was also revised to not exceeding RM4.6 million or an amount equivalent to 0.7% of the actual construction costs of the project, whichever lower. The Grant is available from 1 April until 31 December 2021 or such agreed extended period of not more than 6 months ("Availability Period"). Further details on the SA are set out in the Group’s announcement dated 8 April 2021.

Due to the extraordinary circumstances caused during COVID-19 pandemic which effectively curtailed any site progress for two years, parties are in the midst of discussing the extension of the Availability Period.

Granting of Lease Call Option

On 31 May 2019, the Subsidiary (lessor) entered into a lease agreement with 5T3M (lessee) in which the Subsidiary agreed to lease to 5T3M a parcel of freehold commercial land measuring approximately 7.5454 acres located in Pekan Sungai Menyala, Port Dickson, Negeri Sembilan (“**Land**”) (“**Lease**”) for the purpose of constructing, building, completing, commissioning and operating thereon the STEM EduPark.

5T3M will bear the development cost for the STEM EduPark, inclusive of cost of construction as well as renovations, fittings and equipment of the STEM EduPark. The development cost for the STEM EduPark is estimated at RM33.0 million.

The STEM EduPark will comprise (i) general amenities, (ii) STEM Discovery Zone, (iii) Activity Zone and (iv) STEM Hubs Zone, which the 5T3M intends to develop and commission in phases over an estimated construction period of 28 months which commenced in November 2019 (Lease Commencement Date).

As part of the lease agreement, 5T3M shall construct, complete, commission and operate the Water Play Section within 12 months from the Lease Commencement Date, any extensions will be mutually agreed by the parties. However, despite the construction of the Water Play Section is underway with the ongoing COVID-19 pandemic outbreak and the effort to support the Government’s countermeasures to combat it (especially the MCO and its variations), the target completion date has been extended to second half of 2023.

Under the agreement, the Subsidiary has also granted 5T3M an option to purchase the land at an agreed purchase price of RM20 million provided that such call option must be exercised by 5T3M within the first 5 years from the date of commencement of the lease (“Lease Call Option”).

In the event that 5T3M exercises the Lease Call Option, the Subsidiary will get to unlock and realize the value of the land with a net gain on disposal of RM9.80 million via disposal to 5T3M. The agreed purchase price of RM20.00 million represents a premium of RM0.28 million or approximately 1.42% over the indicative market value of the land in February 2019 of RM19.72 million. Otherwise, the Subsidiary will continue to derive rental income from the lease. Such net gain on disposal and/or rental income will enhance the Group’s financial position.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

KEY CORPORATE DEVELOPMENTS (Continued)

Herbitec (M) Sdn Bhd ("Herbitec")

HERBITEC™
A subsidiary of Tanco Holdings Berhad
Realizing Potential Through Science

Website: www.herbitec.com

NODEN
Traditionally used as a fever and cold remedy.

LIVARTON
Traditionally used as a liver tonic.

On 2 December 2021, the Group announced that Herbitec (M) Sdn Bhd (a 51% owned indirect subsidiary of the Company) had signed a Research Services Agreement ("the Agreement") with Universiti Malaya ("UM") for UM to undertake the Statement of Work titled "Effect of Noden Supplement Against Dengue Infection: A Clinical Trial Study" ("UM Clinical Trial Study").

The Agreement will enable the Group to test the effectiveness of the anti-viral properties of Noden against Dengue through a credible external party. This has the goal where with its proven results, the credibility of Noden will be greatly affirmed and can be used to enhance its marketability. Further details on the Agreement are set out in the Group's Announcement dated 2 December 2021.

At the request of UM, a Supplementary Agreement to the Agreement ("SA") was duly executed to revise and amend some of the provisions in the Agreement on 17 June 2022. Further details on the Agreement are set out in the Group's Announcement dated 17 June 2022.

While the UM Clinical Trial Study are ongoing, the Group's supplements which have obtained registration approvals from Ministry of Health are currently available for purchase online at www.herbitec.com.

Letter of Award ("LOA") from Sri Medan Holding Sdn Bhd ("SMHSB")

On 25 January 2022, another Subsidiary of the Group had accepted two LOAs amounted to RM36,826,535.73 and RM4,722,309.98 respectively from SMHSB to undertake the construction and completion of subgrade works (Package S2-3) from CH44+076 to CH58+339 ("Contract 1"), and Bridge No.24, No.25, No.27, No.28, No.30, No.31, No.32 and No.34 located at CH55+274 to CH87+643 at Besut and Setiu, Terengganu ("Contract 2") as its sub-contractor for the ECRL Project vide the agreements from **China Communications Construction (ECRL) Sdn Bhd ("CCCESB")** with SMHSB. Further details on the LOA are set out in the Group's Announcement dated 25 January 2022.

On 28 April 2022, the said Subsidiary had accepted the LOA amounted to RM3,456,011.57 from SMHSB to undertake the construction and completion of culvert works CH44+076-CH58+339.280, Section 2 ("Contract 3") as its sub-contractor for the ECRL Project vide the agreements from CCCESB with SMHSB.

On 1 July 2022, the said Subsidiary had accepted the LOA amounted to RM5,260,898.69 from SMHSB to undertake the construction and completion of drainage works package 3 CH44+076-CH58+339.280, Section 2 ("Contract 4") as its sub-contractor for the ECRL Project vide the agreements from CCCESB with SMHSB.

On 1 August 2022, the said Subsidiary had accepted the LOA amounted to RM2,754,486.42 from SMHSB to undertake the construction and completion of temporary road CH44+076-CH58+339.280, Section 2 ("Contract 5") as its sub-contractor for the ECRL Project vide the agreements from CCCESB with SMHSB.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

KEY CORPORATE DEVELOPMENTS (Continued)

Letter of Award ("LOA") from Sri Medan Holding Sdn Bhd ("SMHSB") (Continued)

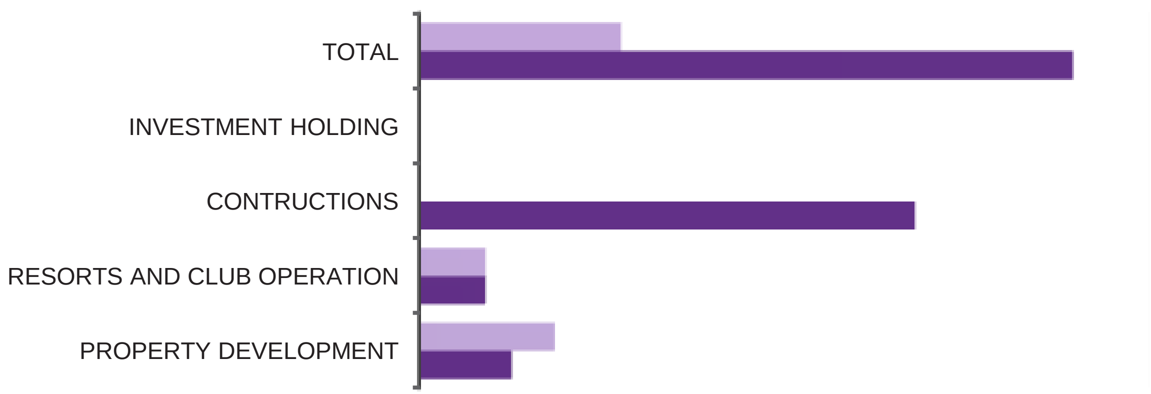
The said Subsidiary has engaged Passpay Holdings (M) Sdn Bhd as its sub-subcontractor to undertake the following contracts: Contract 1; which has commenced on 8 February 2022, Contract 2 on 25 March 2022, Contract 3 on 29 April 2022, Contract 5 on 8 August 2022, whilst Contract 4 is pending commencement instructions from CCCESB.

FINANCIAL REVIEW

Group Profit or Loss	2022 RM'000	2021 (Restated) RM'000
Revenue	14,325	4,423
Cost of Sales	(12,007)	(3,247)
Gross Profit / (Loss)	**2,318**	**1,176**
Gross profit / (loss) margin	*16%*	*26%*
Other Income (include finance income)	1,551	2,862
Administrative Expenses	(14,150)	(15,249)
Finance Costs	(2,701)	(2,519)
Loss before Taxation	**(12,982)**	**(13,730)**
Income Tax Credit	(66)	(6)
Loss during the Financial Year	**(13,048)**	**(13,736)**

The revenue of the Group for the FYE 30 June 2022 soared by 224% (RM9.90 million), lifted by the increase in construction segment amounting to RM10.86 million for the financial year under review.

REVENUE 2022 VS 2021
(RM'000)



	Property Development	Resorts and Club Operation	Contructions	Investment Holding	Total
2021	RM2,962	RM1,448	RM-	RM13	RM4,423
2022	RM2,015	RM1,442	RM10,859	RM9	RM14,325

2021 2022

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FINANCIAL REVIEW (Continued)

The Group registered a gross profit of 16% amounting to RM2.32 million for the financial year under review as compared to gross profit of 26% amounting to RM1.18 million for FYE 30 June 2021. This gross profit for the financial year under review was mainly driven by higher revenue being generated, primarily from the expansion of construction sector.

The slightly lower other income in FYE 30 June 2022, was mainly due to the reversal of impairment in properties and fair value adjustments.

As a result, the Group stated a loss before tax of RM12.98 million in the FYE 30 June 2022, a decrease in losses of approximately RM0.75 million as compared to the preceding year under review.

Overall, the results were mainly hampered by the MCO and strict implementation of the SOPs imposed which has significantly interrupted and affected the progress of business activities. Although a slight recovery can be seen from construction sector, the uneven pace of recovery across the remaining sectors was clearly reflected in the financial results.

Sustainability, Liquidity and Cash Flows

The Group’s future project development and working capital requirements may be funded from the following:

- Under the 7-year RM100.0 million RCN Programme 2016/2023, Tanco can issue up to 4 tranches of RM20.0 million each for the first, second and third tranches and RM40.0 million for the fourth tranche within a period of 7 years from the first issuance. As at the date of this report, the Company has issued the first and second tranches a total of RM40.0 million and a portion of the third tranche amounting to RM4.0 million. Following the aforesaid issuance, RCNs of RM44.0 million were converted into a total of 676,304,145 new ordinary shares of the Company, leaving a balance of **RM56 million** worth of RCNs still available to be drawn on.

- Exercise of the Bonus Issue of Free Warrants are expected to strengthen the Company’s capital base and provide the Group with additional working capital of an estimated maximum of **RM273.8 million**.

- Government Grant under the Facilitation Fund Agreement of up to **RM4.6 million**.

OUTLOOK AND PROSPECTS

Industry Outlook: Tourism in Malaysia

Globally, countries are still experiencing a decline in tourism expenditures compared to pre-Covid times. Malaysia was not exempted from this downward trend. However, when the country ended its multiple lockdowns, local tourism bounced back sharply after as seasoned vacationers who were unable to travel abroad began to divert their money locally[4]. This growing in-country spending indicates that the demand for domestic travel will continue to grow and will recover relatively faster than expected.

From an international perspective, Malaysia is among the countries with the highest percentage of fully vaccinated individuals globally, with 98% of the country’s adult population and over 78% of the national population having completed their vaccination doses. Relaxed policies on inbound quarantine regulations and the recent move towards a no-mask policy make for a more welcoming visiting experience and is expected to play a role in reviving the tourism industry as international tourists become increasingly willing to travel.[4]

According to the World Tourism Organization (UNWTO) Panel of Experts, 61% of tourism professionals see better prospects for 2022. While 58% expect a rebound in 2022, (mostly during the third quarter), only 42% foresee a potential rebound in 2023. Most experts (64%) now expect international arrivals to return to pre-pandemic levels in 2024 or later, up from 45% in an earlier survey. [4]

---

[4] *Revitalising Tourism and Hospitality under The National Tourism Policy 2020-2030, Malaysian Investment Development Authority (MIDA), 24 March 2022*

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

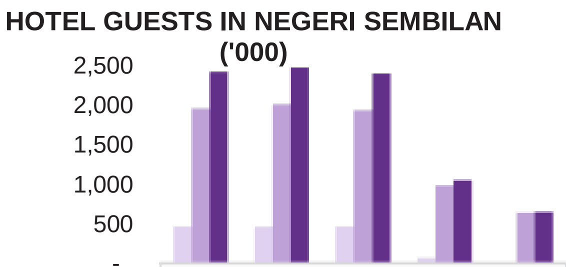
OUTLOOK AND PROSPECTS (Continued)

Industry Outlook: Tourism in Malaysia (Continued)

The Government launched the National Tourism Policy ("NTP") 2020-2030 on 23 December 2020 in a bid to revive and ensure the continuity of the country's tourism industry, with the target of making Malaysia a global top 10 tourism destination in both arrivals and receipts. [4]

Key approaches in achieving the NTP's agenda are harnessing public-private sector partnerships and embracing digitalisation to drive innovation and competitiveness towards sustainable and inclusive development in line with the Twelfth Malaysia Plan (12MP), National Ecotourism Plan 2.0 and the 17 United Nations Sustainable Development Goals (UNSDGs).[4]

With these policies in mind, Malaysia ranked second in The Economist's 2022 Travel-Ready Index for Asia after the nation was recognised as the one of the highest vaccinated countries in the world[5]. Following the successful reopening of the nation's borders for international tourism on 1 April 2022, the Government revised its target for international arrivals from an initial of 2 million to 4.5 million by the end of 2022. The influx of new travellers has outstripped expectations, and is estimated to be worth around RM11.1 billion (US$2.5 billion) in tourism receipts for 2022.[6]



	2017	2018	2019	2020	2021
Foreign guests	462	459	460	66	9
Domestic guests	1,950	2,005	1,929	981	639
Total	2,412	2,464	2,388	1,047	647

Foreign guests Domestic guests Total

Statistics from Tourism Malaysia show that the trend of the number of hotel guests in Negeri Sembilan has slight decrease, from 2.41 million guests in 2017 to 2.38 million guests in 2019 as depicted in the chart below, strengthening the popularity of Port Dickson as a "weekend gateway" destination and its position as the state's top tourism Ringgit earner.

Although there was a decline in 2021 with only 0.65 million guests, this is offset by the fact that occupancy rates were high in those small windows when the industry could open. This allows the Group to be cautiously optimistic that this upward trend will return once the pandemic is under control locally.

Property

According to recent researches and property consultant(s), the Malaysia property market is expected to see slow improvements in the property sector from the higher loan approvals at the start of 2022 [7] and recovery to pre-pandemic levels in the second half of 2023.[8]

In the meantime, consumer sentiment is on the side of cautiousness especially on big ticket spending, like property, largely due to inflationary pressures, increasing interest rates and job security concern but there are still strong consumer interests in selected projects in the property market.[9]

Whilst most researches and property consultants highlighted that outside city/prime locations and retail/commercial units are concerns, there seems to be a consensus that there are opportunities for industrial properties.[10]

---

[4] *Revitalising Tourism and Hospitality under The National Tourism Policy 2020-2030, Malaysian Investment Development Authority (MIDA), 24 March 2022*

[5] *Menteri MOTAC Wakili Malaysia Dalam Mesyuarat Peringkat Menteri Pelancongan APEC Ke-11, MOTAC, 19 August 2022*

[6] *Malaysia Expects 4.5 Million International Arrivals in 2022, Paranoma Destination, 31 July 2022*

[7] *Property Market Sees Strong Application in June, Business Today, 3 August 2022*

[8] *Foreign Property Buyers Back in Force by June 2023, Business Today, 14 June 2022*

[9] *Malaysia's Real Estate Market Recovering Albeit Slowly, New Straits Times, 19 May 2022*

[10] *Malaysia Real Estate Market Outlook 2022, CBRE | WTW, December 2021*

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OUTLOOK AND PROSPECTS (Continued)

Property (Continued)

In view of cautious consumer sentiments for property purchases for the next 12 months, the Property segment will focus on progressively delivering the vacant possession on Tower 2 Service Suites and selling the remaining units.

The Group may look to launch Tower 3 Service Suites when consumer sentiment turns more positive on property purchases. The Group also plans to explore potential strategic partners on repurposing some of the Group's landbanks for industrial purposes that complements the logistics industry. This is to diversify the use of the lands to make it more resilient to sudden changes in the market.

Construction

According to the Malaysian Department of Statistics, the construction industry has rebounded with a 6.1% growth in 2Q 2022[11], catalysed by the on-going large scale infrastructure projects. Recently in mid-March 2022, the Malaysian Government also announced the revival of the Mass Rapid Transit 3 (MRT 3) Circle Line and the revival/completion of existing large-scale infrastructure projects[12] and affordable housing schemes[13] are all part of the government's supportive policies for the construction industry.

After being awarded parcels of infrastructure works valued at RM53 million as at the date of this report, the Group Construction remains focused and will continuously be selectively bidding for different parcels of such infrastructure projects, including exploring affordable housing schemes, based on the Group's comparative advantages and internal risk assessments.

The Group's main strategy is to focus on the right-sized parcels with the right main contractors and/or customers based on sound commercials in order to ensure the Group minimize exposure to rising material prices as well as pursuing projects that commensurate to the balance sheet, whilst expanding the Group's capabilities and capacity to grow in the long-term.

Additionally, the Group is also focusing on improving the pricing strategy to ensure competitiveness as well as providing pricing solutions that will translate to cost/value savings to the customers. The Group has established strategic tie-up(s) with construction material supplier(s) and has started to supply construction materials in Quarter 2 2022 where the Group now has access to a more predictable pricing mechanism of selected materials in order to pursue more infrastructure projects.

Pharmaceutical

The pharmaceutical industry is one of the new growth areas targeted for promotion and development by the Government. The pharmaceutical market size in Malaysia was valued at USD2.9 billion in the year 2020[14]. Malaysia's pharmaceutical industry garnered RM397.67 million in approved investment from January to September 2021, according to the Malaysian Investment Development Authority (MIDA)[15]. The sector also achieved astounding export figures for 2021, amounting to RM2.42 billion, a 24% increase from 2020.[16]

Due to global supply chain disruptions, the pandemic has highlighted the need to build the capacity of the domestic pharmaceutical industry in facing new pandemic or diseases in the future, with minimal reliance on foreign made pharmaceutical products.[17]

---

[11] *Quarterly Construction Statistics Second Quarter 2022, Department of Statistics Malaysia Official Portal, 9 August 2022*

[12] *10 Construction Stocks with Significant Trading Growth Year-To-Date, Bursa Malaysia, 5 May 2022*

[13] *Malaysia Real Estate Market Outlook 2022, CBRE | WTW, December 2021*

[14] *Malaysia – Healthcare (Pharma and Medical Devices) Market Analysis, Regulatory, Reimbursement and Competitive Landscape, Global Data, 22 March 2022*

[15] *Domestic Pharmaceutical Industry Recorded RM397.67mil In Approved Investment from January to September 2021, New Straits Times, 4 February 2022*

[16] *Malaysia's Pharmaceutical Industry Sees Robust Growth with Export Jumping 24%, Business Today, 4 February 2022*

[17] *2023 Pre-Budget Statement, Ministry of Finance Malaysia, 3 June 2022*

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OUTLOOK AND PROSPECTS (Continued)

Pharmaceutical (Continued)

As at December 2019, among Malaysia's over 263 registered licensed manufacturers, about two-thirds are producers of traditional and herbal medicines, while the remaining third are mostly manufacturers of generic prescriptions. [18]

The Group's Pharmaceutical segment is currently engaging with Universiti Malaya on "Effect of NODEN Supplement Against Dengue Infection: A Clinical Trial Study" on the efficacy of herbal compounds and extracts as the management expect the UM Clinical Trial Study to complete by first half of 2023.

Future plans and outlook for the Group

2023 is anticipated to have its fair share of opportunities and challenges as the transition towards endemicity has brought about its own set of challenges - amongst them being the uncertainties of the speed and smoothness to the overall economic recovery, the varying recovery rates of the different economic sectors, as well as mixed business and consumer sentiments stemming from persistent inflation expectations, rising financing costs and tightening credit policies against the backdrop of supportive government policies. To mitigate some of these potential risk factors, the management has formulated several strategies for its various business segments (as shared above) with both business sustainability and growth in mind.

The Group is able to focus and execute on the above growth areas and expand capabilities in these segments mainly due to strategies that the Group executed prior to and during the pandemic which are:

- Divestment of non-profitable asset(s): the divestment of the timeshare business that enabled redeployment and refocus of capital and manpower resources in favour of businesses with growth potential

- Cost optimization: whilst the Group has continuously optimized the cost structure as part of the Group's financial discipline focus in order to leverage on the economies of scale

The Group will continue to explore and forge strategic tie-ups with domestic and international players in order to leverage on each other's strengths as well as to enhance capabilities and expand capacities of the segments within the Group in line with the Group's growth plans and supported by financial discipline focus.

A notable example is the Group Property segment where strategic tie-ups is able to facilitate the Group's master development plan of Dickson Bay in Port Dickson [e.g. Archipelago Overseas Pte Ltd ("Archipelago") and 5T3M where Archipelago will undertake the management, operations, hotel/ resort sales and marketing, financial accounting, recruitment and training, maintenance and supervision of Splash Park Suites whereas 5T3M will construct and thereafter, manage, administer, operate and maintain the STEM EduPark at Dickson Bay].

With a local economic outlook that remains resilient supported by further expansion of domestic demand and supportive government policies, the Group remains positive on its sustainability and will continuously review market conditions so that it remains vigilant, focused yet flexible in order to identify, grasp and optimize viable opportunities, and achieve its growth plans.

---

[18] *Guide on Pharmaceutical Industry in Malaysia, MIDA, June 2020*

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

ACKNOWLEDGEMENT

Despite 2022 being another year filled with uncertainties, disruptions and unprecedented challenges as the Group transition towards endemicity, the Group has weathered the same with a positive mindset. This could not have been accomplished without the guidance of the Group's Board members, the commitment and dedication of the management team and the employees, all who have demonstrated resilience, resourcefulness and adaptability over this period. The Group also wish to record thanks to the Group's bankers and business partners for their continuous support.

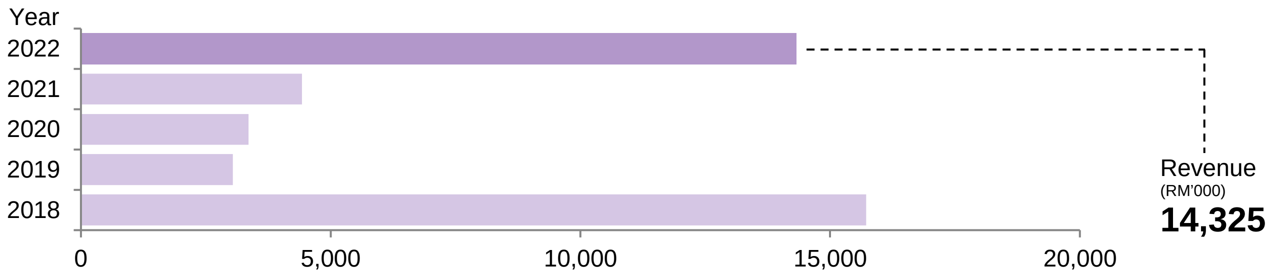
Disclaimer

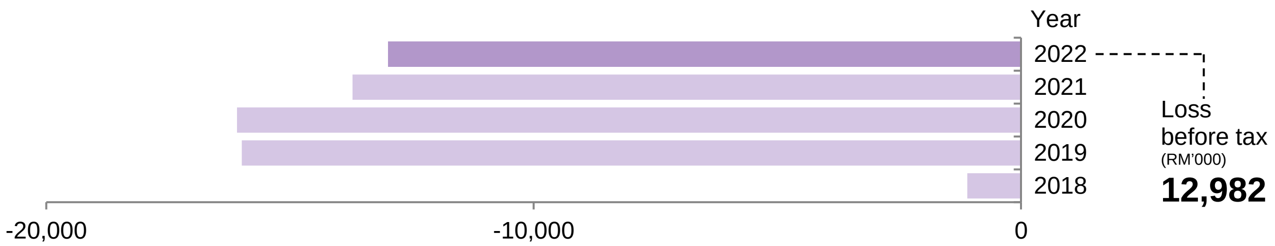
The management's overview of the Group's operations and financial performance for the FYE 30 June 2022 were based on management information made available that may not have been specifically audited and were made to the extent that these did not compromise competitively sensitive information. The above also contain opinions and forward-looking views. As such, readers' discretion is advised.

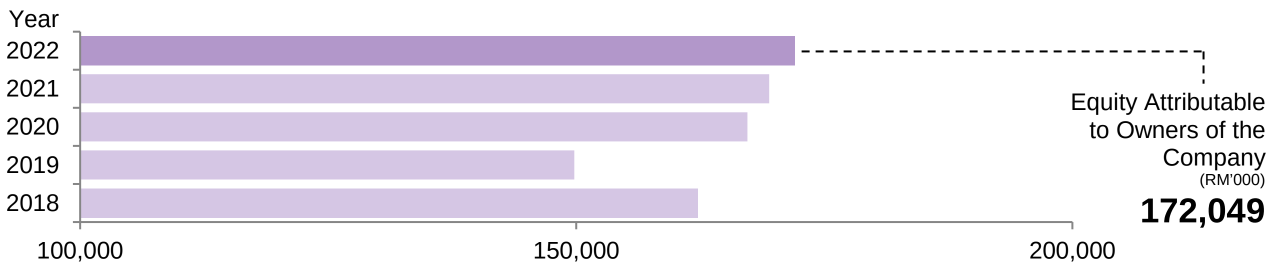
FINANCIAL HIGHLIGHTS

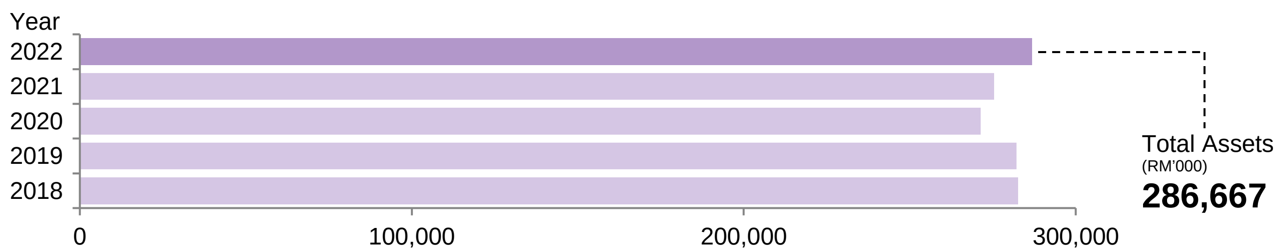
GROUP		2022	2021 (restated)	2020 (restated)	2019	2018
Total assets	RM'000	286,667	275,454	271,368	282,134	282,659
Total liabilities	RM'000	114,474	105,708	104,116	132,325	120,391
Equity attributable to owners of the Company	RM'000	172,049	169,453	167,252	149,809	162,268
Revenue	RM'000	14,325	4,423	3,354	3,044	15,724
Loss before tax	RM'000	(12,982)	(13,730)	(16,085)	(15,986)	(1,103)
Loss after tax attributable to owners of the Company	RM'000	(12,899)	(13,722)	(17,138)	(15,544)	(595)
Loss per share	Sen	(0.77)	(1.04)	(2.06)	(2.25)	(0.09)
Return on total assets	%	(4.50)	(4.98)	(6.32)	(5.51)	(0.21)
Return on shareholders' equity	%	(7.49)	(8.08)	(10.25)	(10.38)	(0.37)
Gearing ratio	Times	0.24	0.26	0.27	0.30	0.28

Note:
1) The financial statements for FYE 2022 to FYE 2018 are prepared in accordance with Malaysian Financial Reporting Standards (MFRS).









SUSTAINABILITY STATEMENT

This is the Sustainability Statement of Tanco Holdings Berhad (together with its subsidiaries, hereinafter referred as "**the Tanco Group**" or "**Tanco**" or "**the Group**") for the financial year ended ("FYE") 30 June 2022. This statement however excludes joint venture entities or associate companies whereby the Board does not have full control and management over them.

This statement is made pursuant to Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and focuses on the Tanco Group's material sustainability protocols and efforts in relation to the 3 cornerstones of Sustainability namely Environment, Economy and Social/ Society ("**EES**").

Overview:

The period in review ended 30 June 2022 has been a year of review, rebuilding and diversification as the Tanco Group, having survived and persevered through the preceding and challenging Covid and Movement Control years, strived to grow its various business sectors to further strengthen our own financial sustainability and resilience through this endemic phase.

Our Sustainability Approach:

Since our last report, Tanco Group's primary business activities have expanded from resort developments outside city/ urban centres (with our resort development in Dickson Bay in Port Dickson, Negeri Sembilan still progressing and with planning underway for the other development parcels in Kuantan, Pahang) into the trading and healthcare sectors.

The Tanco Group appreciates that whilst diligent business building and the pursuit of fair returns for our stakeholders (which including, among others, our investors, customers, employees, advisors, financiers and other business partners) are important, as a conscientious and responsible corporate citizen, cogent, cost-effective and proportionate sustainability practices are just as important as they can also contribute to broader-based future benefits in a sustainable manner for our community, especially on environmental related issues. Hence, our continuous mission as a responsible corporate citizen is to ensure due, proper, cost-effective and proportionate standards of governance to promote responsible business practices, to manage environmental impacts, and to meet the social needs of the community in which we operate.

Sustainability Development Framework

Theme: Towards Sustainable Future Living and Leisure

(i)	Environment	- Waste Reduction/ Recycling - Energy Efficiency/ Savings - Work Safety & Health - Waste/ pollution Management
(ii)	Economy	- Innovative Business Development Strategies - Economic Performance - Sound Business Ethics - Prioritizing local economies
(iii)	Social / Society	- Occupational Health & Safety - Public Safety - Customer Satisfaction - Community Engagement - Fair Job Opportunities - Anti Discrimination

SUSTAINABILITY STATEMENT (Continued)

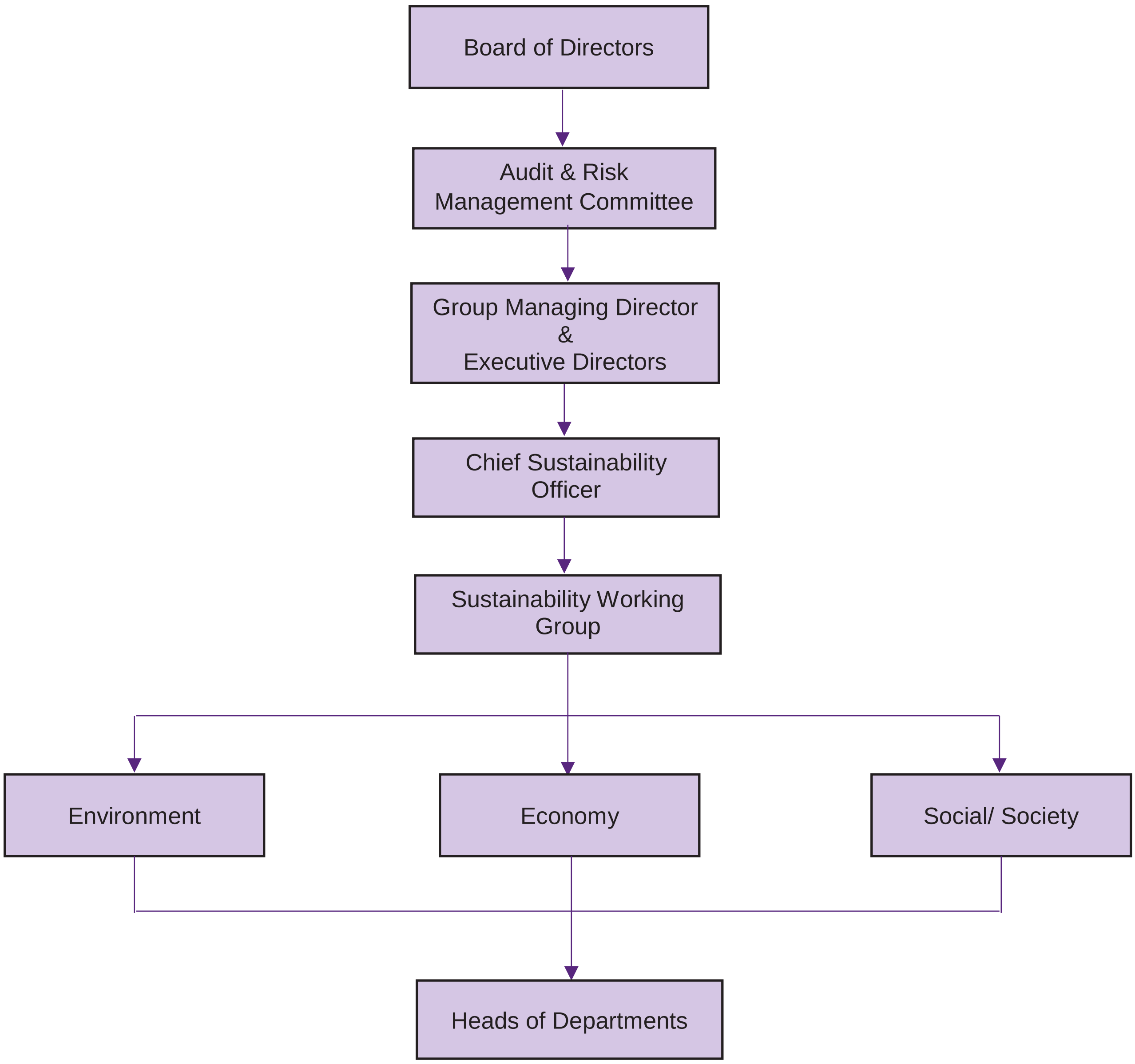
Sustainability Development Framework (Continued)

Sustainability Communication - This sustainability statement is communicated with our stakeholders through our Annual Report.

Sustainability Governance Structure

Tanco is endeavouring to initiate the requirement of sustainability as one of the material considerations in the development of our corporate strategy. The management and delivery of our sustainability mission are reviewed at the Board level and is further supported by the key officers of all business units wherein the Group's continued commitment and delivery of EES sustainability objectives are overseen by the Chief Sustainability Officer ("**CSO**") who will be appointed by the Audit Risk Management Committee ("**ARMC**") under the purview of the Board of Directors. The CSO in turn will have the liberty of forming a Sustainability Working Group ("**SWG**") to support and facilitate the review/ update/ revision/ adaptation/ implementation of the sustainability policy and efforts of the Group. The CSO for the coming financial year ending 2023 is Mr. Christopher Tan Khoon Suan, Executive Director.

The Board also conducts periodic reviews on the Group's sustainability issues identified, execution, management and solution towards the sustainability objectives.



SUSTAINABILITY STATEMENT (Continued)

Role & Responsibilities of Sustainability Governance Structure

- To lead and direct the overall sustainability strategy and other related matters for the Group.
- To monitor and account for the sustainability practices.
- To identify and formulate sustainability objectives, priorities, policies and goals.
- To facilitate the execution and monitor the implementation of sustainability strategies, assignments and related matters.
- To draft and submit the Annual Sustainability Report for the Board's approval.

In addition, the Group also has in place a risk management framework to help identify, evaluate and minimize business risks with regard the various business opportunities being explored where sustainability forms a component therein towards enabling the Group to achieve an acceptable balance per the economic gains to be derived vs the possible risks involved and the possible impact on the environment and society.

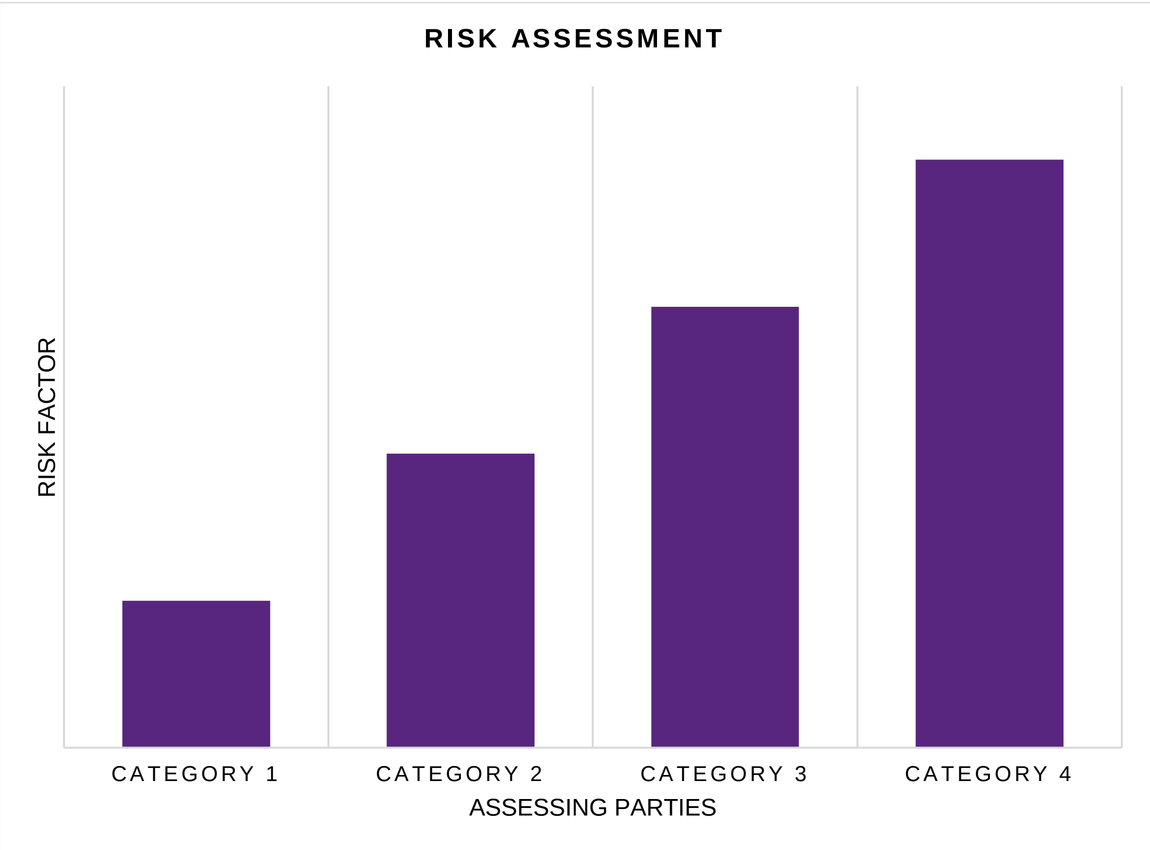
As seen in the graph below, as the Risk Factor increases, the categories of the parties involved in assessing the risk will be escalated:

Category 1: Heads of Department

Category 2: Group Managing Director, Executive Directors

Category 3: ARMC

Category 4: Board of Directors



SUSTAINABILITY STATEMENT (Continued)

Engagement with Stakeholders

Being a responsible corporate citizen, we also carry out engagements with our various stakeholders:

Stakeholders	Key Engagement Channels	Frequency
Regulators	Application/submissions/compliance	Ad-Hoc
Authorities	Meetings with relevant authorities	On-going
Suppliers/Contractors	Regular meetings for project progress and industry updates	On-going
Local Communities	Donations and financial aids	Ad-hoc
Bankers/ Advisors	Calls/ emails/ meetings	On-going
Customers	Calls/ website updates	On-going
Investors & Analysts	AGM / EGM	Annually / Ad-hoc
Media	AGM / EGM / Media Briefing	Annually / Ad-hoc
Employees	Operations Meetings	Weekly

Feedback

Tanco is fully committed to attending feedbacks and comments from our stakeholders as we regard these as an opportunity to learn and improve ourselves. If you have any suggestions, kindly email us at corporate@tancoholdings.com.

Identifying And Prioritizing Material Aspects

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

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

Identifying And Prioritizing Material Aspects (Continued)

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

SUSTAINABILITY STATEMENT (Continued)

Identifying And Prioritizing Material Aspects (Continued)

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Review past year's sustainability statement	Identify and prioritise stakeholders	Determine new or potential sustainability matters	Evaluate potential impact of identified matters to operations	Validate and endorse the sustainability materiality matrix	Continuously monitor the sustainability materiality matrix

- SWG to carry out reasonable review on prior year's sustainability statement to ensure it remains relevant to the Group.

- SWG determine the major stakeholders of the Group; and
- Assess the priority of the respective stakeholders.

- Formal and informal meetings conducted with all relevant departments to identify matters that are pertinent to the stakeholders and Tanco.

- Respective business function to evaluate each sustainability matters and its impacts to the Group.

- SWG to perform validation on the results of the sustainability materiality matrix.
- Board to endorse the abovementioned matrix.

- All business functions are responsible to closely monitor the material sustainability matters, and determine if there are any emerging matters.

FYE 2022 represents our initial year for our materiality assessment, and we believe that the said assessment adequately covers the material sustainability matters, and should remain relevant for our current year's business priorities. Accordingly, for the FYE 30 June 2022, we are looking at Six (6) main sustainability aspects that are seen as material, namely:

i. Improving the economic and financial performance of the Group;

ii. Upkeeping all regulatory compliance matters;

iii. Enhancing further cost-effective operations and office administration;

iv. Improving energy conservation efforts;

v. Having stricter workplace health & (COVID-19) safety protocols;

vi. Keeping to our annual Corporate Social Responsibility commitment.

In furtherance of these considerations, the Group will continue to focus on the following areas:

- To improve business revenues, monitor cash flows and control expenses to ensure there is sufficient funding and fresh revenues to sustain daily operations, the ongoing projects and for contingencies

- To constantly review and adapt to the prevailing economic climate and the changing market trends

SUSTAINABILITY STATEMENT (Continued)

Identifying And Prioritizing Material Aspects (Continued)

- To further evolve and enhance business strategies to remain significant and relevant in the market
- To foster win-win situations in our business dealings towards achieving the acceptable balance as aforesaid
- To enforce proper health and safety protocols especially in compliance with the COVID-19 SOPs set by the relevant authorities

Environment

In terms of our projects, we endeavour to work with qualified and experienced consultants towards ensuring that our projects are designed with better and greater energy efficiencies with corresponding choice(s) of construction materials and equipment with lower environmental impact, whilst working to balance the constructions costs required to be incurred for the same, the product pricings in order to stay competitive in the market. This will further be expanded through to the selection of suitably qualified and experienced contractors with sound work practices and track records that we may be assured of sound safety protocols at the work sites, environmentally friendly construction methods, proper construction waste disposal processes and sufficient pollution and safety controls in place.

As we are focused on resort type developments, we also strive to develop projects with a conducive environmental landscaping features with suitable choices of trees and plants for a proper “green feel” which would also have a lower environmental impact.

A similar approach will be adopted in our other business sectors (including having ecological friendly packaging for our healthcare products).

Within our office and work environment, we are working to adopt best possible environmentally friendly practices such as recycling used paper, prioritizing paperless communications and engagements, avoid using plastic cutlery and containers (use reusable containers when buying food during lunch) and minimizing energy consumption with energy saving lighting and timed utilization for the air-conditioning and lighting.

Economy

The construction phases of our projects will help the local economies where the direct and indirect benefits of the supply chain needed to facilitate the construction works would allow nearby/ local vendors and suppliers being sourced for various supplies and equipment needed for the construction works. With the increased demands/ requirements for such supplies, the businesses of such vendors and suppliers should correspondingly prosper as well. Logistics service providers would also stand to benefit as more supplies and equipment would be need to be transported to our project sites.

The labour required to support the construction works will also support the local communities in providing additional job opportunities, food and beverage supplies, and business for the local restaurants and markets.

Local communities are also expected to benefit when our resorts become operational, where job opportunities as well as the direct and indirect effects of the supply chain needed to sustain the daily operations of the resorts would see local communities, vendors and suppliers being tapped for the manpower and the various supplies and services needed. Logistics service providers would also stand to benefit as more supplies would need to be transported to the resorts.

SUSTAINABILITY STATEMENT (Continued)

Economy (Continued)

As resort operations tend to have higher manpower requirements to support the daily operations of the resorts, the local communities should also benefit in providing additional job opportunities whilst the local food & beverage suppliers, restaurants and markets would also benefit with the resort attracting higher consumer traffic to the location.

The influx of guests to our resorts would also create a positive multiplier effect for the local economies and local tourism with more visiting and exploring the local tourist attractions and spending more tourist dollars.

We have engaged qualified and reputable local/ regional/ international resort/ hotel management brands to undertake the management and daily operations of our resorts that we may be assured of professional and high quality services of the daily operations of the resorts as well as diligent property maintenance and upkeep for the satisfaction of our customers and guests. In doing so, we are also able to leverage on their established and premium brand strengths for our projects in terms of quality controls, market assurance and returns. This in turn would benefit our neighbouring property owners as well as the local property market whereby nearby property values are expected to improve due to their proximity to such branded resorts.

Our healthcare sector will also allow us to promote additional health benefit options to the open market with patented organic supplements. Furthermore, as we ramp up our production capacities, more job opportunities will become available for the employment market, as well as more economic transactions with the various upstream and downstream related businesses (including packaging and logistics providers).

A similar focus will also be adopted in our trading sector (including sourcing for more local suppliers and manufacturers for products for sales).

Social/Society

As mentioned above, we see our projects being beneficial socially as both the construction works and daily operations in respect thereof would be able to create various job opportunities for the local communities. This in turn would see new skills being learned and acquired which could further widen and improve future work prospects. The increased influx of resort guests would also allow greater business and entrepreneurship opportunities to the local communities. All this would invariably help improve the quality of life of the local communities near our locations.

We endeavour to adhere to a high standard of Occupational Health & Safety in construction and working site environment to ensure our employees, contractors and suppliers, customers and visitors’ safety are given priority during our course of daily business activities at all time, without compromise, and have not suffered any critical safety incidents at our work sites for more than 15 years.

The Tanco Group also undertakes/ participates in charity events annually to aid the less privileged/ those in need. For this year, the Group participated/ supported a 5D4N 4x4 Charity Event which drove deep into the jungles of Gua Musang, Kelantan (total trip about 190km) to supply loads of various essential items to multiple Orang Asli villages located therein, as these villages would usually be cut-off from getting supplies from any nearby towns during the monsoon months as the access trails would be impassable then. However, this year’s 4x4 Charity Event was undertaken during the peak of the Monsoon season in December 2021 and this, coupled with daily rains endured during the trip and stern warnings of tigers lurking around certain Orang Asli villages made the event the most challenging and dangerous thus far, according to the organiser. However, the Group’s contribution of raincoats for the participants and the isolated village residents was apt and very well received given the terrible weather then.

SUSTAINABILITY STATEMENT (Continued)

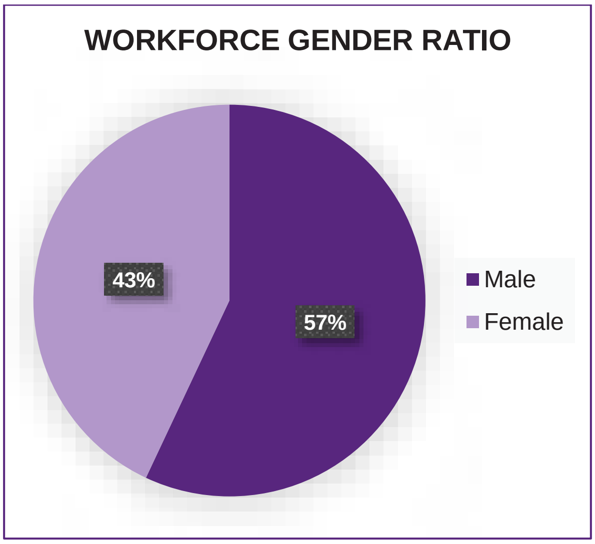
Social/Society (Continued)

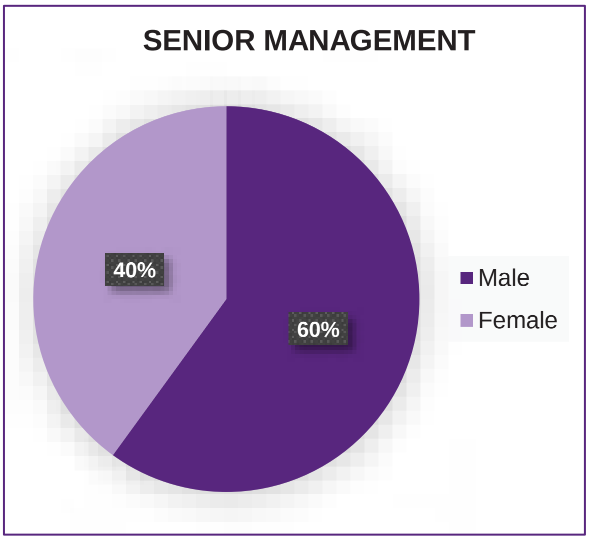
SUSTAINABILITY STATEMENT (Continued)

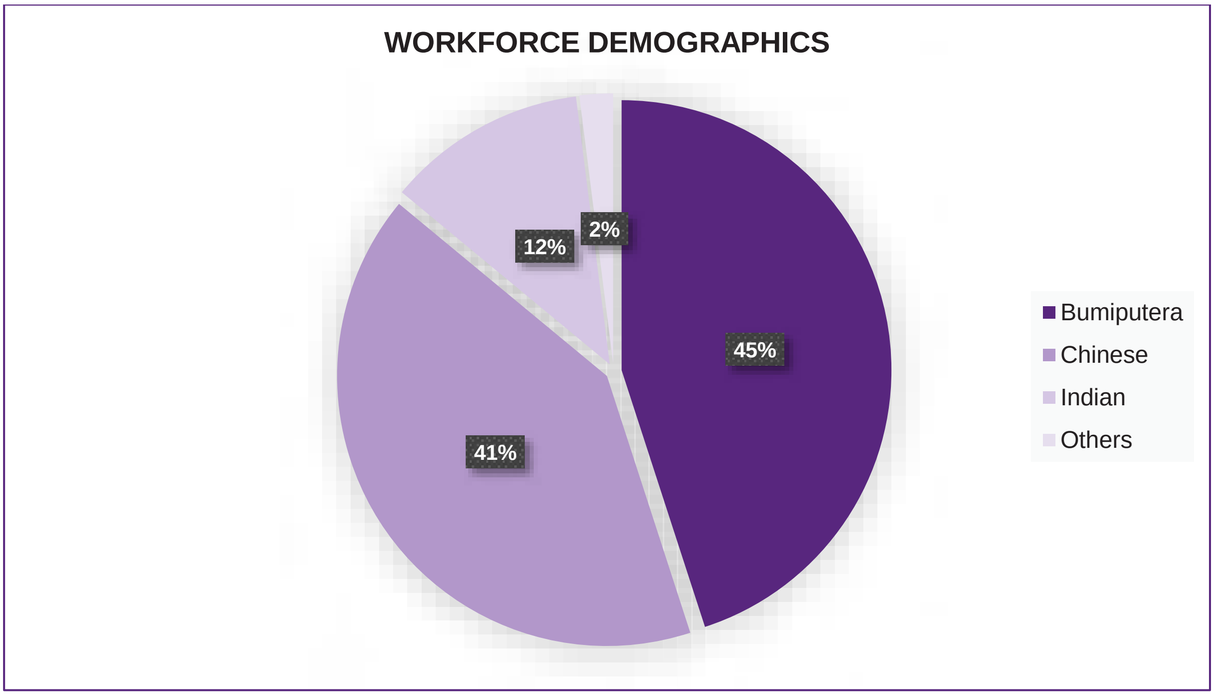
Social/Society (Continued)

We are also committed to and recognize the benefits of gender and racial diversity and women empowerment in our workplace and are in the process of implementing an appropriate Gender Diversity Policy to provide a framework for the Tanco Group to achieve to improve employment and career development opportunities for women, which would include reviewing succession plans to ensure an appropriate focus on gender diversity, recruitment from a diverse pool of candidates, identifying specific factors to take into account the recruitment and selection processes to encourage gender diversity, formulating programs to develop a broader pool of skilled and experienced senior management and board candidates, including, workplace development programs, mentoring programs and targeted training and development and such other appropriate strategies from time to time.

With the abovesaid, we are pleased to note that within our present workforce, 43% are women and within our senior management category, women represent 40% of the total senior management team. In terms of our racial diversity within our workforce, the various races (Malay, Chinese, Indian and others) are represented accordingly at 45%, 41%, 12% and 2% respectively.







SUSTAINABILITY STATEMENT (Continued)

Our People

Our staff are our most important asset, and as a living organisation, we subscribe to investing in our staff development. We are also committed to attracting and retaining staff with the correct values and attitudes that they may be groomed and integrated into our team, with corresponding remunerations to reward dedication, innovation and sterling performance, as well as promotions to further facilitate their contributions and move up in our managerial ranks.

Staff are encouraged to attend external seminars, talks and trainings on various matters peculiar to the business industry we are in via webinar, their respective job scope(s), and in relation to the ongoing and ever changing developments in the Malaysian tax, accounting, legal, property development and construction landscape(s) that they are ready and equipped to face such changes. Various skills upgrading and leadership training programmes are periodically conducted to allow key and deserving staff the opportunity to further improve their personal competencies, communication skill sets, management and leadership qualities with the aim of enhancing their personal development and embedding a higher standard of work and leadership qualities.

As a caring employer, we are constantly mindful of the wellbeing of our staff who are accorded care benefits like medical, dental, Group Hospitalization and Surgical and Group Personal Accident Insurance Schemes. Also, to encourage continuation of employment and to reward long term loyalty, the Group will be implementing a Staff Gratuity Policy for long serving staff who opt to retire with us.

To encourage a better unity and team spirit, periodic gatherings, festive celebrations, company dinners and team building events were periodically organised to encourage directors, management and staff of all levels to mingle and interact with one another to foster greater goodwill, enhance team spirit, enhance communication and forge a better and more effective working relationship at all levels. We hope to return to such activities once the COVID-19 situation improves and with the necessary SOPs in place.

Tanco's Efforts In Combating COVID-19

As COVID-19 is now becoming more endemic and with the relaxation of restrictions, we have adapted correspondingly with amended health and safety protocols which still serve as a guidance to all of our employees and visitors on the essential precautionary measures.

Continuing Our Journey of Sustainability

The Tanco Group is fully committed as a responsible corporate citizen to ensure that its business activities and endeavours should not only be towards bringing fair value to its shareholders and customers, but needs to be all encompassing and wholesome to include the environment as well as the general economy, the society and community towards having a proper balance with all concerned benefiting in a win-win-win situation best possible. The Tanco Group truly believes that real and lasting success can only be achieved where there is such a balance.

On this note, the Tanco Group will continue and endeavour to evaluate, develop, structure and implement more comprehensive policies and frameworks on sustainability over the coming years that a clear and lasting sustainability mindset and cogent sustainability practises may be instilled into our management and corporate cultures.

We are still on our early steps on this Sustainability journey and given that the period in review follows a historic pandemic period for both the nation and worldwide, the focus has been more on business and financial recovery and sustainability. Moving forward, we hope to be able to identify more environmental, economic and social sustainability areas to develop more cogent practices on the same. As we evolve and develop more on this, we expect to improve our reporting as well.

DIRECTORS' PROFILE

DATO' DR. MOHD. AMINUDDIN BIN MOHD. ROUSE
Independent Non-Executive Chairman

Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse, Male, a Malaysian, aged 77, was appointed to the Board as an Independent Non-Executive Director on 20 October 1997 and re-designated as Independent Non-Executive Chairman of Tanco Holdings Berhad ("Tanco") on 2 July 2018.

He obtained his Bachelor of Science (Honours) in Biochemistry from the University of Malaya in 1969 and his PhD in Agricultural Chemistry from the University of Adelaide in 1974. He began his career as the Head and lecturer at the Department of Biochemistry and Microbiology before becoming the professor of Biochemistry and Deputy Dean at Universiti Pertanian Malaysia in 1977.

Prior to joining Berjaya Group Berhad as the Group Director in 1994, he was the Director of Manufacturing and Agribusiness for Guthrie Berhad Group. He was the Group Chief Executive Officer of Konsortium Perkapalan Berhad cum President and Chief Executive Officer of PSNL Berhad. In November 1997, he assumed the position of Executive Chairman, Indah Water Konsortium Sdn Bhd and was President and Chief Executive Officer of Malaysian Technology Development Corporation Sdn Bhd. He retired as a Director from Konsortium Logistics Bhd in 2007.

Currently, he is also a Director of Star Media Group Berhad, ManagePay Systems Berhad, and a trustee of Star Foundation.

He does not have any family relationship with any other directors and/or major shareholders of Tanco. He does not have any conflict of interest with Tanco. He does not have any convictions for offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2022.

He attended six (6) out of six (6) Board Meetings held during the financial year ended 30 June 2022.

DATO' SRI ANDREW TAN JUN SUAN
Group Managing Director

Dato' Sri Andrew Tan Jun Suan, Male, a Malaysian, aged 42, was appointed to the Board as Executive Director on 22 November 2007. On 18 March 2015, he was appointed as the Group Managing Director of Tanco.

He graduated from the University of Melbourne, Australia, with a degree in Commerce in 2002. He joined Tanco in year 2005 as Business Development Director.

His directorships in other unlisted public companies are Palm Springs Resort Management Berhad, Tanco Club Berhad and Tanco Resorts Berhad.

He is the brother of Mr. Christopher Tan Khoon Suan and Mr. Edwin Tan Kium Suan, a director of Tanco subsidiaries. Save as aforesaid, he does not have any family relationship with any other directors and/or major shareholders of Tanco. He is deemed in conflict of interest with Tanco by virtue of his interest in certain privately-owned companies which are also involved in property development. However, these privately-owned companies are not in direct competition with the business of Tanco. He does not have any convictions for offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2022.

He attended six (6) out of six (6) Board Meetings held during the financial year ended 30 June 2022.

DIRECTORS' PROFILE (Continued)

DATUK RASHIDI BIN HASBULLAH
Independent Non-Executive Director

Datuk Rashidi bin Hasbullah, Male, a Malaysian, aged 63, was appointed to the Board as an Independent Non-Executive Director on 1 September 2019. He is the Chairman of the Remuneration Committee and the Nomination Committee of Tanco. He is also a member of the Audit and Risk Management Committee of Tanco.

He graduated from the Mississippi State University, Starkville, Mississippi, United States of America with a Bachelor of Science Degree in Food Science, Nutrition and Dietetics in 1987. He later obtained his Master in Tourism at the Central Michigan University, United States of America in 2004 and then enrolled in the Oxford Advanced Leadership Management Program at the University of Oxford, United Kingdom in 2012.

He has a vast experience in the Tourism Industry since 1996 when joining the Ministry of Tourism, Arts and Culture Malaysia ("MOTAC") as an Assistant Secretary at the Tourism Development Division after completing his Diploma in Public Management Program from the National Institute of Public Administration (INTAN) in 1996 until his last position held as Secretary General of MOTAC in February 2019. During the 23 years in MOTAC, he was promoted in several positions at different divisions making him very well versed and experience in Tourism Industrial Development policies. He was also involved directly in implementing of Malaysia Tourism Transformation Plan (2010 - 2020), drafting the Malaysia Tourism Strategic Plan (2020 - 2050) and Malaysia Culture Policy (2020 - 2030) during his tenure as Deputy Secretary General and Secretary General. Besides tourism, he has a substantial amount of experience in culture sector which is very important to link it with tourism to promote Malaysia.

He does not have any directorship in public companies and listed issuers.

He does not have any family relationship with any other directors and/or major shareholders of Tanco. He does not have any conflict of interest with Tanco. He does not have any convictions for offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2022.

He attended six (6) out of six (6) Board Meetings held during the financial year ended 30 June 2022.

JAMES WONG KWONG YEW
Independent Non-Executive Director

Mr. James Wong Kwong Yew, Male, a Malaysian, aged 76, was appointed to the Board on 28 July 1995 and subsequently appointed as Group Executive Director on 23 October 1995. He was re-designated as a Non-Independent Non-Executive Director on 30 April 2007. On 4 May 2009, he was re-designated as Independent Non-Executive Director. He is the Chairman of the Audit and Risk Management Committee of Tanco. He is also a member of the Nomination Committee and the Remuneration Committee of Tanco.

He is a Chartered Accountant (England and Wales since 1971) and has extensive experiences in professional firms and the commercial sector. He is well versed in the field of accounting, corporate finance, banking and property development. Prior to joining Tanco, he was the Executive Vice President/Director of a listed financial services group.

His directorship in other unlisted public company is Tanco Resorts Berhad.

He does not have any family relationship with any other directors and/or major shareholders of Tanco. He does not have any conflict of interest with Tanco. He does not have any convictions for offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2022.

He attended six (6) out of six (6) Board Meetings held during the financial year ended 30 June 2022.

DIRECTORS' PROFILE (Continued)

DATO' MARTINI BINTI OSMAN
Independent Non-Executive Director

Dato' Martini binti Osman, Female, a Malaysian, age 70, was appointed to the Board as an Independent Non-Executive Director on 17 December 2021. She is a member of the Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee of Tanco.

She graduated from the University of Science Malaysia with a Bachelor of Social Sciences (Hons) (Urban Studies) in 1975. She later obtained her Masters in Public Administration (Human Resource) in 1984 from the University of Pittsburgh, Pennsylvania, United States of America.

She has a vast experience in the fields of credit delivery, human resource trainings and corporate communications. She had served with Bank Pertanian Malaysia (now known as Agrobank) for 34 years since 1975 and had held in the position as Senior Manager at the regional and branch offices of Agrobank until she retired as the President/Chief Executive Officer of Agrobank in 2009.

Upon her retirement, she served as the Chairman of the committee for supervision and monitoring of Syarikat Jaminan Pembiayaan Perniagaan Berhad, a company wholly-owned by the Minister of Finance, Malaysia from 2009 to 2018.

She does not have any directorship in public companies and listed issuers.

She does not have any family relationship with any other directors and/or major shareholders of Tanco. She does not have any conflict of interest with Tanco. She does not have any convictions for offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2022.

She attended three (3) out of three (3) Board Meetings held during the financial year ended 30 June 2022 since her appointment to the Board.

KOAY GHEE TEONG
Executive Director

Mr. Koay Ghee Teong, Male, a Malaysian, aged 53, was appointed to the Board as Executive Director on 6 September 2012.

He graduated with an Honours Degree in Law from the University of Leicester, United Kingdom in 1991 and after a brief stint in the banking industry, he was called to the Malaysian Bar in 1994 and went into active legal practice as an advocate and solicitor before joining the Tanco group of companies ("Tanco Group" or "Group") in December 2000. Within the Tanco Group, he holds positions as Head of Group Legal Affairs and as Chief Executive Officer of Tanco Resorts Berhad ("TRB") as well as directorships in various other Tanco subsidiaries. He has also been involved in the Group's restructuring and corporate planning exercises and was also TRB's representative in the Malaysian Holiday Timeshare Developers Federation ("MHTDF") and was an elected member of the Executive Committee and Honorary Secretary of the MHTDF.

He also holds a directorship in another unlisted public company namely Palm Springs Resort Berhad.

He does not have any family relationship with any other directors and/or major shareholders of Tanco. He does not have any conflict of interest with Tanco. He does not have any convictions for offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2022.

He attended six (6) out of six (6) Board Meetings held during the financial year ended 30 June 2022.

DIRECTORS' PROFILE (Continued)

CHRISTOPHER TAN KHOON SUAN
Executive Director

Mr. Christopher Tan Khoon Suan, Male, a Malaysian, aged 36, was appointed to the Board as Executive Director on 1 September 2019.

He graduated from the University of Melbourne, Australia, with a degree in Commerce in 2006. Prior to joining Tanco, he worked in Hong Leong Bank Berhad, Treasury in 2008 and has great experience in financing, servicing corporate clients on market trends and investments. He joined Tanco in 2013 and has since been actively involved in marketing and development of Tanco Group of Companies ("Group") current and future projects, providing direction and assistance to the Group regarding related projects development.

His directorships in other unlisted public companies are Palm Springs Resort Berhad, Palm Springs Resort Management Berhad, Tanco Club Berhad and Tanco Resorts Berhad.

He is the brother of Dato' Sri Andrew Tan Jun Suan and Mr. Edwin Tan Kium Suan, a director of Tanco subsidiaries. Save as aforesaid, he does not have any family relationship with any other directors and/or major shareholders of Tanco. He is deemed in conflict of interest with Tanco by virtue of his interest in certain privately-owned companies which are also involved in property development. However, these privately-owned companies are not in direct competition with the business of Tanco. He does not have any convictions for offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2022.

He attended six (6) out of six (6) Board Meetings held during the financial year ended 30 June 2022.

CHEW SHEN HOAY
Executive Director and Group Chief Financial Officer

Ms. Chew Shen Hoay, Female, a Malaysian, aged 43, was appointed to the Board on 1 June 2022. She is the Executive Director and Group Chief Financial Officer of Tanco.

She obtained her Bachelor of Business Degree (Accounting and International Business Management) from Charles Sturt University, Australia. She is a member of Malaysian Institute of Accountants (MIA) and is also a member of Certified Practising Accountant (CPA) Australia.

She has more than 20 years of experience in the financial, marketing and business sectors.

Prior to joining Tanco, she was involved in originating, structuring, implementing and monitoring various group financial and corporate affairs; business development and marketing; intellectual property and licensing; audit and internal control review; and planning of local and international businesses; and as the liaison to the regulators and authorities.

She joined Tanco as the Group Financial Controller since 2018, leading and overseeing the Group's finance division and also has been involved in the due diligence, restructuring and corporate planning exercises.

Her directorships in other unlisted public companies are Palm Springs Resort Berhad, Palm Springs Resort Management Berhad, Tanco Club Berhad and Tanco Resorts Berhad.

She does not have any family relationship with any other directors and/or major shareholders of Tanco. She does not have any conflict of interest with Tanco. She does not have any convictions for offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2022.

She attended one (1) out of one (1) Board Meeting held during the financial year ended 30 June 2022 since her appointment to the Board.

PROFILE OF SENIOR MANAGEMENT

CHEW SHEN HOAY
Executive Director and Group Chief Financial Officer

For details of Ms. Chew Shen Hoay's profile, please refer to page 35, Directors' Profile section of the Annual Report.

COLLIN CHIN KOK MENG
Group Investment Director

Mr. Collin Chin Kok Meng, Male, a Malaysian, aged 47, holds the position of Group Investment Director of Tanco since 1 June 2022. He is responsible to oversee all new investments for Tanco Group.

He graduated from the University of Melbourne, Australia, with a degree in Bachelor of Commerce (Accounts & Finance) in 1997.

Prior to joining Tanco, he worked in various functions, namely, internal audit, strategy, business development, financial and business performance monitoring as well as recent years in managing nationwide sales team and sales operations. He started his career with Renong/ UEM Group of Companies and subsequently in management/ strategy consultancy, property development and information technologies as well as telecommunication. His most recent role was in Maxis Berhad to provide sales strategy & planning, sales operations, performance monitoring and sales governance to enable the Enterprise Division of Corporate/ Government sales teams.

He joined Tanco Group in September 2021 and has since been actively involved in sharing his expertise and experiences in the various functions he gained to the Tanco Group.

He does not have any directorship in public companies and listed issuer.

He does not have any family relationship with any directors and/or major shareholders of Tanco. He does not have any conflict of interest with Tanco. He does not have any convictions for offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2022.

CHOO EWE CHUEN
Managing Director of Tanco Builders Sdn. Bhd.

Mr. Choo Ewe Chuen, Male, a Malaysian, aged 45, was appointed to the Board of Tanco Builders Sdn. Bhd. on 1 June 2022 as Managing Director. He is responsible to oversee the business units of Tanco Builders Sdn. Bhd. and Tanco Supplies Sdn. Bhd.

He graduated from The University of Melbourne, Australia, with a double degree in Bachelor of Laws and Engineering in 2003. After graduated, he practiced law in Melbourne as solicitor.

Subsequently, he joined BHP Billiton as corporate lawyer before started his own investment firm. He was actively involved in industries such as construction, property development and corporate merger and acquisition. He joined Tanco Group in year 2021 as Advisor and has been actively involved in the Tanco Group's corporate exercise.

He does not have any directorship in public companies and listed issuer.

He does not have any family relationship with any other directors and/or major shareholders of Tanco. He does not have any conflict of interest with Tanco. He does not have any convictions for offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2022.

PROFILE OF SENIOR MANAGEMENT (Continued)

EDWIN TAN KIUM SUAN
Director of Tanco Builders Sdn. Bhd. & Tanco Supplies Sdn. Bhd.

Mr. Edwin Tan Kium Suan, Male, a Malaysian, aged 27, was appointed to the Board of Tanco Builders Sdn. Bhd. ("TBSB") and Tanco Supplies Sdn. Bhd. on 11 October 2021. Subsequently, he was appointed as an Executive Director of TBSB on 1 June 2022.

He graduated from the Royal Melbourne Institute of Technology (RMIT), Australia, with a degree in Bachelor of Business (Financial Planning) in 2019. Prior to joining Tanco, he worked in a private limited company as an Operation Director in January 2020. His role was to provide direction and assistance regarding mining operation application, pre tender and responsible for export materials. He joined Tanco Group in March 2021 and has since been actively involved in current and future projects of Tanco Group.

He does not have any directorship in public companies and listed issuer.

He is the brother of Dato' Sri Andrew Tan Jun Suan and Mr. Christopher Tan Khoon Suan. Save as aforesaid, he does not have any family relationship with any other directors and/or major shareholders of Tanco. He is deemed in conflict of interest with Tanco by virtue of his interest in certain privately-owned companies which are also involved in property development. However, these privately-owned companies are not in direct competition with the business of Tanco. He does not have any convictions for offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Tanco Holdings Berhad ("Tanco" or "Company") recognises the importance of corporate governance towards promoting business prosperity and corporate to protect and enhance shareholders' value as well as the interest of the Company.

The Board is also committed in ensuring that the Company and its subsidiaries ("the Group") carries out its business operations within the required standards of corporate governance as set out in the Malaysian Code on Corporate Governance 2021 ("MCCG").

The Board is pleased to provide an overview of the corporate governance ("CG") practices, which made reference to the three key CG principles as set out in the MCCG throughout the financial year ended 30 June 2022 ("FYE 2022") unless otherwise stated, which are as follows:-

(a) Principle A : Board Leadership and Effectiveness;
(b) Principle B : Effective Audit and Risk Management; and
(c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This CG overview statement, approved by the Board, shall be read together with the CG Report 2022 ("CG Report") of the Company which is available on the Company's website at www.tancoholdings.com and the website of Bursa Malaysia Securities Berhad ("Bursa Securities") at www.bursamalaysia.com.

The CG Report provides the details on how the Company has applied each Practice, any departures thereof and the alternative measures being in place within the Company during the FYE 2022. The Board is satisfied that the Company has substantially complied with the MCCG throughout the FYE 2022 save for the exceptions which are fully described in the CG Report.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board's principal activities amongst others include setting out strategic plans and policies and overseeing the investments and businesses of the Group. In fulfilling its fiduciary duties, the Board ensures that there are appropriate systems and procedures in place to identify the Company's significant risks and implementation of appropriate internal controls and mitigation measures to manage these risks. Key matters such as approval of annual and interim results, major acquisitions and disposals, major agreements as well as review of the adequacy and integrity of the internal controls system and risk management strategies of the Company are reserved for the Board. The Group has in place financial authorisation limit for matters such as operating and capital expenditure and Standard Operating Procedures ("SOPs") to improve efficiency and productivity among all departments within the Group.

The Board has delegated the day-to-day affairs of the Group's business to the Group Managing Director ("GMD") of the Company, Dato' Sri Andrew Tan Jun Suan. The GMD, supported by the Executive Directors, will focus on the business and leads the Senior Management of the Company in making and implementing the day-to-day decisions on the business operations, managing resources and risks in pursuing the corporate objectives of the Group. The GMD may delegate appropriate functions to any member of the Senior Management reporting to the Executive Directors.

The GMD, Executive Directors and Management meet regularly to review and monitor the performance of the Group's operating divisions. The GMD briefs the Board on the Group's business operations and Management's initiatives during the quarterly Board meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

I. BOARD RESPONSIBILITIES (Continued)

The Board Charter clearly spells out the following principal roles and responsibilities of the Board in enhancing effectiveness in the pursuits of corporate goals and objectives:-

(a) review and adopt a strategic plan for the Group;
(b) oversee the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;
(c) identify principal business risks and ensure the implementation of appropriate systems to manage these risks;
(d) succession planning including the implementation of appropriate systems for recruitment, training and replacement of Senior Management staff;
(e) overseeing the development and implement an investors relations programme or shareholder communication policy for the Company; and
(f) review the adequacy and the integrity of the Group's internal control systems and management information.

Division of roles and responsibilities between the Chairman and GMD

The Board is led by Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse as the Independent Non-Executive Chairman and Dato' Sri Andrew Tan Jun Suan as the GMD.

There is a clear separation between the Chairman's role and the GMD to ensure a division of responsibilities and a balance of control, power and authority.

The Chairman leads and manages the Board with a keen focus on governance and compliance. In turn, the Board monitors the functions of the Board Committees in accordance with their respective terms of reference, to ensure its own effectiveness; while the GMD manages the businesses and operations of the Group and implements and develops the Board's decisions, policies and strategies.

Non-Executive Directors

The Non-Executive Directors of the Company are not involved in the day-to-day management of the Group but contribute their own particular expertise, experience and provide views from a different perspective in the development of the Group's overall business strategy. Their participation as members of the various Board Committees also contributed towards the enhancement of the corporate governance and controls of the Group.

The Independent Non-Executive Directors are essential in providing unbiased and impartial opinion, advice and judgment to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account. The significant contributions of the Independent Non-Executive Directors in the decision making process is evidenced in their participation as members of the various committees of the Board.

Board Committees

The Board has established and is supported by the following Board Committees to assist the Board in the discharge of its oversight function:-

i. Audit and Risk Management Committee
ii. Nomination Committee
iii. Remuneration Committee

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

I. BOARD RESPONSIBILITIES (Continued)

Board Committees (Continued)

The Board Committees have their roles and functions, written terms of reference and authorities defined. The Board reviews the terms of reference of the Board Committees periodically to ensure their relevance. At each Board meeting, the Chairmen of the Board Committees report to the Board on the key issues deliberated and outcome of the Board Committees meetings. Minutes of the Board Committees meetings will also be presented to the Board for notification and endorsement. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

Company Secretary

The Board is supported by a suitably qualified, experienced and competent Company Secretary who is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators and is also qualified under the Companies Act, 2016. The Company Secretary advises the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and the Group. The Company Secretary attends Board and Board Committees meetings and is responsible for ensuring the meeting procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also ensures that accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory registers of the Company.

The Company Secretary has been continuously attending the necessary training programmes, conferences, seminars, briefings and/or forums so as to keep herself abreast with the current regulatory changes in laws and regulatory requirements that are relevant to her profession and enabling her to provide the necessary advisory role to the Board.

Board Meetings

Regular Board and Board Committees meetings are scheduled throughout the year to enable the Directors to plan ahead and fit the meetings into their own schedules.

In order to discharge their responsibilities effectively, the Board meet regularly on a quarterly basis. Additional or special Board meetings may be convened as and when necessary to consider and deliberate on any urgent proposals or matters under their purview and which requires the Board’s expeditious review or consideration. Such meetings will enable the Board members to effectively assess the viability of the business and corporate proposals and the principal risks that may have significant impact on the Group’s business or on its financial position and the mitigating factors. All Board approvals sought are supported with all the relevant information and explanations required for an informed decision to be made.

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda with the supply of complete and timely information to enable the Board to discharge their responsibilities effectively and for them to make informed decisions. The Board reviews and deliberates on the Group’s financial performance and results, business operations, reports of the various Board Committees, corporate exercises and strategic financials and investments decisions.

In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

I. BOARD RESPONSIBILITIES (Continued)

Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During FYE 2022, the Board met six (6) times and the attendance record of the Directors at the Board meetings were as follows:-

	Attendance
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	6/6
Dato’ Sri Andrew Tan Jun Suan	6/6
Datuk Rashidi bin Hasbullah	6/6
James Wong Kwong Yew	6/6
Dato’ Martini binti Osman *	3/3 ^
Koay Ghee Teong	6/6
Christopher Tan Khoon Suan	6/6
Chew Shen Hoay @	1/1 ^
Dato' Tan Lee Sing #	6/6

* *Dato’ Martini binti Osman appointed as an Independent Non-Executive Director on 17 December 2021*

@ *Chew Shen Hoay appointed as an Executive Director on 1 June 2022*

\# *Dato’ Tan Lee Sing retired as the Group Executive Director on 31 July 2022*

^ *Reflects the attendance and the number of Board meetings held during the financial year since the Directors held office*

All the Directors of the Company do not hold more than five (5) directorships in listed issuers as required under Paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities.

Access to Information and Advice

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and for an effective discharge of the Board’s responsibilities.

Notices of Board/Board Committees Meetings and the relevant Board papers shall be circulated to the Directors electronically at least five (5) working days in advance before the meeting is held, except in the case of an emergency, where reasonable time would suffice. This enables the Directors to have sufficient time to solicit further explanations and/or information, where necessary, so that deliberations at the meeting are focused and constructive.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

I. BOARD RESPONSIBILITIES (Continued)

Access to Information and Advice (Continued)

The Board papers include meeting minutes which reflects the deliberations and decisions of the Board, updates on financial, operational and corporate developments of the Group. Board papers are also presented with details on other issues that may require the Board's deliberation which inter alia, include the approval of corporate plans, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group.

The Chairman of the Board Committees namely the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee, brief the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees.

The Board has unrestricted access to all information within the Group. All Directors are entitled to seek independent professional advice on issues whether as a full Board or in their individual capacity where they are of the opinion that professional advice is needed after having discussions with Senior Management, External Auditors and Internal Auditor, in furtherance of their duties at the Company's expense.

Board Charter

The Board is guided by a Board Charter which provides reference for directors in relation to the Boards' roles, powers, duties and functions. The Board Charter also outlines the processes and procedures to ensure the Board's and Board Committees' effectiveness and efficiency. The Board Charter comprises, amongst others, the well-defined terms of reference for the Board and its Committees.

The Board will review and update the Board Charter periodically in accordance with the needs of the Company and any new regulations that may have impact on the discharge of the Board's responsibilities. The Board Charter is available on the Company's website at www.tancoholdings.com.

Ethical Standards through Code of Ethics, Code of Conduct and Whistleblowing Policy

(a) Code of Ethics for Director

The Board has formalised a Code of Ethics and Conduct for its Directors which is incorporated in the Board Charter, to enhance the standard of corporate governance and promote ethical conduct of the Directors and the same is adhered to at all times.

(b) Code of Conduct and Business Ethics

The Group has established and adopted a Group Code of Conduct and Business Ethics to ensure that all employees and Directors maintain and enforce the highest standards of ethics and professional conduct in the performance of their duties and responsibilities throughout the organisation. The Code of Conduct is available on the Company's website at www.tancoholdings.com.

(c) Whistleblowing Policy and Procedures

The Group acknowledges the importance of lawful and ethical behaviours in all its business activities and is committed to adhere to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs in its workplace.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

I. BOARD RESPONSIBILITIES (Continued)

(c) Whistleblowing Policy and Procedures (Continued)

The Group has in place a Whistleblowing Policy which serves as an internal disclosing channel in relation to whistleblowing at work place to enable employees to raise genuine concerns, disclose alleged, suspected or actual wrongdoings or known improper conduct at the workplace on a confidential basis.

Employees also have free access to the GMD of the Company and may raise concerns of non-compliance to him.

The Whistleblowing Policy, underlining its protection and reporting channels, is available on the Company's website at www.tancoholdings.com.

Anti-Corruption and Bribery Policy

In line with the Guidelines on Adequate Procedures pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009, the Board of Directors has adopted the Anti-Corruption and Bribery Policy of the Group and the aforesaid policy will be reviewed periodically.

This policy sets out the proper practices and guidance to be adhered to in relation to improper solicitation, bribery and other corrupt activities and/ or issues that may arise in the course of business and the responsibilities to comply with all applicable laws and regulations against bribery and corruption.

The Anti-Corruption and Bribery Policy is available on the Company's website at www.tancoholdings.com.

Sustainability Policy

The Board views the commitment to promote sustainability policy in the environment, social and governance aspects as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

The Company has formalised a Sustainability Policy which aims to integrate the principles of sustainability into the strategies of the Company and its subsidiaries and to ensure compliance and adherence to related internal policies/guidelines, external authorities and regulators when dealing with sustainability matters. Each Department Head of Group are responsible for the planning and implementation by ensuring each Department's operational activities and business decision made are aligned to the policy.

The Group strives to achieve a sustainable balance between meeting its business goals, preserving the environment to sustain the ecosystem and the welfare of its employees and the communities in which it operates. The Group's efforts to promote sustainability initiatives for the communities in which it operates, the environment and the employees is set out in Sustainability Statement in this Annual Report.

II. BOARD COMPOSITION

As at the date of this Statement, the Board has eight (8) members comprising four (4) Executive Directors and four (4) Independent Non-Executive Directors (including the Chairman).

The present composition of the Board is in compliance with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities which require at least two (2) directors or one-third (1/3) of the Board, whichever is higher, to be independent directors as well as meeting the prescribed Practice 5.2 of the MCCG of having at least half (50%) of the Board members comprises independent directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. BOARD COMPOSITION (Continued)

Based on the review of the Board's composition and assessment of individual Directors during the FYE 2022, the Directors are of the opinion that the current Board size and composition is appropriate for the scope and nature of the Group's business and operations and for facilitating effective discussions and decision making. No individual or group dominates the Board's decision making. The Board maintains an appropriate balance of expertise, skills and attributes among the Directors. This is reflected in the diversity backgrounds and competencies of the Directors. Such competencies include business, finance, accounting, legal, construction, property development, tourism and other relevant industry knowledge and management experience and familiarity with the regulatory requirements and risk management. A brief profile of each Director is presented in the Directors' Profile section of this Annual Report.

The current Directors of the Company as at the date of this Statement are as follows:-

Name of Director	Designation
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	Independent Non-Executive Chairman
Dato' Sri Andrew Tan Jun Suan	Group Managing Director
Datuk Rashidi bin Hasbullah	Independent Non-Executive Director
Mr. James Wong Kwong Yew	Independent Non-Executive Director
Dato' Martini binti Osman	Independent Non-Executive Director
Mr. Koay Ghee Teong	Executive Director
Mr. Christopher Tan Khoon Suan	Executive Director
Ms. Chew Shen Hoay	Executive Director and Group Chief Financial Officer

Board Diversity

The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity.

The Board also recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.

The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. Thus, the Company does not set any specific target for boardroom diversity but will actively work towards achieving the appropriate boardroom diversity.

The Company takes diversity not only in the Boardroom but also in the workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company.

The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a work place environment free of harassment and discrimination on the basis of gender, ethnicity, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.

Currently, the Board has two (2) women Directors namely, Dato' Martini binti Osman and Ms. Chew Shen Hoay.

The Board has in place a Gender Diversity Policy for the Company and a copy is available on the Company's website at www.tancoholdings.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. BOARD COMPOSITION (Continued)

Director's Training

As at the date of this Statement, all Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Main Market Listing Requirements of Bursa Securities.

The Directors are mindful that they should receive appropriate continuous training in order to broaden their perspectives and to keep abreast with new developments for the furtherance of their duties.

The Directors are also encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board.

The Board is also regularly updated by the Company Secretary on the latest update/amendments to the relevant regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

During the FYE 2022, the training programmes and seminars which were attended by the Directors are as follows:

Name of Director	Training Programmes/ Seminars	Date
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	Launch of 2020 Malaysian Board Practices Review	8 July 2021
	Asia Tech X Singapore 2021	14 July 2021
	Corporate Directors Summit 2021: Governance 4.0	17 August 2021
	BCG talk on Digital Banking	25 October 2021
	BDO Tax Briefing on Government's Budget 2022 – Impact on Star Group and other Updates	10 November 2021
	Securities Commission's Audit Oversight Board: - Conversation with Audit Committee - Good Practices for Audit Committees in Supporting Audit Quality	6 December 2021
Dato' Sri Andrew Tan Jun Suan	BDO Tax Budget Webinar 2021	10 November 2021
Dato' Tan Lee Sing *(Retired on 31 July 2022)*	BDO Tax Budget Webinar 2021	10 November 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. BOARD COMPOSITION (Continued)

Director's Training (Continued)

Name of Director	Training Programmes/ Seminars	Date
Datuk Rashidi bin Hasbullah	BDO Tax Budget Webinar 2021	10 November 2021
	Securities Commission's Audit Oversight Board: - Conversation with Audit Committee - Good Practices for Audit Committees in Supporting Audit Quality	6 December 2021
Mr. James Wong Kwong Yew	BDO Tax Budget Webinar 2021	10 November 2021
	Securities Commission's Audit Oversight Board: - Conversation with Audit Committee - Good Practices for Audit Committees in Supporting Audit Quality	6 December 2021
Dato' Martini binti Osman	Mandatory Accreditation Programme (MAP)	15 – 17 March 2022
Mr. Koay Ghee Teong	ESG Health Check	22 July 2021
	2021 Malaysian Housing and Property Summit Resetting and Rebuilding the Housing and Property Industry in the New Normal	27 July 2021
	Challenging the IRB's Land Valuation for Stamp Duty & Income Tax Assessments	19 August 2021
	Sounds Legal – Shareholders' Agreements: The Do's and Don'ts	2 September 2021
	Human Rights Issues in Businesses: Closing Gaps in Implementation and Reporting	28 October 2021
	Housing Integrated Management System (HIMS): What Housing Developers Need to Know	17 March 2022
	Investment Treaty Protection: A Malaysian & Singaporean Perspective	28 March 2022
	Sounds Legal – Staying on Top of Strata Management Litigation	9 June 2022
	Recent Developments on Liquidated & Ascertained Damages Confirmation	30 June 2022
Mr. Christopher Tan Khoon Suan	Global Reporting Initiative (GRI) Standards Certified Training	7 – 9 June 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. BOARD COMPOSITION (Continued)

Director's Training (Continued)

Name of Director	Training Programmes/ Seminars	Date
Chew Shen Hoay	Enhancing Positive Resilience	6 July 2021
	Hybrid Workspace – Employer's Perspective	12 July 2021
	Elevate your performance: Setting smart goals	15 July 2021
	Digital etiquette for smooth online presentation	22 July 2021
	T.H.I.N.K mental health: Navigating a crisis with resilience	23 July 2021
	The tax audit landscape in Malaysia	26 July 2021
	Bond Investment	27 July 2021
	Cryptographic money – is it a safe investment option?	29 July 2021
	Global Economic Outlook – the post COVID recovery part 2	30 August 2021
	SMPs stories: How to survive and thrive post Covid-19	24 August 2021
	Essentials on Corporate Reporting and Assurance	27 August 2021
	Innovation in Accounting & Finance	21 September 2021
	Key tax developments – 3rd quarter 2021	13 October 2021
	Meeting the demanding quest of success	25 October 2021
	Highlights from Budget 2022	29 October 2021
	MNEs – how to benchmark and document FY2020 transfer pricing report	24 November 2021
	Risk & currency hedging-Through coronavirus & beyond	5 January 2022
	Analytics and Financial Modelling for the new age finance professional	16 February 2022
	Leadership that sustains performance and builds trust	31 March 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. BOARD COMPOSITION (Continued)

Director's Training (Continued)

Name of Director	Training Programmes/ Seminars	Date
Chew Shen Hoay *(continued)*	Forging an Entrepreneurial "Boleh" Spirit	25 April 2022
	Financial Frauds and Scams	11 May 2022
	Introduction to Digital Banking	15 June 2022
	Automation – Bringing Finance Into Focus in a Digital World	29 June 2022

Nomination Committee

The Nomination Committee consists of wholly Independent Non-Executive Directors and its composition is as follows:-

Members	**Designation**
Datuk Rashidi bin Hasbullah	- Chairman of the Nomination Committee, Independent Non-Executive Director
Mr. James Wong Kwong Yew	- Independent Non-Executive Director
Dato' Martini binti Osman *(Appointed on 17 December 2021)*	- Independent Non-Executive Director

During the FYE 2022, Datuk Rashidi bin Hasbullah has been appointed as the Chairman of the Nomination Committee on 17 December 2021 in place of Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse who has ceased as a Chairman of the Nomination Committee in compliance with Practice 1.4 of the MCCG.

Dato' Martini binti Osman has been appointed as a new member of the Nomination Committee on 17 December 2021.

The Nomination Committee's main responsibility, amongst others, is to recommend new appointment to the Board for their approval. The other responsibilities of the Nomination Committee include making recommendations to the Board on the appointment of members of Board Committees, the review on an annual basis of the Board structure, size and composition, and assessment of the effectiveness of the Board, its Committees and the contribution of each Board. The Terms of Reference of the Nomination Committee is available on the Company's website at www.tancoholdings.com.

The Nomination Committee held three (3) meetings during the FYE 2022.

The Nomination Committee carried out the following activities during the FYE 2022:

(a) reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;
(b) reviewed and assessed the performance of each individual Director, the independence of the Independent Directors, the effectiveness of the Board and the Board Committees;
(c) recommended the Directors who are retiring and who are eligible for re-election;
(d) reviewed and recommended the retention of the Independent Non-Executive Directors who have served on the Board for more than nine (9) years;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. BOARD COMPOSITION (Continued)

Nomination Committee (Continued)

(e) reviewed the term of office and performance of the Audit and Risk Management Committee and its members;
(f) recommended the appointment of additional director and retirement of director;
(g) proposed changes in the composition of the Board Committees; and
(h) recommended the adoption of Directors' Fit and Proper Policy of the Company and Group.

Upon the recommendation of the Nomination Committee, the Board had on 25 May 2022 approved the adoption of Directors' Fit and Proper Policy as a guiding tool to the Nomination Committee and the Board in their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking for re-election or re-appointment. The Directors' Fit and Proper Policy is available on the Company's website at www.tancoholdings.com.

Appointment to the Board

The Board delegates to the Nomination Committee the responsibility of making recommendations on any potential candidate for the appointment as a new Director. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made on merits.

The process for the appointment of a new Director is summarised in the sequence as follows:-

1. The candidate identified upon the recommendation by the existing Directors, management, major shareholders, independent search firms and/or other independent sources;
2. In evaluating the suitability of candidates for appointment to the Board, the Nomination Committee considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidates' independence;
3. Recommendation shall then be made by Nomination Committee to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and
4. Decision to be made by the Board on the proposed new appointment, including appointment to the various Board Committees.

Annual Assessment

The Board through its Nomination Committee, reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual director. The evaluation involves individual Director and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. They also undertook a self-review and peer review in which they assessed their fellow Directors' performance. The results were compiled and analysed by the Company Secretary and presented at Board and Board Committees meetings. The responses from the evaluation process indicate that the Board is well balanced, the size of the Board is adequate for the Group and the Board has the relevant knowledge relating to the Group's business. The Directors believe Board meetings are well organised, efficiently run and all relevant aspects of the Company's businesses are dealt with thoroughly by the Board and its various committees which have all discharged their responsibilities adequately. The individual Director had also met the standards expected of them, with each making strong contributions, generally and through the knowledge derived from their specialised areas of expertise, skills and experience.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. BOARD COMPOSITION (Continued)

Re-election of Directors

The Nomination Committee also conducted an assessment of the Directors who are subject to retirement at the forthcoming Annual General Meeting ("AGM") in accordance with the provisions of the Constitution of the Company and the relevant provisions of the Companies Act, 2016.

The Company's Constitution provides that a director appointed during the year is required to retire and seek election by shareholders at the following AGM immediately after their appointment. The Clauses also require that one third of the Directors including the Group Managing Director to retire by rotation and seek re-election at each AGM and that each Director shall submit himself/herself for re-election once every three (3) years.

The Nomination Committee is also responsible for recommending to the Board those Directors who are eligible to stand for re-election.

The Directors who will retire by rotation and eligible for re-election in accordance with Clause 114 of the Company's Constitution at the forthcoming Sixty-Third (63^{rd}) AGM are Mr. James Wong Kwong Yew and Mr. Christopher Tan Khoon Suan.

The new Directors namely, Dato' Martini binti Osman and Ms. Chew Shen Hoay, who were appointed on 17 December 2021 and 1 June 2022 respectively, will also retire and will be eligible for re-election at the forthcoming 63^{rd} AGM in accordance with Clause 119.

Their profiles are set out in the Directors' Profile section of this Annual Report.

The Nomination Committee has assessed the performances of all the above Directors due for re-election and has made recommendations to the Board for their re-election to be tabled for shareholders' approval at the forthcoming 63^{rd} AGM. To assist the shareholders in their decision, sufficient information such as personal profile, attendance of meetings and the shareholdings of the Directors standing for re-election have been disclosed in this Annual Report.

Tenure of Independence Directors

At present, there is no fixed limit to the term for its Independent Directors to remain as Independent Directors on the Board as the Board believes the tenure period will not interfere with the exercise of independent judgement and the ability to act in the best interests of the Company. The Board also recognises that Independent Directors may over time develop significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole.

The Board noted Practice 5.3 of the MCCG recommended that the tenure of an independent director does not exceed a cumulative term limit of nine (9) years. Upon completion of nine (9) years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine (9) years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Presently, there are two (2) Independent Directors on the Board who have served the Company for a cumulative term of more than nine (9) years since their appointment as Independent Directors, namely, Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse and Mr. James Wong Kwong Yew.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. BOARD COMPOSITION (Continued)

Tenure of Independence Directors (Continued)

The Nomination Committee and the Board have duly assessed the independence of Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse and Mr. James Wong Kwong Yew and recommended them to be retained as Independent Directors based on the following justifications as well as contributions from them, as members of the Board and/or members of the respective Board Committees:

(i) They have fulfilled the criteria under the definition on Independent Director in the Main Market Listing Requirements of Bursa Securities;

(ii) They are able to bring independent and objective judgment to the Board;

(iii) They have been with the Company for more than nine (9) years and therefore understand the Company's business operations which enable them to participate actively and contribute positively during deliberations or discussions at Board Meetings;

(iv) They have devoted sufficient time to discharge their statutory duties and fiduciary responsibilities; and

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

In view of the above, the Company will seek the shareholders' approval through a two-tier voting process at the forthcoming 63rd AGM on the retention of Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse and Mr. James Wong Kwong Yew to continue to act as the Independent Non-Executive Directors of the Company.

Notwithstanding, the Board is cognisant of the amended Main Market Listing Requirements of Bursa Securities to limit the tenure of an Independent Director to not more than a cumulative period of twelve (12) years from the date of his first appointment as an Independent Director. As the said amended requirement will become effective from 1 June 2023, the Board will undertake the necessary measures to comply with this requirement.

Senior Independent Non-Executive Director

Mr. James Wong Kwong Yew has been identified as the Senior Independent Non-Executive Director, to whom all concerns may be conveyed.

III. REMUNERATION

The Remuneration Committee consists of three (3) Independent Non-Executive Directors and its composition is as follows:

Members	Designation
Datuk Rashidi bin Hasbullah	- Chairman of the Remuneration Committee, Independent Non-Executive Director
Mr. James Wong Kong Yew	- Independent Non-Executive Director
Dato' Martini binti Osman *(Appointed on 17 December 2021)*	- Independent Non-Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

III. REMUNERATION (Continued)

During the FYE 2022, Dato' Martini binti Osman has been appointed as a new member of the Remuneration Committee on 17 December 2021 in place of Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse who has ceased as a member of the Remuneration Committee in compliance with Practice 1.4 of the MCCG.

The Terms of Reference of the Remuneration Committee is available on the Company's website at www.tancoholdings.com.

The Remuneration Committee held four (4) meetings during the FYE 2022.

The Board has adopted a Remuneration Policy and Procedures to support the Directors and Key Senior Management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, motivate, retain and reward Directors and Key Senior Management who will manage and drive the Company's success. The Remuneration Policy and Procedures is available on the Company's website at www.tancoholdings.com.

The Board has delegated to the Remuneration Committee to implement its Remuneration Policy and Procedures. The primary function of the Remuneration Committee is to set up the policy framework and to recommend to the Board on remuneration packages and other terms of employment of the Executive Directors. The remuneration of Executive Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively.

The remuneration of Key Senior Management is determined at a level which enables the Company to attract, develop and retain high performing and talented individual with the relevant experience, level of expertise and level of responsibilities.

Both the remuneration of Executive Directors and Key Senior Management are structured to link rewards to the achievement of individual and corporate performance.

The Remuneration Committee is also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommend to the Board for their consideration with the Director concerned abstaining from deliberations and voting on the decision in respect of his/her individual remuneration package. The Board recommended that the level of remuneration should reflect the experience and the level of responsibilities undertaken by each Non-Executive Director. The Board will then recommend the yearly Directors' fees and other benefits payable to Non-Executive Directors to the shareholders for approval at the AGM in accordance with Section 230(1) of the Companies Act 2016.

In addition to the above, the Company has taken up a Directors' and Officers' Liability ("D&O") insurance for coverage of the Directors' defence costs and legal representation expenses incurred by the Directors concerned should any action be brought against them for their actions as Director of the Company and/or its subsidiaries. Nevertheless, the D&O insurance does not indemnify a director if he is proven to have acted fraudulently or dishonestly or for any intentional breach of the law.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

III. REMUNERATION (Continued)

None of the Executive Directors have received fees or salary related benefits from the Company during the FYE 2022. The details of Directors' remuneration as at 30 June 2022 paid or payable by the Company and its subsidiary companies for the FYE 2022 on named basis are as follows:

Company Level

Non-Executive Director						
Name of Director	Directors' Fees (RM)	Meeting Attendance Allowances (RM)	Salaries (RM)	Benefits-in-kind (RM)	Other Emoluments (RM)	Total (RM)
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	60,000	7,000	-	-	-	67,000
Datuk Rashidi bin Hasbullah	36,000	9,500	-	-	-	45,500
James Wong Kwong Yew	36,000	9,500	-	7,200	-	52,700
Dato' Martini binti Osman *(Appointed on 17 December 2021)*	19,452 *	4,000	-	-	-	23,452
Total	151,452	30,000	-	7,200	-	188,652

Group Level (Company and Subsidiary)

Executive Director						
Name of Director	Directors' Fees (RM)	Meeting Attendance Allowances (RM)	Salaries (RM)	Benefits-in-kind (RM)	Other Emoluments (RM)	Total (RM)
Dato' Sri Andrew Tan Jun Suan	-	-	576,000	22,700	70,044	668,744
Dato' Tan Lee Sing (Retired on 31 July 2022)	-	-	540,000	12,500	65,393	617,893
Koay Ghee Teong	-	-	243,000	6,000	54,355	303,355
Christopher Tan Khoon Suan	-	-	159,000	12,500	24,995	196,495
Chew Shen Hoay (Appointed on 1 June 2022)	-	-	25,000	442	5,173	30,615
Total	-	-	1,543,000	54,142	219,960	1,817,102

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

III. REMUNERATION (Continued)

Group Level (Company and Subsidiary) (continued)

Non-Executive Director						
Name of Director	Directors' Fees (RM)	Meeting Attendance Allowances (RM)	Salaries (RM)	Benefits-in-kind (RM)	Other Emoluments (RM)	Total (RM)
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	60,000	7,000	-	-	-	67,000
Datuk Rashidi bin Hasbullah	36,000	9,500	-	-	-	45,500
James Wong Kwong Yew	36,000	9,500	-	7,200	-	52,700
Dato' Martini binti Osman *(Appointed on 17 December 2021)*	19,452 *	4,000	-	-	-	23,452
Total	151,452	30,000	-	7,200	-	188,652

** Subject to shareholders' approval at the forthcoming 63rd Annual General Meeting*

Although the MCCG recommend disclosure by the Company on a named basis of the top five (5) Key Senior Management's detailed remuneration including salary, benefits-in-kind and other emoluments in bands of RM50,000, the Board is of the opinion that the disclosure would not be in the best interest of the Group due to confidentiality and sensitivity concerns.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT AND RISK MANAGEMENT COMMITTEE

The Board is responsible for ensuring that the quarterly and annual audited financial statements of the Company present a balanced and clear view and assessment of the Company's financial position, performance and prospects and in compliance with the applicable financial reporting standards.

The Audit and Risk Management Committee assists the Board in reviewing the Group's financial reporting process and accuracy of its financial results and scrutinising information for disclosure to ensure reliability and compliance with the applicable financial reporting standards. The Audit and Risk Management Committee reviewed the unaudited quarterly financial reports and year-end financial statements of the Company prior to recommendation of the same to the Board for approval and submission to Bursa Securities.

The Audit and Risk Management Committee is chaired by an Independent Non-Executive Director who is distinct from the Chairman of the Board. All members of the Audit and Risk Management Committee are financially literate, with one (1) of the members of the Audit and Risk Management Committee is a member of the Malaysian Institute of Accountants.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (Continued)

I. AUDIT AND RISK MANAGEMENT COMMITTEE (Continued)

The current Audit and Risk Management Committee comprises three (3) members, all of whom are Independent Non-Executive Directors. The Audit and Risk Management Committee has incorporated in its terms of reference a requirement for a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit and Risk Management Committee.

The membership of the Audit and Risk Management Committee, meeting & attendance, summary of work of Audit and Risk Management Committee and summary of work of the internal audit function are set out in the Audit and Risk Management Committee Report section of this Annual Report.

The Terms of Reference of the Audit and Risk Management Committee is available on the Company's website at www.tancoholdings.com.

None of the members of the Board were former key audit partners and notwithstanding that in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as a member of the Board.

Assessment of Sustainability and Independence of External Auditors

The Board maintains a transparent and professional relationship with the External Auditors through the Audit and Risk Management Committee. Under the existing practice, the Audit and Risk Management Committee invites External Auditors to attend its meetings at least twice a year to discuss their audit plan and their audit findings on the Company's yearly financial statements. In addition, the Audit and Risk Management Committee will also have private meetings with the External Auditors without the presence of the Executive Directors and Senior Management to enable exchange of views on issues requiring attention.

The Audit and Risk Management Committee has adopted an External Auditors Policy which outlines the policies and procedures for the Audit and Risk Management Committee to govern the assessment and to monitor the External Auditors.

For the FYE 2022, the Audit and Risk Management Committee has assessed the suitability and independence of the External Auditors vide an annual assessment of the suitability and independence of the External Auditors.

Both the Audit and Risk Management Committee and Board have considered the external auditors' performance and independence for the FYE 2022. Based on the assessment, it has been determined that the external auditors continue to be objective and remain independent of the Company.

In addition, the External Auditors have confirmed to the Audit and Risk Management Committee that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors are also required to declare their independence annually to the Audit and Risk Management Committee as specified by the By-Laws issued by the Malaysian Institute of Accountants and they have provided the declaration in their annual Audit Plan and Audit Committee Memorandum presented to the Audit and Risk Management Committee of the Company.

Upon completion of the said assessment, the Audit and Risk Management Committee was satisfied with Messrs. Baker Tilly Monteiro Heng PLT's technical competency and audit independence during the FYE 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (Continued)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is responsible for the Group's risk management framework and system of internal control and for reviewing their adequacy and integrity. Accordingly, the Directors are required to ensure that an effective system of internal control, which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines are in place within the Group.

While acknowledging their responsibility for the system of internal control, the Directors are aware that such a system is designed to manage rather than eliminate risks and therefore cannot provide an absolute assurance against material misstatement or loss.

The Board is also responsible to oversee the areas of anti-corruption and bribery and in ensuring that adequate and appropriate policies and procedures on anti-corruption are in place. The Audit and Risk Management Committee had reviewed and established the Anti-Corruption and Bribery Policy of the Group and has embedded corruption risk in the risk register and in the annual risk assessment of the Group.

The internal audit function of the Company is outsourced to Messrs. S F Chang Corporate Services Sdn. Bhd., and they are free from any relationships or conflict of interest that could impair their objectivity and independence. The Internal Auditor reports to the Audit and Risk Management Committee and provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control. As proper risk management is a significant component of a sound system of internal control, the Group has also put in place risk management process to help the Board in identifying, evaluating and managing risks. The implementation and maintenance of the risk management process is carried out by the Audit and Risk Management Committee of the Group.

Details pertaining to the Group's internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control of this Annual Report.

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

I. COMMUNICATION WITH STAKEHOLDERS

The Board ensures that all material information and corporate disclosures are discussed with the Management prior to dissemination to ensure compliance with Main Market Listing Requirements of Bursa Securities. In deciding on the necessary disclosures and announcements, the Board is also guided by Bursa Securities' corporate disclosure guides as published by Bursa Securities from time to time.

The Board has established a Corporate Disclosure Policy. This policy provides a framework for the Board and the management to communicate effectively with the Company's shareholders, investors, stakeholders, external parties and the general public.

The Board is committed to achieve timely and high-quality disclosure in accordance with the spirit, intention and purpose of the applicable regulatory requirements.

The Board has adopted the following measures with regard to communication with the Company's stakeholders:-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS (Continued)

I. COMMUNICATION WITH STAKEHOLDERS (Continued)

(i) Announcements to Bursa Securities

Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Securities. Shareholders and investors can obtain the Company's latest announcements such as quarterly financial results and the distribution of annual reports and circulars in the website of Bursa Securities at www.bursamalaysia.com.

(ii) Corporate Website

A corporate website at www.tancoholdings.com is maintained and the said website contains relevant information on the Group's activities, financial results, major strategic development and other matters affecting stakeholders' interests for the shareholders, potential investors, suppliers and the general public.

(iii) Annual Reports

The Company's Annual Reports to the shareholders remain the central means of communicating to the shareholders, amongst others, the Company's operations, activities and performance for the past financial year end as well as the status of compliance with applicable rules and regulations.

(iv) AGMs

The AGM is the principal forum for dialogue and communication with shareholders.

(v) Investor Relations

Shareholders and other interested parties are welcome to contact the Company should they have any comments, questions or concerns, by writing in, via telephone, facsimile or email, details of which are as follows:-

Address	:	No. 1, Jalan Bandar 1, Pusat Bandar Puchong, 47160 Puchong, Selangor Darul Ehsan
Telephone No.	:	+6(03) 8070 8288
Fax No.	:	+6(03) 8070 8299
Email address	:	corporate@tancoholdings.com

II. CONDUCT OF GENERAL MEETINGS

The AGM provides an opportunity for the shareholders to seek and clarify any issues pertaining to the Group and to have a better understanding of the Group's activities and performance. Shareholders are encouraged to actively participate during AGMs by raising questions and providing feedbacks to the Board and Senior Management.

The members of the Board, Chairmen of the Audit and Risk Management Committee, Nomination Committee, Remuneration Committee and Senior Management as well as the External Auditors are present to facilitate shareholder engagement and to provide clear and meaningful responses to shareholders' concerns and queries.

The notice of AGM together with the Annual Report are despatched to shareholders at least twenty-eight (28) days prior to the meeting date. Sufficient notice period is given to the shareholders in order for them to schedule their time to attend the Company's AGM or to appoint a proxy to attend and vote on their behalf. Each item of ordinary business included in the notice of the AGM will be accompanied by an explanatory statement on the effects of the proposed resolution.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS (Continued)

II. CONDUCT OF GENERAL MEETINGS (Continued)

In line with paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities on the requirement for poll voting for any resolution set out in the notice of general meetings, during the 62nd AGM held last year, poll voting was used to facilitate the voting process for resolutions tabled. An independent scrutineer was appointed to verify the poll results and the outcome of the AGM was announced to Bursa Securities on the same day. A summary of the key matters discussed at the said AGM will also made available on the Company's website.

If a shareholder is unable to attend, participate and vote at the General Meetings, the Company allows him/her to appoint any person, who may but need not be a member of the Company, to be his/her proxy. A proxy appointed to attend, participate and vote at the General Meetings shall have the same rights as the shareholders to participate, speak and vote at the General Meetings.

Leverage Technology for Remote Participation and Voting by Shareholders

As a precautionary measure amid the COVID-19 pandemic, the Company leveraged on technology by conducting its 62nd AGM held on 16 December 2021 on a fully virtual basis through live streaming and online remote voting by using Remote Participation and Voting ("RPV") facilities provided by Vote2U via online meeting platform. All Directors, Senior Management and the External Auditors were participated in the 62nd AGM over the virtual meeting platform.

The upcoming 63rd AGM of the Company has been scheduled to be held on 15 December 2022. The Company will continue to leverage on technology by conducting its 63rd AGM on a fully virtual basis through live streaming and online remote voting using RPV facilities via Vote2U online meeting platform at https://web.vote2u.my (Domain Registration No. with MYNIC: D6A471702). This allows shareholders and proxies to fully participate, speak (in the form of real-time submission of typed texts) and vote remotely from any locations via RPV facilities.

This CG Overview Statement was approved by the Board of Directors of the Company on 20 October 2022.

ADDITIONAL COMPLIANCE INFORMATION

To comply with Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following additional information has been provided:

i) Status of Utilisation of Proceeds Raised from Corporate Proposal

Redeemable Convertible Notes ("RCN")

As at the date of this report, the total proceeds of RM100.0 million from the RCN was utilised as follows:

Purposes	*Proposed Utilisation RM'000*	*Actual Utilisation RM'000*	*Intended Timeframe for Utilisation^*
Splash Park Project	79,600	31,803	Within thirty-six (36) months
Acquisition of land	5,500	5,500	Within twelve (12) months
Repayment of bank borrowings	1,000	1,000	Within twelve (12) months
Working capital	6,400	4,475	Within thirty-six (36) months
Estimated expenses in relation to the said corporate exercise	7,500	4,222	Within thirty-six (36) months
TOTAL	**100,000**	**47,000**	

Note:
^ The proceeds raised were utilized from the date of issuance of the respective sub-tranches of the Notes and within the estimated timeframe stated above.

ii) Material Contract

There were no material contracts entered into by the Company and its subsidiary companies, involving the interest of the Directors and major shareholders up to the date of this report.

iii) Recurrent Related Party Transactions of a Revenue Nature

During the financial year under review, the Group has not entered into any recurrent related party transactions of a revenue or trading nature.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors ("Board") of Tanco Holdings Berhad ("the Company") is pleased to present the report of the Audit and Risk Management Committee (or "ARMC") for the financial year ended 30 June 2022 ("FYE 2022").

The establishment of Audit Committee of the Company was in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Subsequently on 29 November 2018, the Board had approved the merger of Audit Committee and Risk Management Committee of the Company into a committee known as the "Audit and Risk Management Committee" to better reflect the ARMC's roles in supporting the Board to fulfill its responsibility of overseeing the risk management policies and framework as well as the internal control systems of the Group.

Members and Meetings Attendances

Members		**Designation**
James Wong Kwong Yew	-	Chairman of the ARMC, Independent Non-Executive Director
Datuk Rashidi bin Hasbullah	-	Independent Non-Executive Director
Dato' Martini binti Osman *(Appointed on 17 December 2021)*	-	Independent Non-Executive Director

During the FYE 2022, Dato' Martini binti Osman has been appointed as a new member of the ARMC on 17 December 2021 in place of Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse who has ceased as a member of the ARMC in compliance with Practice 1.4 of the Malaysian Code on Corporate Governance 2021 ("MCCG").

Terms of Reference

The Terms of Reference of the Audit and Risk Management Committee is available for reference on the Company's website at www.tancoholdings.com.

Meetings

During the financial year ended 30 June 2022, the Audit and Risk Management Committee held a total of five (5) meetings. The details of the attendance of each of the Audit and Risk Management Committee members are as follows:

Name of Audit and Risk Management Committee member	**Attendance**
James Wong Kwong Yew	5/5
Datuk Rashidi bin Hasbullah	5/5
Dato' Martini binti Osman *(Appointed as member on 17 December 2021)*	2/2 *
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse *(Ceased as member on 17 December 2021)*	3/3 *

* Reflects the attendance and the number of ARMC meetings held during the financial year since the Directors held office

The Internal Auditors attended one (1) meeting while the External Auditors attended three (3) meetings. Separate meetings between the Audit and Risk Management Committee and the External Auditors were held two (2) times during the financial year under review to discuss audit feedback, amongst others, without the presence of any Executive Directors and Management of the Group. The Executive Director(s) and Group Chief Financial Officer were also invited to attend the Audit and Risk Management Committee meetings.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Continued)

Meetings (Continued)

There were no restrictions of resources or information to the Audit and Risk Management Committee that would have impaired the effective execution of the Audit and Risk Management Committee's responsibilities. The Audit and Risk Management Committee engages on a continuous basis with the Executive Directors, the Senior Management, the External Auditors and the Internal Auditors of the Group to keep abreast of issues affecting the Group.

Summary of Work of the Audit and Risk Management Committee

The work of the Audit and Risk Management Committee is in line with its responsibilities as set out in the Terms of Reference. The following summary sets out the work of the Audit and Risk Management Committee during the financial year under review in discharging its functions and duties and how the Audit and Risk Management Committee met its responsibilities.

Financial Reporting

The Audit and Risk Management Committee reviewed the Quarterly Interim Financial Reports, which were presented by the Management, with the aim of ensuring that the Reports, inter alia, complied in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and with the disclosure requirements of the Listing Requirements, the Companies Act 2016, other statutory and regulatory requirements, prior to recommending the Reports to the Board for consideration and approval, and for subsequent release to Bursa Malaysia Securities Berhad. The Audit and Risk Management Committee also sought explanations from Management on the Group's performance against the prior year's results.

The Audit and Risk Management Committee also reviewed the Annual Audited Financial Statements, which were presented by the Management, with the External Auditors, with the aim of ensuring that the Statements, inter alia, complied with the disclosure requirements of the approved MFRSs, the IFRSs, the Companies Act 2016, the Listing Requirements and other statutory and regulatory requirements, and to resolve any contentious issues, if any, prior to recommending the Statements to the Board for consideration and approval, and for subsequent release to Bursa Malaysia Securities Berhad and for dispatch to the shareholders of the Company.

External Audit

During the financial year under review, the Audit and Risk Management Committee carried out the following activities:

- Reviewed the External Audit Plan, scope and nature of statutory audit of the Group's financial statements prior to the commencement of audit;
- Reviewed the External Audit Reports and the significant findings of the External Auditors' examination on the financial statements of the Group;
- Reviewed the External Auditors' recommendations and management responses on matters for control improvements;
- Reviewed and discussed the impact of new and proposed changes in MFRSs, IFRSs and other new developments in financial reporting with the External Auditors;
- Reviewed the suitability of the External Auditors for re-appointment through a performance and independence checklist which had been adopted by the Audit and Risk Management Committee, taking into consideration amongst others, their independence, performance, competence, experience of audit team assigned, provision of non-audit services and audit fees;
- Reviewed the quarterly and annual financial results of the Company and the Group prior to submission to the Board of Directors for consideration and approval;
- Reviewed the Annual Audited Financial Statements of the Company and of the Group prior to submission to the Board of Directors for consideration and approval;
- Reviewed related party transactions entered into by the Company and by the Group; and
- Reviewed the disclosure Statements on compliance of the Malaysian Code on Corporate Governance, Board's responsibility on the Annual Audited Financial Statements and the state of internal control and other relevant documents for publication in the Company's Annual Report.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Continued)

Internal Audit

The Audit and Risk Management Committee recognises the importance of the internal audit function and the need for it to be independent of Management in order to carry out its function effectively. During the financial year, the Group's internal audit function was outsourced to Messrs. S F Chang Corporate Services Sdn. Bhd., an independent professional firm, which reports directly to the Audit and Risk Management Committee.

The internal audit function assists the Audit and Risk Management Committee in reviewing and monitoring the adequacy, effectiveness and integrity of the Group's internal control system in identifying and managing principal risks, ensuring compliance with the law and regulations, preserving the quality of assets and the integrity of the management information system and consequently determining the future requirements for the internal control system.

Internal Audit Function

The principal role of the internal audit function is to undertake, on a prioritised approach, an independent and systematic assessment of the Group's system of internal controls as established by Management in addressing the principal business risks faced by the Group, weaknesses and areas that required improvement, including the recommendations thereof and action plans agreed to be deployed by Management to address the issues raised, were highlighted by the independent internal audit function by way of internal audit reports issued to the Audit and Risk Management Committee.

The internal audit function conducted its work based on an annual internal audit plan which was tabled before, and approved by, the Audit and Risk Management Committee. The activities and work carried out by the internal audit function are set out below:

(i) Conduct of Internal Audit

The internal audit function adopted a risk-based approach in identifying specific areas and processes to be covered. Issues relating to control deficiencies and areas for improvements including the relevant recommendations to address the issues noted, were highlighted in an internal audit report and furnished to the Audit and Risk Management Committee.

The Internal Audit Plan covers the key functional areas and business activities of the major subsidiaries of the Group. The internal audit function is involved in carrying out:

- A review on the effectiveness and efficiency of the governance, risk management and internal control processes;
- A systematic analysis of business processes and associated controls;
- Ad-hoc reviews of other areas where there is a concern that affects financial reporting or a threat on safeguarding of the Company's assets;
- Review of compliance framework and specific compliance issues; and
- Value-added recommendation.

(ii) Follow-up Internal Audit Report

The internal audit function also performed a follow-up on the status of Management agreed action plans on recommendations raised in previous cycles of internal audits. A follow-up report was issued to highlight those issues that had yet to be fully addressed by Management, including specific timelines for those outstanding matters to be resolved.

Report issued by the internal audit function for the financial year under review was tabled at Audit and Risk Management Committee meeting. Management was present at such meeting to provide pertinent clarification or additional information to address questions raised by Audit and Risk Management Committee members pertaining to matters raised by the internal audit function. The internal audit review also evolves with the changing risk profiles and adds value to the business, as well as assisting with improving business efficiency performance. The internal audit approach broadly inquiry, analyse and review of the internal audit areas.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Continued)

Internal Audit Function (Continued)

The Internal Auditors conducted one (1) review during the financial year. At the Audit and Risk Management Committee meeting, the Internal Auditors presented their Internal Audit Review Report to the Committee for review and discussion with Management. The Internal Audit Review Report highlighted the Internal Auditors' review and findings on the Group's compliance with the established internal policies and procedures, their assessment of the magnitude of the Internal Auditors' recommendations on the corrective actions to overcome the weaknesses and Management's comments and agreed actions thereon. The Internal Auditors reported their follow-up findings and highlighted any non-actions by Management in subsequent Audit and Risk Management Committee meetings.

In all internal audit review, the Internal Auditors have reported that the internal control system of the Group is generally in place with minimum control issues.

The Audit and Risk Management Committee is satisfied with the results of the internal audit review during the financial year. None of the findings has resulted in any material losses that would require separate disclosure in this Report and the Audit and Risk Management Committee has reported the same to the Board of Directors.

The total cost incurred for the outsourced internal audit function of the Group for the financial year ended 30 June 2022 was RM9,000.

Assessment of Independence and Performance

To support the Audit and Risk Management Committee's assessment of their independence, the External Auditors have confirmed to the Audit and Risk Management Committee that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors namely, Baker Tilly Monteiro Heng PLT ("Baker Tilly") are required to declare their independence annually to the Audit and Risk Management Committee as specified by the By-Laws issued by the Malaysian Institute of Accountants. The External Auditors have provided the declaration in their annual Audit Plan and Audit Committee Memorandum presented to the Audit and Risk Management Committee of the Company.

The Audit and Risk Management Committee also ensures that the External Auditors are independent of the activities they audit and will review the contracts for provision of non-audit services by the External Auditors and its affiliates. The recurring non-audit service was in respect of the annual review of the Statement on Risk Management and Internal Control.

The amount of audit and non-audit fees paid or payable to the External Auditors and its affiliates by the Company and Group in the financial year ended 30 June 2022 are set out below:-

			Group (RM)	Company (RM)
Audit and non-audit fees (a)	-	Baker Tilly	154,000	45,000
Non-audit fees (b)	-	Baker Tilly	2,500	2,500
Percentage (%) of total non-audit fees over total fees (b)/(a)			1.6%	5.6%

In considering the nature and scope of non-audit fees, the Audit and Risk Management Committee was satisfied that they were not likely to create any conflict or impair the independence and objective of the External Auditors.

Upon completion of the assessment, the Audit and Risk Management Committee will recommend the re-appointment of Baker Tilly as External Auditors of the Company to the Board. The proposed appointment will be subject to shareholders' approval at the AGM.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Continued)

Risk Management

The Audit and Risk Management Committee reviewed the Risk Management Framework, Risk Assessment and the Risk Registry of the Group and the ongoing identification, evaluation and management of the significant risks affecting the Group, as reported in the Statement on Risk Management and Internal Control of this Annual Report.

The Audit and Risk Management Committee also reviewed the requirement of compliance to the Anti-Corruption and Bribery Policy and measures to prevent employees and/or associated persons from undertaking corrupt practices in relation to the Company or the Group's business activities.

Related Party Transactions

The Audit and Risk Management Committee reviewed the procedures for related party transactions, including the recurrent related parties transactions ("RRPTs") of a revenue and trading nature, that had arisen within the Company and the Group during the financial year and is satisfied that the said procedures are sufficient to ensure that the related party transactions undertaken are on arm's length basis and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority Shareholders of the Company.

The Audit and Risk Management Committee is also satisfied that the Group has in place adequate procedures and processes as to monitor, track and identify RRPTs in a timely and orderly manner. The Audit and Risk Management Committee conducts the review of these procedures and processes at least once in a financial year.

Conclusion

The Audit and Risk Management Committee is of the opinion that it has discharged its duties in accordance with Terms of Reference during the financial year, and that the Group's Risk Management and Internal Control system has been adequate and effective.

Please refer to the Statement on Risk Management and Internal Control section in this Annual Report for more information.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors is pleased to present the Statement on Risk Management and Internal Control for the financial year ended 30 June 2022, issued in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, Principle B of the Malaysian Code on Corporate Governance, with guidance from the Statement on Risk Management and Internal Control: Guidelines ("Guidelines") for Directors of Listed Issuers.

Board's Responsibility

The Board affirms its responsibility for maintaining a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets, and cultivates a culture towards effective risk management and internal control system. The Board performs regular reviews to assess the adequacy and effectiveness of the risk management and internal control system.

The Board acknowledges that a sound risk management and internal control is imperative, and has established a governance structure that ensures effective oversight of risks and internal control within the Group at all levels. The Board is assisted by the Audit and Risk Management Committee ("ARMC"). The ARMC is empowered by its terms of reference, to ensure independent oversight of internal control and risk management.

Due to inherent limitations in any system of internal control and risk management, the Board recognises that such system is designed to manage rather than to eliminate all the risks that may impede the achievement of Group's business objectives, and as such, can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

Risk Management

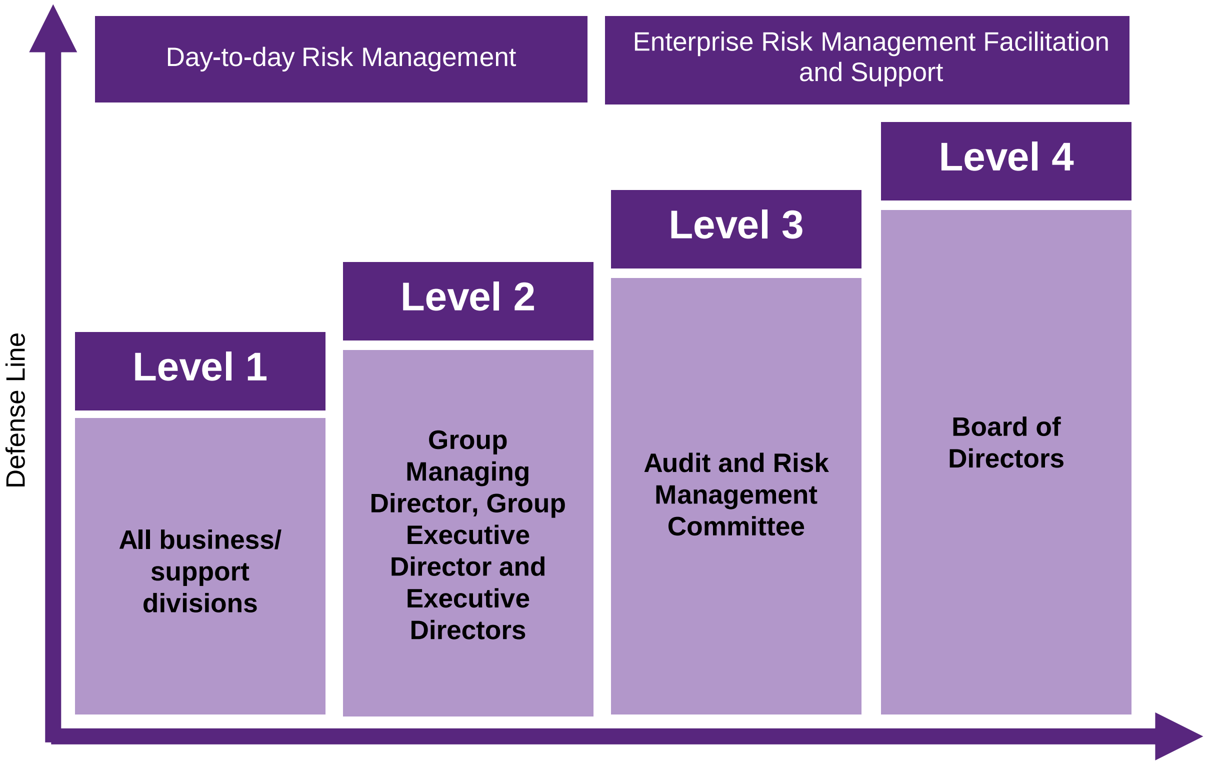
The Group has in place an Enterprise Risk Management framework ("Framework") which outlines the Group's risks and the on-going process for identifying, evaluating, managing, monitoring and communicating the risks faced by the Group throughout the financial year under review up to the date of approval of this Statement on Risk Management and Internal Control. The framework also categorises the risks in relation to strategic, operational, financial and compliance matters based on the Group business objectives.

The Board provides full support to implement the framework with an appropriate organisational structure and ensures that roles, responsibilities and accountabilities are clearly defined and communicated at all levels. This will enable risk information to be communicated through a clear and defined reporting structure.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Risk Management (Continued)

The risk's organisational structure of the Group as illustrated below is established for effective risk management.



The Group's framework establishes the context of risk in relation to the Group's business and sets out the process for risk identification, measurement and treatment with continuous monitoring, review and communication which involves the key management from all business divisions and is chaired by the ARMC with the assistance from the Group Managing Director ("GMD"), Group Executive Director ("GED") and Executive Directors ("EDs").

All key risks identified are captured in a risk register and reviewed by the divisional heads and support divisions. The risk register includes detailed assessments of the risks as well as the corresponding mitigating controls implemented or to be implemented to deal with the risks.

All the risks and its findings are consolidated and presented for deliberation during the ARMC meeting for update and to ensure its continued application and relevance. The significant risk management matters reported to the ARMC forms part of the ARMC's briefing to the Board.

The risk management process is an ongoing process and revisited whenever necessary in order to be responsive to changes in business and operational environment on a timely basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Internal Audit Function and Internal Control Process

The Group engaged an external independent party to provide internal audit services. The outsourced internal auditors' primary responsibility is to provide the Board, via the ARMC, an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system.

The internal audit function adopts a risk-based approach in identifying areas of priority and carries out its works in accordance with an annual internal audit plan approved by the ARMC and the Board. The ARMC held a meeting with internal auditors during the financial year to review the internal audit report. Findings and concerns of the internal auditors are documented in the internal audit report, which are tabled and discussed at the ARMC meeting together with appropriate corrective measures, and necessary action to be taken by the management. Significant issues, if any are brought to the attention of the Board. In addition, the internal auditors also execute monitoring reviews to ensure their recommendations for improvements to internal controls are implemented.

The other key elements/ features of the Group's internal control system include the following:

- an organisation structure, which formally defines lines of responsibility and delegation of authority;
- key functions such as corporate affairs, finance, tax, treasury, legal and human resources are controlled centrally;
- incompatible responsibilities are properly segregated to ensure that no staff is in total control of whole transactions;
- the Group has a policy on financial limits and approving authority for its operating and capital expenditure;
- formalised standard operating procedures are in place to ensure compliance with internal controls and the relevant laws and regulations;
- there is effective reporting system in place to ensure timely generation of financial and operational information for management review;
- training and development programmes are attended by employees to enhance their knowledge and competency;
- annual operating and financial budgets are prepared, and are approved by the GMD and tabled to the Board for approval; and
- a Whistleblower policy is in place to provide secured communication channel which enabled whistleblowing process in transparent and confidential manner.

Monitoring and Review during the Financial Year

The GMD holds meetings with the GED, EDs and senior management to discuss and resolve operational, corporate, financial and key management issues; and to review the financial performance of the Group.

The ARMC and the Board meetings held at least once in a quarter with agenda on matters for discussion, inclusive of reviewing quarterly financial results and annual report. The Group's quarterly interim financial report and certain contents of the Annual Report including the Annual Audited Financial Statements are reviewed by the ARMC, followed by the Board's approval before released to Bursa Securities.

The ARMC also has access to audit reports and meets the internal/external auditors to discuss their findings and reports.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Review of this Statement by External Auditors

The external auditors as required by Paragraph 15.23 of the MMLR, have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 30 June 2022 and have reported to the Board that based on the procedures performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Audit and Assurance Practice Guide 3 (AAPG 3), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control*, issued by the Malaysian Institute of Accountants, nothing has come to their attention that have caused them to believe that this Statement on Risk Management and Internal Control is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

Conclusion

The Board is satisfied with the adequacy and effectiveness of the risk management and internal control system to safeguard shareholders' investment and the Group's assets. In addition, the Board has received assurance from the Group Managing Director and Group Chief Financial Officer that the Group's risk management and internal control system is operating effectively in all material aspects.

The Board and ARMC will work closely with internal auditors to continuously improve the risk management and internal controls of the Group in terms of its integrity and adequacy, taken into consideration recommendations from external auditors on matters for control improvement. The Group's risk management and internal control systems will continue to be reviewed, added to or updated in line with the changes in the operating environment to enhance its adequacy and continued effectiveness.

This statement is approved by the Board of Directors on 20 October 2022.

DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

In accordance with the requirements in Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors are required to issue a statement explaining their responsibility for preparing the annual audited financial statements.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year, and of the results and cash flows of the Group and of the Company for that year then ended.

The Directors consider that in preparing the financial statements:

- The Group and the Company have used appropriate accounting policies that are consistently applied;
- Reasonable and prudent judgments and estimates have been made; and
- All applicable approved accounting standards in Malaysia have been adhered to.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company, and that the financial statements comply with regulatory requirements.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

The Board is also assisted by the Audit and Risk Management Committee in the discharge of its duties on financial reporting and ensuring that the Group maintains a proper financial reporting process and a high-quality financial reporting. A full Audit and Risk Management Committee Report detailing its composition, and a summary of activities and work during the financial year is disclosed in this Annual Report.

This statement is made in accordance with a resolution of the Board of Directors dated 20 October 2022.

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the financial year, net of tax	(13,048)	5,598
(Loss)/Profit attributable to:		
Owners of the Company	(12,899)	5,598
Non-controlling interest	(149)	-
	(13,048)	5,598

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 year ended 30 June 2022.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that actions had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

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

DIRECTORS' REPORT (Continued)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took 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 so 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 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 which has arisen since the end of the financial year 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 year.

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 year 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 (Continued)

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 year 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 year 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 year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

(a) 69,101,043 new ordinary shares pursuant to conversion of Redeemable Convertible Notes ("RCN") of RM9,500,000; and

(b) 115,189,370 new ordinary shares issued pursuant to the exercise of warrants at an issue price of RM0.05 per share.

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

Other than as stated above, no new issue of shares or debenture were made by the Company during the financial year.

WARRANTS 2018/2021

On 21 September 2017, the Company announced a proposed issue of free warrants on the basis of 1 warrant for every 2 existing ordinary shares in Tanco ("Tanco Shares"). The requisite approvals were obtained from Bursa Malaysia Securities Berhad on 11 July 2018 and shareholders of Tanco on 2 August 2018 respectively.

On 3 September 2018, a total of 335,684,240 free warrants with an exercise price of RM0.05 per warrant and a 3-year tenure ("Exercise Period") were listed on the Main Market of Bursa Securities. The exercise price was set at RM0.05, which represents a 50% discount to the 5-day volume weighted average share price of Tanco Shares.

DIRECTORS' REPORT (Continued)

WARRANTS 2018/2021 (Continued)

The salient terms of the warrants are disclosed in Note 19 to the financial statements.

The movement in the Company's warrants during the financial year are as follows:

	Number of warrants			
	At 1.7.2021	**Exercised**	**Lapsed**	**At 30.6.2022**
Warrants 2018/2021	133,218,950	(115,189,370)	(18,029,580)	-

Any free warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose. The free warrants have lapsed on 23 August 2021.

DIRECTORS

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

Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse *
Dato' Sri Andrew Tan Jun Suan *
James Wong Kwong Yew *
Datuk Rashidi bin Hasbullah
Christopher Tan Khoon Suan *
Koay Ghee Teong *
Dato' Martini Binti Oman (Appointed on 17 December 2021)
Chew Shen Hoay * (Appointed on 1 June 2022)
Dato' Tan Lee Sing * (Retired on 31 July 2022)

* *Directors of the Company and certain subsidiaries*

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

Antony Tan Yee Koon
Edwin Tan Kium Suan
Ghazita binti Mohd Ghazali
Lee Cheng Bing
Sherman Lam Yuen Suen
Choo Ewe Chuen (Appointed on 1 June 2022)

DIRECTORS' REPORT (Continued)

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 year in shares and warrants in the Company and its related corporations during the financial year were as follows:

Interest in the Holding Company - TJN Capital Sdn. Bhd.	Number of ordinary shares At 1 July 2021	Bought	Sold	At 30 June 2022
Direct interests:				
Dato' Sri Andrew Tan Jun Suan	7,635	-	(610)	7,025
Christopher Tan Khoon Suan	585	-	-	585

Interest in the Company	Number of ordinary shares At 1 July 2021	Bought	Sold	At 30 June 2022
Direct interests:				
Dato' Sri Andrew Tan Jun Suan	14,000,000	124,500,000	-	138,500,000
Dato' Tan Lee Sing	7,136,250	-	-	7,136,250
Deemed interests:				
Dato' Sri Andrew Tan Jun Suan*	841,634,477	34,424,587^	(70,000,000)	806,059,064

Interest in the Company	Number of warrants 2018/2021# At 1 July 2021	Exercised	Lapsed	At 30 June 2022
Deemed interests:				
Dato' Sri Andrew Tan Jun Suan*	34,424,587	(34,424,587)	-	-

* *Deemed interested by virtue of his interest in TJN Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*
^ *Shares arising from the exercise of warrants which expired on 23 August 2021.*
# *These warrants 2018/2021 have been removed from the official list of the Bursa Malaysia Securities Berhad with effect from 24 August 2021.*

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Sri Andrew Tan Jun Suan is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or warrants of the Company and its related corporations during the financial year.

DIRECTORS' REPORT (Continued)

DIRECTORS' BENEFITS

Since the end of the previous financial year, 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 as shown below) 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.

The directors' benefits of the Group and of the Company are as follows:

	Group RM'000	Company RM'000
Directors of the Company		
Fees	132	132
Salaries and allowance	1,573	30
Defined contribution plans	188	-
Benefits-in-kind	61	7
Other emoluments	31	-
Insurance effected to indemnity directors	35	35
	2,020	204
Directors of subsidiary		
Salaries and allowance	78	-
Defined contribution plans	10	-
Benefits-in-kind	7	-
Other emoluments	8	-
	103	-

Neither during, nor at the end of the financial year, was the Company a party to any arrangements 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.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Company were RM20 million and RM35,000 respectively.

HOLDING COMPANY

The directors regard TJN Capital Sdn. Bhd., a company incorporated in Malaysia, as the holding company of the Company.

DIRECTORS' REPORT (Continued)

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

The available auditors' report on the financial statements of the subsidiaries did not contain any qualification.

INTERESTS IN HOLDING COMPANY AND OTHER RELATED CORPORATIONS

The Company does not have any interest in shares in the holding company and its other related corporations during the financial year.

SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END

Details of significant event during and subsequent to the end of the financial year is disclosed in Note 39 to the financial statements.

AUDITORS

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

The auditors' remuneration of the Group and of the Company during the financial year are RM151,500 and RM42,500 respectively.

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

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

....
DATO' SRI ANDREW TAN JUN SUAN
Director

....
CHRISTOPHER TAN KHOON SUAN
Director

Date: 27 October 2022

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

		Group			Company		
		30.6.2022	30.6.2021 Restated	1.7.2020 Restated	30.6.2022	30.6.2021 Restated	1.7.2020 Restated
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
ASSETS							
Non-current assets							
Property, plant and equipment	5	72,487	69,527	74,035	469	484	499
Investment properties	6	26,601	26,669	27,354	-	-	-
Investments in subsidiaries	7	-	-	-	203,894	180,706	162,091
Inventories	8	97,982	98,027	96,405	-	-	-
Goodwill on consolidation	9	380	380	-	-	-	-
Other investments	10	3	3	3	3	3	3
Total non-current assets		**197,453**	**194,606**	**197,797**	**204,366**	**181,193**	**162,593**
Current assets							
Inventories	8	66,490	65,375	62,634	-	-	-
Trade receivables	11	7,241	1,420	1,804	-	-	-
Other receivables, deposits and prepayments	12	3,565	570	1,117	6	4	89
Amounts owing by subsidiaries	13	-	-	-	36	702	#
Contract assets	25	1,338	-	-	-	-	-
Contract costs	14	3,639	3,729	3,996	-	-	-
Cash and short-term deposits	15	6,941	5,844	4,020	3,681	1,215	245
		89,214	76,938	73,571	3,723	1,921	334
Non-current asset held for sale	16	-	3,910	-	-	-	-
Total current assets		**89,214**	**80,848**	**73,571**	**3,723**	**1,921**	**334**
TOTAL ASSETS		**286,667**	**275,454**	**271,368**	**208,089**	**183,114**	**162,927**

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022 (Continued)

		Group			Company		
		30.6.2022	30.6.2021	1.7.2020	30.6.2022	30.6.2021	1.7.2020
			Restated	Restated		Restated	Restated
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES							
Equity attributable to Owners of the Company							
Share capital	17	107,981	92,721	76,798	107,981	92,721	76,798
Capital reserves	17	50,233	50,233	50,233	50,233	50,233	50,233
Redeemable convertible notes - equity component	18	275	40	40	275	40	40
Retained earnings		13,560	26,459	40,181	43,940	38,342	33,053
		172,049	169,453	167,252	202,429	181,336	160,124
Non-controlling interests		144	293	-	-	-	-
TOTAL EQUITY		**172,193**	**169,746**	**167,252**	**202,429**	**181,336**	**160,124**
Non-current liabilities							
Loan and borrowings	20	5,773	26,993	37,286	-	-	-
Long term payables	21	6,916	5,355	6,736	-	-	493
Deferred tax liabilities	22	87	33	45	87	33	45
Total non-current liabilities		**12,776**	**32,381**	**44,067**	**87**	**33**	**538**
Current liabilities							
Trade payables	23	15,501	12,273	5,476	-	-	-
Other payables, deposits and accruals	24	12,407	9,917	8,806	357	423	844
Contract liabilities	25	31,791	32,555	33,474	-	-	-
Provision for liabilities	26	-	78	153	-	-	-
Loan and borrowings	20	35,608	15,166	4,704	-	-	-
Amounts owing to subsidiaries	13	-	-	-	-	-	14
Amounts owing to directors	27	1,113	1,398	5,551	943	331	469
Redeemable convertible notes - liability component	18	4,147	865	812	4,147	865	812
Current tax liabilities		1,131	1,075	1,073	126	126	126
Total current liabilities		**101,698**	**73,327**	**60,049**	**5,573**	**1,745**	**2,265**
TOTAL LIABILITIES		**114,474**	**105,708**	**104,116**	**5,660**	**1,778**	**2,803**
TOTAL EQUITY AND LIABILITIES		**286,667**	**275,454**	**271,368**	**208,089**	**183,114**	**162,927**

 # Representing amount less than RM1,000.

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
	Note				
Revenue	28	14,325	4,423	-	-
Cost of sales	29	(12,007)	(3,247)	-	-
Gross profit		**2,318**	**1,176**	**-**	**-**
Other income		1,523	2,814	10,986	7,717
Net (allowance)/reversal of impairment losses on financial instruments		(1,412)	(959)	(261)	165
Administrative expenses		(12,738)	(14,290)	(5,083)	(2,502)
Operating (loss)/profit		**(10,309)**	**(11,259)**	**5,642**	**5,380**
Finance income		28	48	-	-
Finance costs	30	(2,701)	(2,519)	(51)	(103)
(Loss)/Profit before tax	31	**(12,982)**	**(13,730)**	**5,591**	**5,277**
Income tax (expense)/credit	33	(66)	(6)	7	12
(Loss)/Profit for the financial year, representing total comprehensive (loss)/income for the financial year		**(13,048)**	**(13,736)**	**5,598**	**5,289**
(Loss)/Income attributable to:					
Owners of the Company		(12,899)	(13,722)	5,598	5,289
Non-controlling interest		(149)	(14)	-	-
		(13,048)	**(13,736)**	**5,598**	**5,289**
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(12,899)	(13,722)	5,598	5,289
Non-controlling interest		(149)	(14)	-	-
		(13,048)	**(13,736)**	**5,598**	**5,289**
Loss per ordinary share (sen)					
- Basic	34	(0.77)	(1.04)		
- Diluted	34	(0.77)	(1.04)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Attributable to Owners of the Company					
Group	**Note**	**Share capital RM'000**	**Capital reserve RM'000**	**Redeemable convertible notes - equity component RM'000**	**Retained earnings RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 July 2021		92,721	50,233	40	16,744	293	160,031
- As previously reported							
- Retrospective adjustments	41	-	-	-	9,715	-	9,715
Restated balance at 1 July 2021		92,721	50,233	40	26,459	293	169,746
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(12,899)	(149)	(13,048)
		92,721	50,233	40	13,560	144	156,698
Transactions with owners							
Issuance of redeemable convertible notes		-	-	886	-	-	886
Issuance of shares pursuant to conversion of redeemable convertible notes	17	9,500	-	(651)	-	-	8,849
Issuance of shares pursuant to warrants exercised	17	5,760	-	-	-	-	5,760
Total transactions with owners		15,260	-	235	-	-	15,495
At 30 June 2022		**107,981**	**50,233**	**275**	**13,560**	**144**	**172,193**

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Continued)

Group	Note	Share capital RM'000	Capital reserve RM'000	Redeemable convertible notes - equity component RM'000	Retained earnings RM'000	Non-controlling interests RM'000	Total equity RM'000
		← Attributable to Owners of the Company →					
At 1 July 2020							
- As previously reported		76,798	50,233	40	30,466	-	157,537
- Retrospective adjustments	41	-	-	-	9,715	-	9,715
Restated balance at 1 July 2020		76,798	50,233	40	40,181	-	167,252
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(13,722)	(14)	(13,736)
		76,798	50,233	40	26,459	(14)	153,516
Transactions with owners							
Issuance of redeemable convertible notes		-	-	1,134	-	-	1,134
Issuance of shares pursuant to conversion of redeemable convertible notes	17	9,000	-	(1,134)	-	-	7,866
Issuance of shares pursuant to warrants exercised	17	6,923	-	-	-	-	6,923
Non-controlling interests arising from acquisition of a new subsidiary		-	-	-	-	307	307
Total transactions with owners		15,923	-	-	-	307	16,230
At 30 June 2021 (Restated)		92,721	50,233	40	26,459	293	169,746

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Continued)

Company	Note	Share capital RM'000	Capital reserve RM'000	Redeemable convertible notes - equity component RM'000	Retained earnings RM'000	Total equity RM'000
		Attributable to Owners of the Company				
At 1 July 2021						
- As previously reported		92,721	50,233	40	38,209	181,203
- Retrospective adjustments	41	-		-	133	133
Restated balance at 1 July 2021		92,721	50,233	40	38,342	181,336
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	5,598	5,598
		92,721	50,233	40	43,940	186,934
Transactions with owners						
Issuance of redeemable convertible notes		-	-	886	-	886
Issuance of shares pursuant to conversion of redeemable convertible notes	17	9,500	-	(651)	-	8,849
Issuance of shares pursuant to warrants exercised	17	5,760	-	-	-	5,760
Total transactions with owners		15,260	-	235	-	15,495
At 30 June 2022		**107,981**	**50,233**	**275**	**43,940**	**202,429**

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Continued)

Company	Note	Share capital RM'000	Capital reserve RM'000	Redeemable convertible notes - equity component RM'000	Retained earnings RM'000	Total equity RM'000
		← Attributable to Owners of the Company →				
At 1 July 2020						
- As previously reported		76,798	50,233	40	32,920	159,991
- Retrospective adjustments	41	-	-	-	133	133
Restated balance at 1 July 2020		76,798	50,233	40	33,053	160,124
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	5,289	5,289
		76,798	50,233	40	38,342	165,413
Transactions with owners						
Issuance of redeemable convertible notes		-	-	1,134	-	1,134
Issuance of shares pursuant to conversion of redeemable convertible notes	17	9,000	-	(1,134)	-	7,866
Issuance of shares pursuant to warrants exercised	17	6,923	-	-	-	6,923
Total transactions with owners		15,923	-	-	-	15,923
At 30 June 2021 (Restated)		92,721	50,233	40	38,342	181,336

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		(12,982)	(13,730)	5,591	5,277
Adjustments for:					
Allowance for impairment loss on:					
- investment properties		-	225	-	-
- investments in subsidiaries		-	-	3,604	1,328
- trade receivables		1,700	1,358	-	-
- amounts owing by subsidiaries		-	-	869	103
Depreciation of:					
- property, plant and equipment		681	676	15	15
- right-of-use assets		312	312	-	-
- investment properties		1,151	1,151	-	-
Interest expenses		2,701	2,519	51	103
Unwinding of discount		104	378	-	-
Written off of:					
- property, plant and equipment		-	1	-	-
- inventories		-	14	-	-
Gain on disposal of property, plant and equipment		-	(4)	-	-
Gain on remeasurement of:					
- trade payable		-	(97)	-	-
- amounts owing to directors		-	(509)	-	-
Interest income		(28)	(48)	-	-
Reversal of impairment loss on:					
- property, plant and equipment		-	(154)	-	-
- investment properties		(1,083)	(691)	-	-
- investments in subsidiaries		-	-	(10,985)	(7,717)
- trade receivables		(281)	(289)	-	-
- other receivables		(7)	(110)	-	-
- amounts owing by subsidiaries		-	-	(608)	(268)
Net write down of inventories		90	2,405	-	-
Operating loss before changes in working capital, carried forward		**(7,642)**	**(6,593)**	**(1,463)**	**(1,159)**

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Continued)

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (Continued)					
Operating loss before changes in working capital, brought forward		**(7,642)**	**(6,593)**	**(1,463)**	**(1,159)**
Changes in working capital:					
Inventories		(1,160)	(6,770)	-	-
Receivables		(10,227)	(22)	(2)	85
Contract assets		(1,338)	-	-	-
Contract costs		90	267	-	-
Payables		7,175	2,840	(25)	(914)
Contract liabilities		(764)	(919)	-	-
Provision paid		(78)	-	-	-
Net cash used in operations		**(13,944)**	**(11,197)**	**(1,490)**	**(1,988)**
Income tax paid		(17)	(19)	-	-
Net cash used in operating activities		**(13,961)**	**(11,216)**	**(1,490)**	**(1,988)**
Cash flows from investing activities					
Purchase of property, plant and equipment	(a)	(43)	(237)	-	-
Proceeds from disposal of property, plant and equipment		-	4	-	-
Acquisition of a subsidiary, net of cash acquired	7(e)(ii)	-	10	-	-
Advances to subsidiaries		-	-	(15,807)	(12,763)
Changes in pledged fixed deposits		(21)	(28)	-	-
Interest received		28	48	-	-
Net cash used in investing activities		**(36)**	**(203)**	**(15,807)**	**(12,763)**

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Continued)

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities	(b)				
Net repayments of:					
- bridging loan		(441)	(125)	-	-
- term loan		(209)	-	-	-
- lease liabilities		(133)	(73)	-	-
Advances from/(Repayments to) subsidiaries		-	-	405	(14)
(Repayments to)/Advance from directors		(285)	(410)	612	(138)
Proceeds from issuance of redeemable convertible notes		13,000	9,000	13,000	9,000
Proceeds from exercise of warrants		5,760	6,923	5,760	6,923
Interest paid		(2,624)	(2,091)	(14)	(50)
Net cash from financing activities		**15,068**	**13,224**	**19,763**	**15,721**
Net increase in cash and cash equivalents		1,071	1,805	2,466	970
Cash and cash equivalents at the beginning of the financial year		3,739	1,934	1,215	245
Cash and cash equivalents at the end of the financial year		**4,810**	**3,739**	**3,681**	**1,215**
Analysis of cash and cash equivalents:					
Cash and bank balances		5,751	4,675	3,681	1,215
Deposits placed with licensed banks		1,190	1,169	-	-
Bank overdraft		(992)	(987)	-	-
		5,949	4,857	3,681	1,215
Less: Deposits pledged with licensed banks		(1,139)	(1,118)	-	-
		4,810	**3,739**	**3,681**	**1,215**

(a) Purchase of property, plant and equipment:

	Group	
	30.6.2022	30.6.2021
	RM'000	RM'000
Cash payments on purchase of property, plant and equipment	43	237

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Continued)

(b) Reconciliation of liabilities arising from financing activities:

	1 July 2021 RM'000	Cash flows RM'000	Non-cash Conversion RM'000	Non-cash Others RM'000	30 June 2022 RM'000
Group					
Term loan	6,063	(209)	-	-	5,854
Bridging loan	34,677	(441)	-	-	34,236
Lease liabilities	432	(133)	-	-	299
Redeemable convertible notes - liability component	865	11,833	(8,588)	37	4,147
	42,037	11,050	(8,588)	37	44,536
Company					
Redeemable convertible notes - liability component	865	11,833	(8,588)	37	4,147

	1 July 2020 RM'000	Cash flows RM'000	Non-cash Conversion RM'000	Non-cash Others RM'000	30 June 2021 RM'000
Group					
Term loan	5,822	-	-	241	6,063
Bridging loan	34,667	(125)	-	135	34,677
Lease liabilities	505	(73)	-	-	432
Redeemable convertible notes - liability component	812	9,000	(7,532)	(1,415)	865
	41,806	8,802	(7,532)	(1,039)	42,037
Company					
Redeemable convertible notes - liability component	812	9,000	(7,532)	(1,415)	865

(c) Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases of RM288,703 (2021: RM228,254).

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Tanco Holdings Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company are located at No. 1, Jalan Bandar 1, Pusat Bandar Puchong, 47160 Puchong, Selangor Darul Ehsan.

The holding company of the Company is TJN Capital Sdn. Bhd., a company incorporated in Malaysia.

The principal activities of the Company are investment holding and the provision of management services. The principal activities of its subsidiaries are disclosed in Note 7.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of directors on 27 October 2022.

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"), the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 139	Financial Instruments: Recognition and Measurement

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. **BASIS OF PREPARATION (CONTINUED)**

2.3 **New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective**

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

		Effective for financial periods beginning on or after
<u>New MFRS</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 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 2023#
MFRS 9	Financial Instruments	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 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
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 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

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

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. **BASIS OF PREPARATION (CONTINUED)**

2.3 **New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)**

The initial application of the above applicable new MFRS and amendments/improvements to MFRSs is not expected to have material impact to the current and prior years financial statements of the Group and of the Company.

2.4 **Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of 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 has been 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 on 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 involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's and the Company's financial statements are disclosed in Note 4.

2.7 **Fundamental accounting principle**

During the financial year ended 30 June 2022, the Group incurred a net loss of RM13.048 million and, as of that date, the Group's current liabilities exceeded its current assets by RM12.484 million.

The directors of the Company are of the opinion that the preparation of the financial statements of the Group on a going concern basis is appropriate after considering the cash flow generated from the operation of the Group and available financing facilities are able to support the assessment of the Group's ability to continue as a going concern of at least 12 month from the end of the financial year. The factors and measures considered in the going concern assessment are as follows:

(a) To complete the construction of current property development project and collect the balance of purchase considerations from existing buyers;

(b) To continue promote the sales of its current development and completed properties;

(c) To complete the construction of ECRL projects and collect the balance consideration from main contractor. The Group will continue to explore opportunities to procure more construction works and supplies of building materials to expand its construction segment;

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. **BASIS OF PREPARATION (CONTINUED)**

2.7 **Fundamental accounting principle (Continued)**

(d) The Group will continue to explore opportunities to expand the pharmaceutical and health supplement segment which the Group has obtained registration approvals from Ministry of Health to sell as health supplement and in tandem with the Group's engagement with a local university ("Universiti Malaya") in which a clinical study on the efficacy of herbal compounds and extracts which is expected to complete by first half of calendar year 2023;

(e) When required, the Group has balance unissued Redeemable Convertible Notes of RM56 million that, if need be, the Group can tap into to raise additional funds for the Splash Park project or working capital;

(f) As mentioned in Note 39, the bonus issue of free warrant ("Warrant C") has been completed following the listing and quotation of 883,303,290 Warrants C on the Main Market of Bursa Securities on 5 September 2022. The exercise price of the Warrants is fixed at RM0.31 and may be exercised at any time within a period of 3 years. The proceed arising from the exercise of the Warrant C will provide additional funds for the Group's working capital, repayment of borrowings and/or capital expenditure;

(g) As announced on 21 October 2022, the Company is undertaking a private placement of up to 176,660,700 new ordinary Shares, representing up to approximately 10% of the existing total number of issued Shares ("Proposed 10% Private Placement") to raise proceeds for:

(i) the repayment of bank borrowings to Bank Kerjasama Rakyat Malaysia Berhad of RM30.5 million;
(ii) acquisitions and/or investments in complementary businesses and/or assets; and
(iii) working capital.

The Proposed 10% Private Placement will enable the Group to raise additional funds expeditiously. Upon completion of the Proposed 10% Private Placement, the enlarged capital base is also expected to further strengthen the financial position of the Group.

The Proposed 10% Private Placement is subject to the following approvals being obtained:-

(i) Bursa Securities for the listing and quotation of up to 176,660,700 new Shares to be issued on the Main Market of Bursa Securities;
(ii) the Shareholders at the forthcoming extraordinary general meeting to be held; and
(iii) any other relevant authorities and/or parties, if required.

(h) On 25 October 2022, the Company entered into a term sheet with Pertubuhan Keselamatan Sosial ("PERKESO") for the subscription in full by PERKESO of 100,000,000 redeemable preference shares ("RPS") in the Company at RM1.00 each for RM100 million ("Proposed RPS Subscription") to raise funds for, amongst others, working capital requirements, investments and targeted expansion of the companies within the Group.

The Proposed RPS Subscription is subject to the approvals of the Shareholders at an extraordinary general meeting to be held, the Board of Directors and Investment Panel of PERKESO and other relevant parties, where required; and

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.7 Fundamental accounting principle (Continued)

(i) The Group may raise further funding from those inventories and/or certain properties should the need arise.

3. 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 of 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 used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) **Subsidiaries and business combination**

Subsidiaries are entities (including structured 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 obtains 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.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.1 **Basis of consolidation (Continued)**

(a) **Subsidiaries and business combination (Continued)**

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

The accounting policy for goodwill is set out in Note 3.7.

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 previously been 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 a 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, a joint venture or a 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(c) 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, investment in subsidiaries are measured at cost less any accumulated 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 3.5(b).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions

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

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 items that are designated as hedging instruments 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).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual 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 have 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 have applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contract with Customers*.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

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

- Financial assets at amortised cost
- 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 their business models for managing those assets changes.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flows characteristics of the asset. There are two measurement categories into which the Group and the Company classify 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 3.5(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.4 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows (Continued):

(i) Financial assets (Continued)

Debt instruments (Continued)

- **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. 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 statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities at amortised cost.

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 when the financial liabilities are derecognised and 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.4 **Financial instruments (Continued)**

(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).

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; 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.

The Group and the Company 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(d) Derecognition (Continued)

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.

(e) Offsetting of financial statements

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.

3.5 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 *Financial Instruments* 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.5 **Impairment of assets (Continued)**

(a) **Impairment of financial assets and contract assets (Continued)**

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 debtor 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.

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 and the Company assess whether financial assets carried at amortised cost 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default of past due event;
- the lender(s) of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the Group would not otherwise consider;
- it is becoming probable that the debtor 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 impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

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.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets and deferred tax 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 goodwill that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.5 **Impairment of assets (Continued)**

(b) **Impairment of non-financial assets (Continued)**

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

Impairment losses in respect of goodwill are not reversed. 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.

3.6 **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 Group's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.5(a).

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

3.7 **Goodwill**

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.5(b).

3.8 **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 and measurement of impairment losses is in accordance with Note 3.5(b).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Property, plant and equipment (Continued)

(a) Recognition and measurement (Continued)

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.

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

(b) Subsequent costs

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

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The principal annual rates used for this purpose are as follow:

Freehold buildings	2% - 4%
Furniture and fittings	10% - 20%
Office equipment	10% - 20%
Maintenance equipment	10% - 20%
Rights in resort properties	2%
Motor vehicles	10% - 20%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

Fully depreciated assets are retained in the accounts 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 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Investment properties

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

Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 3.5(b).

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 self-constructed investment property includes the cost of materials, direct labour, and any other direct attributable costs.

No depreciation is provided for freehold land. Freehold building is depreciated at the annual rate of 2%. Long term leasehold land and building are depreciated evenly over the period ranging from 50 to 97 years.

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

An investment property is derecognised on its 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.

3.10 Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- unsold completed development properties held for sale: specific identification.
- finished goods: consist of the invoiced value of goods purchased and other costs incurred in bringing the inventories to their present location and condition. These costs are assigned on a first-in first-out basis.

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.

<u>Properties held for development</u>

Properties held for development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Cost includes cost of land and attributable development expenditures.

Properties held for development will be reclassified to properties under development when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Inventories (Continued)

Properties under development

Cost includes:

- freehold rights for land;
- amounts paid to contractors for construction; and
- 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.

Completed properties

The cost of unsold completed development units comprises cost associated with the acquisition of land, construction costs and appropriate proportions of common development costs.

Finished goods

Inventories are valued at the lower of cost and net realisable value (which is the estimated selling price less costs to complete and sell) after adequate provision has been made for all damaged, obsolete and slow moving stocks. Cost, which is determined on the first in first out basis, consists of the invoiced value of goods purchased and other costs specifically incurred in bringing the stocks to their present location and condition.

3.11 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 are measured at the lower of carrying amount and fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Non-current assets or disposal groups held for sale (Continued)

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. A gain for any subsequent increase in fair value less costs to sell of an asset is recognised but not in excess of the cumulative impairment loss that has been recognised.

Intangible assets and 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.

3.12 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.13 Share capital

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.

3.14 Compound financial instruments

Compound financial instruments issued by the Company comprise Redeemable Convertible Notes ("RCN") that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any transaction costs that are directly attributable are allocated to the liability and equity components in proportion to the allocated proceeds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.14 **Compound financial instruments (Continued)**

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition except on conversion or expiry.

3.15 **Leases**

(a) **Definition of lease**

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.

(b) **Lessee accounting**

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) and leases of low value assets.

The Group present right-of-use assets that do not meet the definition of investment property in Note 5 and lease liabilities in Note 20.

<u>Right-of-use asset</u>

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 at the following annual rates:

Leasehold land	2%
Leasehold land, golf course and club village	97 years
Motor vehicles	20%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Leases (Continued)

(b) Lessee accounting (Continued)

Right-of-use asset (Continued)

If the Group 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 3.5(b).

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Leases (Continued)

(b) Lessee accounting (Continued)

Lease liability (Continued)

Variable lease payments that do not depend on an index or a rate are not included in the measurement of 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.

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.

(c) Lessor accounting

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.

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 MRFS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

3.16 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 year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plans

As required by law, the Group contributes to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 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.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

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.

3.18 Revenue and other income

The Group recognises revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group applies revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group reasonably expects that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group measures revenue at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the goods or services underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Revenue and other income (Continued)

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

<u>Financing components</u>

The Group has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) **Property development**

The Group develops and sells properties. 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, when the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin.

Revenue from 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 and the Group has an enforceable right to payment for performance 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 deposits or advances received from customers exceeds revenue recognised to date then the Group recognises a contract liability for the difference.

Revenue from sale of properties held for development and completed properties are recognised at a point in time when the control of the properties has been transferred to the customers i.e. upon delivery to purchasers, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange for the properties held for development and completed properties sold.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.18 **Revenue and other income (Continued)**

(a) **Property development (Continued)**

Based on the Group's customary business practice, the customers' legal fees are borne by the Group. Revenue is recognised based on the transaction price agreed in the contracts, net of the customers' legal fees.

(b) **Revenue from annual subscription fees, club and resort operations**

Revenue from annual subscription fees, club and resort operations is recognised over time because the customer receives and uses the benefits simultaneously. This is determined based on time elapsed (output method).

(c) **Sale of pharmaceutical products**

Revenue from sale of manufactured pharmaceutical products is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a normal credit term ranges from 30 to 60 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(d) **Interest income from money lending business**

Interest income earned from money lending business is recognised using effective interest method.

(e) **Rental income**

Rental income is recognised in profit or loss on a straight-line basis over the term of lease.

(f) **Construction contracts**

The Group's construction service is under long-term contracts with customers. Construction service contracts comprise multiple deliverables and therefore revenue is recognised by reference to each distinct performance obligation promised in the context with customer.

Under the terms of the contracts, control is transferred over time as the Group is contractually restricted from redirecting the assets to another customer and have an enforceable right to payment for work performed 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 construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Revenue and other income (Continued)

(f) Construction contracts (Continued)

Billings are made with a credit term of 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers for construction based on achieving a series of performance-related milestones.

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 payment exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

(g) Sale of construction materials

Revenue from sale of construction materials is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a normal credit term ranges from 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

3.19 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an asset, it is recognised as deferred income in the statements of financial position and transferred to profit or loss over the expected useful life of the related asset. Where the grant relates to an expense item, it is recognised in profit or loss, under the heading of “other income”, on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The benefit derived from a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

3.20 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Borrowing costs (Continued)

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.

3.21 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 year, 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 recognised 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, unutilised 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.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates 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 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.21 **Income tax (Continued)**

(b) **Deferred tax (Continued)**

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 all of that 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 intend 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) **Sales and services tax**

Revenues, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.22 **Earnings per share**

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.23 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.24 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 and of the Company.

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

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) the amount of the obligation cannot be measured with sufficient reliability.

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

3.25 Contract costs

(a) **Recognition and measurement**

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group expects those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all of the following criteria are met:

(i) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
(ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(iii) the costs are expected to be recovered.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.25 Contract costs (Continued)

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, i.e. in accordance with the pattern of transfer of goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors*.

(c) Impairment

Impairment loss is recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

(i) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
(ii) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group has applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the Group would have recognised is one year or less.

3.26 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and 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 absences of a principal market, in the most advantageous market.

For a 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.26 **Fair value measurements (Continued)**

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is 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 and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

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

4. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) **Impairment of property, plant and equipment and investment properties (Note 5 and 6)**

The Group assesses impairment of property, plant and equipment and investment properties whenever the events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset or its value-in-use. The Group assessed the market price of properties based on market valuation performed by external independent valuer and information available through internal research.

(b) **Impairment of investments in subsidiaries (Note 7)**

The Company tests investments in subsidiaries at the end of the reporting period for any objective evidence that the investment may be impaired i.e. the carrying amount of the asset less than its recoverable amount. For the purpose of assessing impairment, the Group determines the recoverable amount of the investments by taking into account the fair value less costs of disposal of the subsidiaries’ assets. The Group assessed the market price of properties based on market valuation performed by external independent valuer and information available through internal research.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following (Continued):

(c) **Write-down of inventories (Note 8)**

The Group writes down its inventories based on the assessment of their estimated net selling price when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Group assessed the market price of properties based on market valuation performed by external independent valuer and information available through internal research. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(d) **Recognition of property development revenue (Note 28)**

The Group recognises property development revenue in profit or loss based on the progress towards complete satisfaction of performance obligations when it is probable that the Group will collect the consideration to which it will be entitled. The progress towards complete satisfaction of performance obligations is determined by the proportion of property development costs incurred for work performed to date bear over the estimated total property development costs.

Significant judgement is required in determining the probability of collection, progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue (including liquidated and ascertained damages) and expenses, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of property development costs and contract liabilities are disclosed in Notes 8 and 25.

(e) **Recognition of construction revenue (Note 28)**

The Group recognises construction revenue in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction cost incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates by relying on the work of specialists.

The carrying amount of contract assets is disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following (Continued):

(f) **Funding requirements and ability to meet short term obligations**

The Group applies judgement in determining the funding requirements and its ability to meet short term obligations. The Group considered the facts and circumstances and make assumptions about the future, including the cash flows to be generated from the operations of the Group and the available financing facilities.

The details of funding requirements and ability to meet short term obligations are disclosed in Note 2.7.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. **PROPERTY, PLANT AND EQUIPMENT**

	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Furniture and fittings RM'000	Office equipment RM'000	Maintenance equipment RM'000	Resort operations RM'000	Right-of-use assets RM'000	Total RM'000
Group								
30.6.2022								
Cost								
At 1 July 2021	37,264	1,927	497	625	313	86,619	23,080	150,325
Additions	15	-	-	28	-	-	-	43
Written off	-	-	-	(5)	-	-	-	(5)
Transfer from non-current asset held for sale (Note 16)	4,446	-	-	-	-	-	503	4,949
At 30 June 2022	41,725	1,927	497	648	313	86,619	23,583	155,312
Accumulated depreciation								
At 1 July 2021	2,049	1,927	241	536	313	29,327	5,971	40,364
Depreciation charge for the financial year	273	-	33	43	-	332	312	993
Written off	-	-	-	(5)	-	-	-	(5)
Transfer from non-current asset held for sale (Note 16)	1,022	-	-	-	-	-	17	1,039
At 30 June 2022	3,344	1,927	274	574	313	29,659	6,300	42,391
Accumulated impairment loss								
At 1 July 2021/30 June 2022	-	-	-	-	-	40,434	-	40,434
Net carrying amount								
At 1 July 2021	35,215	-	256	89	-	16,858	17,109	69,527
At 30 June 2022	38,381	-	223	74	-	16,526	17,283	72,487

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Analysis of resort operations

	Leasehold land, golf course and club village RM'000	Rights in resort properties RM'000	Construction -in-progress - Marina Club RM'000	Motor vehicles RM'000	Total RM'000
Group					
30.6.2022					
Cost					
At 1 July 2021/30 June 2022	22,927	22,562	40,434	696	86,619
Accumulated depreciation					
At 1 July 2021	6,082	22,562	-	683	29,327
Depreciation charge for the financial year	319	-	-	13	332
At 30 June 2022	6,401	22,562	-	696	29,659
Accumulated impairment loss					
At 1 July 2021/30 June 2022	-	-	40,434	-	40,434
Net carrying amount					
At 1 July 2021	16,845	-	-	13	16,858
At 30 June 2022	16,526	-	-	-	16,526

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Furniture and fittings RM'000	Office equipment RM'000	Maintenance equipment RM'000	Resort operations RM'000	Right-of-use assets RM'000	Total RM'000
Group								
30.6.2021								
Cost								
At 1 July 2020	41,507	1,927	463	644	313	87,457	23,809	156,120
Additions	203	-	34	-	-	-	-	237
Disposal	-	-	-	-	-	(133)	-	(133)
Written off	-	-	-	(19)	-	(931)	-	(950)
Transfer to non-current asset held for sale (Note 16)	(4,446)	-	-	-	-	-	(503)	(4,949)
Reclassification	-	-	-	-	-	226	(226)	-
At 30 June 2021	37,264	1,927	497	625	313	86,619	23,080	150,325
Accumulated depreciation								
At 1 July 2020	2,801	1,927	208	513	313	29,833	5,902	41,497
Depreciation charge for the financial year	270	-	33	41	-	332	312	988
Disposal	-	-	-	-	-	(133)	-	(133)
Written off	-	-	-	(18)	-	(931)	-	(949)
Transfer to non-current asset held for sale (Note 16)	(1,022)	-	-	-	-	-	(17)	(1,039)
Reclassification	-	-	-	-	-	226	(226)	-
At 30 June 2021	2,049	1,927	241	536	313	29,327	5,971	40,364
Accumulated impairment loss								
At 1 July 2020	154	-	-	-	-	40,434	-	40,588
Reversal of impairment loss	(154)	-	-	-	-	-	-	(154)
At 30 June 2021	-	-	-	-	-	40,434	-	40,434
Net carrying amount								
At 1 July 2020	38,552	-	255	131	-	17,190	17,907	74,035
At 30 June 2021	35,215	-	256	89	-	16,858	17,109	69,527

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Analysis of resort operations

	Leasehold land, golf course and club village RM'000	Rights in resort properties RM'000	Construction -in-progress - Marina Club RM'000	Motor vehicles RM'000	Total RM'000
Group					
30.6.2021					
Cost					
At 1 July 2020	22,927	22,562	40,434	1,534	87,457
Disposal	-	-	-	(133)	(133)
Written off	-	-	-	(931)	(931)
Reclassification	-	-	-	226	226
At 30 June 2021	22,927	22,562	40,434	696	86,619
Accumulated depreciation					
At 1 July 2020	5,763	22,562	-	1,508	29,833
Depreciation charge for the financial year	319	-	-	13	332
Disposal	-	-	-	(133)	(133)
Written off	-	-	-	(931)	(931)
Reclassification	-	-	-	226	226
At 30 June 2021	6,082	22,562	-	683	29,327
Accumulated impairment loss					
At 1 July 2020/30 June 2021	-	-	40,434	-	40,434
Net carrying amount					
At 1 July 2020	17,164	-	-	26	17,190
At 30 June 2021	16,845	-	-	13	16,858

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings	
	30.6.2022	**30.6.2021**
	RM'000	**RM'000**
Company		
Cost		
At 1 July/30 June	722	722
Accumulated depreciation		
At 1 July	238	223
Depreciation charge for the financial year	15	15
At 30 June	253	238
Carrying amount		
At 1 July	484	499
At 30 June	469	484

(a) **Non-current asset held for sale**

Property, plant and equipment of the Group transferred to non-current asset held for sale in previous financial year amounting to RM3,910,257 relates to the freehold and leasehold land and building in Mukim Beserah, Daerah Kuantan, Negeri Pahang (being the resort properties in Duta Sands). During the financial year, upon reassessment of the requirement of MFRS 5 *Non-Current Asset Held for Sale and Discontinued Operations*, the Group reclassified these properties as property, plant and equipment. Refer to Note 16 for further details on the non-current asset held for sale.

(b) **Assets pledged as security**

The net carrying amount of property, plant and equipment pledged as security for banking facilities granted to the subsidiaries as mentioned in Note 20 is as follows:

	Group	
	30.6.2022	**30.6.2021**
	RM'000	**RM'000**
Freehold land and buildings	12,837	12,913
Leasehold land, golf course and club village	31,416	31,943

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

(c) **Right-of-use assets**

The Group leases several assets including leasehold land and building, and motor vehicles. Information about leases for which the Group is lessee is presented below:

Analysis of right-of-use assets

		← Resort operations	→	
Group	**Leasehold land RM'000**	**Leasehold land, golf course and club village RM'000**	**Motor vehicles RM'000**	**Total RM'000**
30.6.2022				
Cost				
At 1 July 2021	3,500	18,118	1,462	23,080
Transfer from non-current asset held for sale (Note 16)	503	-	-	503
At 30 June 2022	4,003	18,118	1,462	23,583
Accumulated depreciation				
At 1 July 2021	1,600	3,019	1,352	5,971
Depreciation charge for the financial year	63	209	40	312
Transfer from non-current asset held for sale (Note 16)	17	-	-	17
At 30 June 2022	1,680	3,228	1,392	6,300
Net carrying amount				
At 1 July 2021	1,900	15,099	110	17,109
At 30 June 2022	2,323	14,890	70	17,283

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

(c) **Right-of-use assets (Continued)**

The Group leases several assets including leasehold land and building, and motor vehicles. Information about leases for which the Group is lessee is presented below (Continued):

Analysis of right-of-use assets (Continued)

Group		← Resort operations	→	
	Leasehold land RM'000	Leasehold land, golf course and club village RM'000	Motor vehicles RM'000	Total RM'000
30.6.2021				
Cost				
At 1 July 2020	4,003	18,118	1,688	23,809
Transfer to non-current asset held for sale (Note 16)	(503)	-	-	(503)
Reclassified to property, plant and equipment	-	-	(226)	(226)
At 30 June 2021	3,500	18,118	1,462	23,080
Accumulated depreciation				
At 1 July 2020	1,554	2,810	1,538	5,902
Depreciation charge for the financial year	63	209	40	312
Transfer to non-current asset held for sale (Note 16)	(17)	-	-	(17)
Reclassified to property, plant and equipment	-	-	(226)	(226)
At 30 June 2021	1,600	3,019	1,352	5,971
Net carrying amount				
At 1 July 2020	2,449	15,308	150	17,907
At 30 June 2021	1,900	15,099	110	17,109

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

(c) **Right-of-use assets (Continued)**

The Group leases land and building for their operation site. The leases for operation site generally have lease term between 33 to 72 years.

The Group also leases motor vehicles with lease term of 2 to 7 years, and has options to purchase the assets at the end of the contract term.

6. **INVESTMENT PROPERTIES**

	Group	
	30.6.2022 RM'000	**30.6.2021 RM'000**
Cost		
At 1 July/30 June	57,547	57,547
Accumulated depreciation		
At 1 July	10,275	9,124
Depreciation charge for the financial year	1,151	1,151
At 30 June	11,426	10,275
Accumulated impairment losses		
At 1 July	20,603	21,069
Impairment loss during the financial year	-	225
Reversal of impairment loss during the financial year	(1,083)	(691)
At 30 June	19,520	20,603
Carrying amount		
At 1 July	26,669	27,354
At 30 June	26,601	26,669

(a) The fair value of the investment properties of approximately RM27.144 million (30.06.2021: RM27.213 million) are determined by the directors with reference to the market valuation performed by external independent valuer.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. **INVESTMENT PROPERTIES (CONTINUED)**

(b) Fair value of investment properties for the Group is categorised as follows:

	Total RM'000	Quoted prices in active markets Level 1 RM'000	Significant observable inputs Level 2 RM'000	Significant unobservable inputs Level 3 RM'000
Group				
Asset for which fair value is disclosed				
Freehold land and buildings				
30.6.2022	27,144	-	-	27,144
30.6.2021	27,213	-	-	27,213

There are no Level 1 or Level 2 investment properties or transfers between Level 1 and Level 2 during the financial year ended 30 June 2022 or 30 June 2021.

Level 3 fair value

The estimated fair values of investment properties were arrived at using the comparable method and the cost method of valuation. The value of the land is arrived at by reference to similar land in the locality and adjusting for location, terrain, size, present market trends and other differences, where applicable. The value of the building is estimated by obtaining an asset in the similar locality and adjusted for location and accessibility, tenure, size and condition, where applicable. The significant unobservable inputs used in the valuation are price per square foot and construction cost per square foot.

Highest and best use

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

(c) The following are recognised in profit or loss in respect of investment properties:

	Group 2022 RM'000	Group 2021 RM'000
Direct operating expenses		
- non-income generating investment properties	92	128

(d) Investment properties with total carrying amount of RM4.410 million (30.06.2021: RM4.361 million) has been pledged as security for borrowings granted to the Group as disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INVESTMENTS IN SUBSIDIARIES

	Note	Company 30.6.2022 RM'000	Company 30.6.2021 RM'000
At cost			
Unquoted shares		119,655	119,655
Less: Allowance for impairment losses	(b)	(75,661)	(86,631)
		43,994	33,024
Quasi loans	(a)	169,528	153,721
Less: Allowance for impairment losses	(c)	(9,628)	(6,039)
		159,900	147,682
		203,894	180,706

(a) Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investments in the subsidiaries.

(b) The movement in the allowance for impairment losses for investments in subsidiaries are as follows:

	Company 30.6.2022 RM'000	Company 30.6.2021 RM'000
At 1 July	86,631	91,576
Reversal of impairment loss (Note 31)	(10,970)	(4,945)
At 30 June	75,661	86,631

(c) The movement in the allowance for impairment losses for quasi loans are as follows:

	Company 30.6.2022 RM'000	Company 30.6.2021 RM'000
At 1 July	6,039	7,483
Charge for the financial year (Note 31)	3,604	1,328
Reversal of impairment loss (Note 31)	(15)	(2,772)
At 30 June	9,628	6,039

The impairment and reversal of impairment of investments in subsidiaries has been recognised during the year in respect of loss making subsidiaries to adjust the carrying value to its recoverable amount determined based on fair value less cost of disposal of the subsidiaries' assets. The fair value is within level 3 of the fair value hierarchy. The key assumption used in estimating the fair values is the price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(d) Details of the subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Effective equity interest 30.6.2022 %	Effective equity interest 30.6.2021 %	Principal activities
Held directly				
Palm Springs Resort Management Berhad	Malaysia	100	100	Property investment.
Point Resort Club Sdn. Bhd.	Malaysia	100	100	Investment holding.
Popular Elegance (M) Sdn. Bhd.	Malaysia	100	100	Investment holding.
Splash Park Sdn. Bhd.	Malaysia	100	100	Property management services.
Tanco Development Sdn. Bhd.	Malaysia	100	100	Property development.
World Vacation Ownership Sdn. Bhd.	Malaysia	100	100	Provision of consultancy services and investment holding.
Medan Melati Sdn. Bhd.	Malaysia	100	100	Investment holding.
Platinum Residence Sdn. Bhd.	Malaysia	100	100	Investment holding.
Palm Springs Leisure Sdn. Bhd. ^	Malaysia	100	100	Property management and resort management.
Acrez33 Sdn. Bhd.	Malaysia	100	100	Dormant.
Held through Tanco Development Sdn. Bhd.				
Tanco Builders Sdn. Bhd.	Malaysia	100	100	Contracting and building works.
Tanco Dot Com Sdn. Bhd.	Malaysia	100	100	Provision of multimedia related business.
Held through World Vacation Ownership Sdn. Bhd.				
Tanco Resorts Berhad	Malaysia	100	100	Investment holding, and the management and operation of resorts and of vacation ownership interval and point based schemes.
BizCredit Sdn. Bhd.	Malaysia	100	100	Money lending business.
Tanco Supplies Sdn. Bhd	Malaysia	-	100	Trading of construction materials.
Palm Springs Development Sdn. Bhd.	Malaysia	100	100	Property development and property investment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of company	Principal place of business/ country of incorporation	Effective equity interest 30.6.2022 %	Effective equity interest 30.6.2021 %	Principal activities
Held through World Vacation Ownership Sdn. Bhd. (Continued)				
Palm Springs Resort (MM2H) Sdn. Bhd.	Malaysia	100	100	Provide services in relation to Malaysia My Second Home Programme.
Tanco Properties Sdn. Bhd.	Malaysia	100	100	Property development and property investment.
Genium Corporation Sdn. Bhd.	Malaysia	100	100	General agent.
Held through Tanco Builders Sdn. Bhd.				
Tanco Supplies Sdn. Bhd.	Malaysia	100	-	Trading of construction materials.
Held through Genium Corporation Sdn. Bhd.				
Herbitec (M) Sdn. Bhd.	Malaysia	51	51	Research and sales of pharmaceutical products
Held through Herbitec (M) Sdn. Bhd.				
Herbitec Marketing Sdn. Bhd.	Malaysia	51	51	Sales of pharmaceutical products
Held through Palm Springs Development Sdn. Bhd.				
Palm Springs Club Sdn. Bhd.	Malaysia	100	100	Investment holding.
Regal Resort Sdn. Bhd.	Malaysia	100	100	Property development.
Held through Tanco Properties Sdn. Bhd.				
Tanco Land Sdn. Bhd.	Malaysia	100	100	Property investment.
Held through Palm Springs Club Sdn. Bhd.				
Palm Springs Resort Berhad	Malaysia	100	100	Operator of golf and marina clubs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of company	Principal place of business/ country of incorporation	Effective equity interest 30.6.2022 %	Effective equity interest 30.6.2021 %	Principal activities
Held through Tanco Resorts Berhad				
Tanco Enterprise Sdn. Bhd.	Malaysia	100	100	Property investment and general trading.
Tanco Club Berhad	Malaysia	100	100	Club operator.
Tanco Holidays Sdn. Bhd.	Malaysia	100	100	Travel and tour agent.
Tanco Lake Resorts Sdn. Bhd.	Malaysia	100	100	Resort operator.
Tanco Recreational Holdings Sdn. Bhd.	Malaysia	100	100	Property management.
Held through Splash Park Sdn. Bhd.				
DB Spa Villas Management Sdn. Bhd.	Malaysia	100	100	Property and resort management.

^ *The effective equity interest held in Palm Springs Leisure Sdn. Bhd. is 100% whereby 2.5% is held by the Company and 97.5% is held by Tanco Resorts Berhad.*

(e) **Acquisition of Herbitec (M) Sdn. Bhd. ("Herbitec")**

On 13 April 2021, Genium Corporation Sdn. Bhd. (a wholly-owned subsidiary of World Vacation Ownership Sdn. Bhd. which in turn is a wholly-owned subsidiary of Tanco Holdings Berhad) acquired 728,572 ordinary shares, representing 51% controlling interest in the equity shares of Herbitec with a cash consolidation of RM700,012. Herbitec is principally engaged in research and sale of pharmaceutical products. Its businesses are mainly conducted in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(e) Acquisition of Herbitec (M) Sdn. Bhd. ("Herbitec") (Continued)

(i) Fair value of identifiable assets acquired and liabilities recognized:

	RM'000
Assets	
Inventories	11
Trade receivables	1
Other receivables,deposit & prepayments	5
Cash and bank balances	710
Total assets	727
Liabilities	
Other payables and accruals	(100)
Amount owing to ultimate holding company	#
Total liabilities	(100)
Total identifiable net assets acquired	627
Goodwill arising on acquisition (Note 9)	380
Non-controlling interest at fair value	(307)
Fair value of consideration transferred	700

Representing amount less than RM1,000

<u>Goodwill</u>

Goodwill comprises the value of expected synergies arising from the acquisition and non-identifiable intangible assets which are not separately recognised.

None of the goodwill recognised is expected to be deductible for income tax purposes.

(ii) Effects of acquisition on cash flows:

	RM'000
Fair value of consideration transferred	700
Less: Cash and cash equivalents of a subsidiary acquired	(710)
Net cash inflows on acquisition	(10)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. **INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

(e) **Acquisition of Herbitec (M) Sdn. Bhd. ("Herbitec") (Continued)**

(iii) Effect on consolidated statement of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	RM'000
Revenue	13
Loss for the financial year	28

If the acquisition had occurred on 1 July 2020, the consolidated results for the financial year ended 30 June 2021 would have been as follows:

	RM'000
Revenue	38
Loss for the financial year	82

(f) **Disposal of Tanco Supplies Sdn. Bhd.**

On 17 December 2021, World Vacation Ownership Sdn. Bhd. (a wholly owned subsidiary of Tanco Holdings Berhad) disposed its 100% equity investment in Tanco Supplies Sdn. Bhd. to Tanco Builders Sdn. Bhd. for a total consideration of RM100,000. The disposal had no effect on the financial statements of the Group.

(g) **Non-controlling interest in a subsidiary**

The effective ownership interest and voting interest is as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest 30.6.2022 %	Ownership interest 30.6.2021 %
Herbitec (M) Sdn. Bhd.	Malaysia	49	49

The non-controlling interest is not material to the Group.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. INVENTORIES

	Group	
	30.6.2022	30.6.2021
	RM'000	RM'000
Non-current		
At cost		
Properties held for development		
- Freehold land	68,210	68,380
- Development costs	28,174	28,103
	96,384	96,483
At net realisable value		
Properties held for development		
- Freehold land	1,598	1,544
Total non-current inventories	97,982	98,027
Current		
At cost		
Properties under development		
- Freehold land	8,903	8,903
- Development costs	40,186	39,067
Completed properties	1,698	1,698
Finished goods	62	22
	50,849	49,690
At net realisable value		
Completed properties	15,641	15,685
Total current inventories	66,490	65,375
Total inventories	164,472	163,402

(a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM0.264 million (30.06.2021: RM2.564 million).

(b) The following properties are pledged as security to secure banking facilities granted to the Group as disclosed in Note 20:

	Group	
	30.6.2022	30.6.2021
	RM'000	RM'000
Properties held for development	27,278	27,264
Properties under development	45,713	44,593
Completed properties	15,467	15,511

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. GOODWILL ON CONSOLIDATION

Goodwill on consolidation arose from the acquisition of Herbitec (M) Sdn. Bhd. (“Herbitec”). Herbitec is identified as a single cash generating unit (“CGU”).

Goodwill is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of CGU.

The recoverable amount of CGU has been determined based on value-in-use calculations using cash flows projection from forecast approved by management covering a five-years period.

The calculation of value-in-use for the CGU is most sensitive to the following key assumptions:

- Cash flows were projected based on industry trends and Group’s plans. The management believes that the 5 years forecast period together with its estimated terminal value was justified due to the long-term nature of the pharmaceutical business;
- Revenue growth rates were estimated to range from 4% to 10% per annum after its projected market penetration from financial year 2024; and
- Pre-tax discount rate of 16.62% (30.06.2021: 12%) being the weighted average cost of capital which reflects the risk relating to the pharmaceutical business.

The values assigned to the above key assumptions represent the management’s assessment of future trends of the business and the industry, and are based on both external sources and internal sources of information.

The estimated recoverable amount exceeds the carrying amount of CGU. Based on the sensitivity analysis performed, the management believes that there is no reasonably possible change in base case key assumptions that would cause the carrying value of the CGU to exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OTHER INVESTMENTS

	Quoted shares in Malaysia RM'000	Vacation ownership intervals RM'000	Total RM'000
Group			
30.6.2022			
Fair value/Cost			
At 1 July 2021/30 June 2022	3	146	149
Accumulated amortisation			
At 1 July 2021/30 June 2022	-	146	146
Carrying amount			
At 1 July 2021/30 June 2022	3	-	3
30.6.2021			
Fair value/Cost			
At 1 July 2020/30 June 2021	3	146	149
Accumulated amortisation			
At 1 July 2020/30 June 2021	-	146	146
Carrying amount			
At 1 July 2020/30 June 2021	3	-	3

	Quoted shares in Malaysia	
	30.6.2022 RM'000	30.6.2021 RM'000
Company		
Fair value		
At 1 July/30 June	3	3

The market value of quoted shares in Malaysia is approximately RM2,050 (30.06.2021: RM2,150).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TRADE RECEIVABLES

	Group	
	30.6.2022 RM'000	30.6.2021 RM'000
Trade		
Trade receivables from contracts with customers	25,673	18,433
Less: Allowance for impairment losses	(18,432)	(17,013)
Total trade receivables	7,241	1,420

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 to 90 days (30.06.2021: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group	
	30.6.2022 RM'000	30.6.2021 RM'000
At 1 July	17,013	15,944
Charge for the financial year (Note 31)	1,700	1,358
Reversal of impairment loss (Note 31)	(281)	(289)
At 30 June	18,432	17,013

Trade receivables that are individually determined to be credit impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The information about the credit exposures are disclosed in Note 35(b)(i).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	30.6.2022 RM'000	30.6.2021 RM'000	30.6.2022 RM'000	30.6.2021 RM'000
Non-trade				
Other receivables	4,365	4,273	-	-
Less: Allowance for impairment losses	(4,105)	(4,112)	-	-
	260	161	-	-
Advance payment to supplier	3,000	-	-	-
Deposits	218	291	2	2
Prepayments	87	118	4	2
	3,565	570	6	4

The Group's other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of other receivables are as follows:

	Group	
	30.6.2022 RM'000	30.6.2021 RM'000
At 1 July	4,112	4,222
Reversal of impairment loss (Note 31)	(7)	(110)
At 30 June	4,105	4,112

Other receivables that are individually determined to be credit impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	30.6.2022 RM'000	30.6.2021 RM'000
Amounts owing by subsidiaries	1,119	1,524
Less: Allowance for impairment losses	(1,083)	(822)
	36	702

(a) These amounts are non-trade in nature, unsecured, interest free and are repayable on demand in cash.

(b) The Company's amounts owing by subsidiaries that are impaired at the reporting date and the reconciliation of movement in the impairment of amounts owing by subsidiaries are as follows:

	Company	
	30.6.2022 RM'000	30.6.2021 RM'000
At 1 July	822	987
Charge for the financial year (Note 31)	869	103
Reversal of impairment loss (Note 31)	(608)	(268)
At 30 June	1,083	822

14. CONTRACT COSTS

Costs to obtain contracts

Costs to obtain contracts relate to incremental sales commission fees paid to intermediaries as a result of obtaining properties sales contracts with customers.

These costs are amortised in accordance with the pattern of transfer of properties to which the asset relates. In the current financial year, amortisation amounting to RM95,725 (30.06.2021: RM267,554) was recognised as part of administrative expenses. There was no impairment loss in relation to the costs capitalised.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	30.6.2022 RM'000	30.6.2021 RM'000	30.6.2022 RM'000	30.6.2021 RM'000
Cash and bank balances	5,751	4,675	3,681	1,215
Short-term deposits	1,190	1,169	-	-
	6,941	5,844	3,681	1,215

Included in the deposits placed with licensed banks of the Group amounting to RM1.139 million (30.06.2021: RM1.118 million) is pledged for borrowing granted to a subsidiary as disclosed in Note 20.

The deposits with licensed banks of the Group bear effective interest rates ranging from 1.85% to 2.60% (30.06.2021: 1.85% to 3.10%) per annum and mature range from 2 months to 1 year (30.06.2021: range from 2 months to 1 year).

16. NON-CURRENT ASSET HELD FOR SALE

	Group	
	30.6.2022 RM'000	30.6.2021 RM'000
Cost		
At 1 July	4,949	-
Transfer (to)/from property, plant and equipment (Note 5)	(4,446)	4,446
Transfer (to)/from right-of-use assets (Note 5(c))	(503)	503
At 30 June	-	4,949
Accumulated depreciation		
At 1 July	1,039	-
Transfer (to)/from property, plant and equipment (Note 5)	(1,022)	1,022
Transfer (to)/from right-of-use assets (Note 5(c))	(17)	17
At 30 June	-	1,039
Carrying amount		
At 30 June	-	3,910

On 28 June 2021, Tanco Resorts Berhad (a wholly-owned direct subsidiary of the Company) has received offer from a third party to initiate disposal of six parcels of freehold and a parcel of leasehold commercial lands and building for a total consideration of RM10,000,000 ("Proposed sales"). During the financial year, upon reassessment of the requirement of MFRS 5 *Non-Current Asset Held for Sale and Discontinued Operations*, the Group reclassified these properties as property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. SHARE CAPITAL AND RESERVES

	Group and Company			
	30.6.2022		30.6.2021	
	Number of shares Units '000	Amount RM'000	Number of shares Units '000	Amount RM'000
Issued and fully paid up:				
Ordinary shares				
At 1 July	1,557,496	92,721	1,239,031	76,798
Issuance of shares pursuant to:				
- Conversion of RCN	69,101	9,500	180,000	9,000
- Exercise of warrants	115,189	5,760	138,465	6,923
At 30 June	1,741,786	107,981	1,557,496	92,721

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. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial year, the Company increased its issued and paid up share capital by the following issuance of:

(a) 69,101,043 new ordinary shares pursuant to conversion of Redeemable Convertible Notes ("RCN") of RM9,500,000; and

(b) 115,189,370 new ordinary shares issued pursuant to the exercise of warrants at an issue price of RM0.05 per share.

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

Capital reserves

The balance represents the reduction of the Company's par value of its existing ordinary shares from RM0.20 to RM0.05 by way of cancellation of RM0.15 of the par value of every existing ordinary share of RM0.20 each.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. REDEEMABLE CONVERTIBLE NOTES ("RCN")

On 27 July 2016, the shareholders of the Company at the Extraordinary General Meeting approved the issuance of Redeemable Convertible Commercial Papers and/or Redeemable Convertible Medium Term Notes with an aggregate principal amount of up to RM100 million under a Redeemable Convertible Notes ("RCN") programme convertible into a maximum of 2,000 million ordinary shares of RM0.05 each in the Company, representing approximately 73.5% of the Company's enlarged issued and paid up share capital which includes the conversion of the Company's existing ICULS. The RCN has a tenure of 3 years up to September 2019 ("Maturity Date"). Subsequently, there was an extension of the RCN period. The RCN now has a tenure of 7 years up to September 2023.

The proceeds from the issuance are to be utilised for Splash Park project, acquisition of land, repayment of bank borrowings, working capital and expenses in relation to the issuance.

The salient features of the RCN are as follows:

(i) the RCN bear interest from the respective dates on which they are issued and registered at the rate of 2% per annum, payable semi-annually in arrears on 30 June and 31 December in each year with the last payment being made on the Maturity Date;

(ii) conversion price shall be 80% of the average closing price per the Company Share on any 3 consecutive market days during the 45 market days immediately preceding the relevant conversion date of the RCN, provided the conversion price is not less than RM0.05;

(iii) the RCN are convertible at the option of the RCN holders into ordinary shares of the Company, subject to the terms of the Redemption Option at any time after the issue date of the RCN and up to the day falling 7 days prior to the Maturity Date;

(iv) if the conversion price is less than or equal to 65% of the average of the daily traded volume weighted average price of the Company Share for the 45 consecutive market days prior to the relevant closing date in respect of each first sub-tranche of the respective tranches of the RCN, the Company may redeem the RCN presented for conversion in cash at an amount calculated in accordance with a fixed formula; and

(v) any RCN not converted at maturity date may be redeemed by the Company at 100% of their principal amount.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. REDEEMABLE CONVERTIBLE NOTES ("RCN") (CONTINUED)

The liability component and equity component of the RCN are allocated at initial recognition as follows:

	Group and Company RM'000
Nominal value	44,000
Equity component	
- equity component, net of deferred tax	(3,951)
- deferred tax liabilities	(1,248)
	(5,199)
Liability component at initial recognition	38,801

	Group and Company 30.6.2022 RM'000	Group and Company 30.6.2021 RM'000
Liability component at 1 July	694	718
Issuance of RCN during the financial year	11,833	7,508
Conversion during the financial year	(8,588)	(7,532)
	3,939	694
Interest expense recognised in profit or loss:		
At 1 July	264	161
Recognised during the financial year (Note 30)	51	103
At 30 June	315	264
Interest paid:		
At 1 July	(93)	(67)
Paid during the financial year	(14)	(26)
At 30 June	(107)	(93)
Current		
Liability component at 30 June	4,147	865
Equity		
Equity component at 30 June	275	40

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. **WARRANTS 2018/2021**

On 21 September 2017, the Company announced a proposed issue of free warrants on the basis of 1 warrant for every 2 existing ordinary shares in Tanco (‘‘Tanco Shares’’). The requisite approvals were obtained from Bursa Malaysia Securities Berhad on 11 July 2018 and shareholders of Tanco on 2 August 2018 respectively.

On 3 September 2018, a total of 335,684,240 free warrants with an exercise price of RM0.05 per warrant and a 3-year tenure (“Free Warrants”) were listed on the Main Market of Bursa Securities. The exercise price was set at a 50% discount to the 5-day volume weighted average share price of Tanco Shares of RM0.10.

The salient terms of the warrants are as follows:

(i) entitles its registered holders to subscribe for one (1) new ordinary share at the exercise price during the exercise period; and
(ii) the exercise price is RM0.05 per share subject to adjustments in accordance with the provisions of the deed poll executed; and
(iii) the warrants may be exercised at any time for a period of 3 years commencing on and including 3 September 2018 being the date of issue of the warrants (“exercise period”). Warrants that are not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose.

The movement of the Company’s warrants during the financial year are as follows:

	Group and Company	
	30.6.2022	**30.6.2021**
	Number of warrants	**Number of warrants**
	Units '000	**Units '000**
At 1 July	133,219	271,684
Exercised during the financial year	(115,189)	(138,465)
Lapsed during the financial year	(18,030)	-
At 30 June	-	133,219

The warrants have expired on 23 August 2021 ("expiry date") and approximately 95% of the total warrants issued have been successfully converted into ordinary shares. Any unexercised warrants upon expiry date shall lapse and cease to be valid for any purpose.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. **LOAN AND BORROWINGS**

	Secured				
	Bank overdraft (Note 20.1) RM'000	Lease liabilities (Note 20.2) RM'000	Bridging loan (Note 20.3) RM'000	Term loan (Note 20.4) RM'000	Total RM'000
Group					
30.6.2022					
Current liabilities					
Due in 1 year or less	992	108	34,236	272	35,608
Non-current liabilities					
Due in more than 1 year but not more than 5 years	-	189	-	1,423	1,612
Due in more than 5 years	-	2	-	4,159	4,161
	-	191	-	5,582	5,773
	992	299	34,236	5,854	41,381
30.6.2021					
Current liabilities					
Due in 1 year or less	987	164	13,722	293	15,166
Non-current liabilities					
Due in more than 1 year but not more than 5 years	-	226	20,955	1,658	22,839
Due in more than 5 years	-	42	-	4,112	4,154
	-	268	20,955	5,770	26,993
	987	432	34,677	6,063	42,159

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. LOAN AND BORROWINGS (CONTINUED)

20.1 Bank overdraft

The secured bank overdraft of the Group bears effective interest rate ranging from 7.10% to 7.35% (30.06.2021: 7.35% to 7.60%) per annum and is secured and supported by fixed deposit of the Group and corporate guarantee by the Company.

20.2 Lease liabilities

Certain vehicles of the Group as disclosed in Note 5 are pledged for leases. Such leases do not have terms for renewal which would give the Group an option to purchase at nominal values at the end of lease term. The average interest rate implicit in the leases ranges from 2.46% to 3.65% (30.06.2021: 2.46% to 3.65%) per annum.

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group	
	30.6.2022 RM'000	30.6.2021 RM'000
Minimum lease payments:		
- not later than one year	127	192
- later than one year but not later than five years	225	266
- later than five years	3	51
	355	509
Less: Future finance charges	(56)	(77)
Present value of minimum lease payments	299	432
Represented by:		
Non-current	191	268
Current	108	164
	299	432

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. LOAN AND BORROWINGS (CONTINUED)

20.3 Bridging loan

The bridging loan of a subsidiary bears interest at rates ranging from 7.33% to 7.58% (30.06.2021: 7.58% to 7.83%) per annum and is secured and supported as follows:

(i) Fixed legal charge over certain portion of the subsidiaries' lands at Mukim Pasir Panjang, Daerah Port Dickson, Negeri Sembilan (Note 5, 6 and 8);
(ii) Deed of assignment of proceeds from new sales of the development project;
(iii) Legal benefit over the customer rights, interest, benefits and titles in insurance policies for the project land;
(iv) Debenture with fixed and floating legal charges;
(v) Legal assignment over the designated monies and account to the credit of the designated account; and
(vi) Corporate guarantees by the Company.

The bridging loan of Tranche 1, 2 and 3 ("tranches") was due for repayment in July 2022, June 2022 and March 2022 respectively. The subsidiary did not made any repayment when the Tranches are due as the subsidiary was negotiating with the Bank for settlement. Subsequent to the financial year, the subsidiary is being offered by the Bank to settle the bridging loan at discount on the condition that the subsidiary settles the amount offered by the Bank before 15 December 2022.

20.4 Term loan

Term loan of a subsidiary of RM5.854 million (30.06.2021: RM6.063 million) bears interest rate ranging from 3.35% to 3.60% (30.06.2021: 3.60% to 3.85%) per annum and is repayable by monthly instalments of RM46,792 (30.06.2021: RM50,152) over 15 years commencing from the day of its first drawdown and is secured and supported as follows:

(i) Facilities agreement for RM7.4 million;
(ii) First legal charge over property of a subsidiary (Note 5);
(iii) Corporate guarantee by the Company;
(iv) Joint and several guarantee by two of the directors; and
(v) First party legal assignment for rental proceeds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. LONG TERM PAYABLES

	Note	Group 30.6.2022 RM'000	Group 30.6.2021 RM'000	Company 30.6.2022 RM'000	Company 30.6.2021 RM'000
Trade					
Trade payable	(a)	2,405	1,373	-	-
Non-trade					
Other payables	(b)	4,511	3,982	-	-
		6,916	5,355	-	-

(a) Trade payable represents:

(i) retention sum of RM2.405 million (30.06.2021: RM1.373 million) payable to a main contractor, to be settled by September 2023, discounted at an imputed rate of 7.58% (30.06.2021: 7.58%).

(b) Other payables represent:

(i) sums payable to members upon expiry of their golf memberships in year 2093;
(ii) sums payable to the late previous Director and existing Directors of the Group, discounted at an imputed rate of 7.83% (30.06.2021: 7.58%); and
(iii) sums payable to a real estate agent. The amount payable is unsecured and interest free.

22. DEFERRED TAX LIABILITIES

	Group and Company 30.6.2022 RM'000	Group and Company 30.6.2021 RM'000
Deferred tax liabilities		
RCN		
At 1 July	(33)	(45)
Issuance of RCN	(280)	(271)
Conversion of RCN during the financial year	219	271
Recognised in profit or loss (Note 33)	7	12
At 30 June	(87)	(33)

The deferred tax assets and liabilities are not available to set-off as they arise from different taxable entities of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. DEFERRED TAX LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	30.6.2022 RM'000	30.6.2021 RM'000	30.6.2022 RM'000	30.6.2021 RM'000
Unabsorbed capital allowances	1,396	1,314	161	161
Unutilised tax losses	137,738	134,111	4,253	4,253
Property, plant and equipment	(1,281)	(1,284)	-	-
Other temporary differences	141	-	-	-
	137,994	134,141	4,414	4,414

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The unused tax losses are available for offset against future taxable profits of the Group and of the Company up to the following financial years:

	Group		Company	
	30.6.2022 RM'000	30.6.2021 RM'000	30.6.2022 RM'000	30.6.2021 RM'000
Year of assessments				
2028	127,119	127,502	4,253	4,253
2029	5,426	5,426	-	-
2030	559	559	-	-
2031	623	624	-	-
2032	4,011	-	-	-
	137,738	134,111	4,253	4,253

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. TRADE PAYABLES

	Group		
	30.6.2022	30.6.2021 Restated	1.7.2020 Restated
	RM'000	RM'000	RM'000
Trade payables	15,501	12,273	5,476

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 90 days (30.06.2021: 30 to 90 days).

24. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group			Company		
	30.6.2022	30.6.2021 Restated	1.7.2020 Restated	30.6.2022	30.6.2021 Restated	1.7.2020 Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other payables	8,129	7,917	6,109	303	390	810
Deposits	443	442	658	-	-	-
Accruals	3,835	1,558	2,039	54	33	34
	12,407	9,917	8,806	357	423	844

25. CONTRACT (ASSETS)/LIABILITIES

	Group	
	30.6.2022	30.6.2021
	RM'000	RM'000
Contract assets relating to construction contracts	(1,338)	-
Contract liabilities relating to property development	31,791	32,555
	30,453	32,555

Movement of the contract (asset)/liabilities are as follows:

	Group	
	30.6.2022	30.6.2021
	RM'000	RM'000
At 1 July	32,555	33,474
Less: Revenue recognised during the financial year	(3,884)	(2,358)
	28,671	31,116
Add: Deposits and progress billings during the financial year	1,782	1,439
At 30 June	30,453	32,555

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. PROVISION FOR LIABILITIES

	Group 30.6.2022 RM'000	Group 30.6.2021 RM'000
At 1 July	78	153
Utilised during the financial year	(78)	(75)
At 30 June	-	78

Provision for liquidated ascertained damages (LAD) is in respect of development projects undertaken by the Group.

27. AMOUNTS OWING TO DIRECTORS

The amounts owing to directors are non-trade in nature, unsecured, interest free and is repayable on demand in cash.

28. REVENUE

	Group 2022 RM'000	Group 2021 RM'000
Revenue from contract with customers:		
Sales of development properties	807	2,358
Income from annual subscriptions fees, clubs and resort operations	719	717
Construction contracts	3,077	-
Sales of pharmaceutical products	9	13
Sales of construction materials	7,782	-
Revenue from other sources:		
Rental income	1,928	1,332
Interest income from money lending business	3	3
	14,325	4,423

(a) Disaggregation of revenue

The Group reports the following segments: property development/management, resorts and club operation/management and construction in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure of disaggregation of revenue, it disaggregates revenue into timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	Group				
2022	**Property development/ management RM'000**	**Resorts and club operation/ management RM'000**	**Construction RM'000**	**Sales of pharmaceutical products RM'000**	**Total RM'000**
Timing of revenue recognition:					
At a point in time	-	-	7,782	9	7,791
Over time	807	719	3,077	-	4,603
	807	719	10,859	9	12,394
2021					
Timing of revenue recognition:					
At a point in time	-	-	-	13	13
Over time	2,358	717	-	-	3,075
	2,358	717	-	13	3,088

(b) Transaction price allocated to the remaining performance obligation

As of 30 June 2022, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM51.602 million (2021: RM11.066 million) and the Group will recognise this revenue as the properties or construction works are completed, which is expected to occur over the next 1 to 3 years (2021: 2 years).

The Group and the Company apply the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about the remaining performance obligations that have original expected durations of one year or less.

29. COST OF SALES

	Group	
	2022 RM'000	**2021 RM'000**
Cost of development properties	264	2,564
Rental operation costs	1,194	683
Cost of construction contracts	2,955	-
Purchase of materials	7,594	-
	12,007	3,247

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. FINANCE COSTS

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Interest expenses on:				
- bridging and term loans	2,556	2,301	-	-
- overdraft	73	73	-	-
- lease liabilities	21	42	-	-
- RCN (Note 18)	51	103	51	103
	2,701	2,519	51	103

31. (LOSS)/PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at (loss)/profit before tax:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
After charging/(crediting):				
Auditors' remuneration:				
- statutory audit				
- current year	152	131	43	41
- prior year	1	(1)	-	-
- other service	3	3	3	3
Allowance for impairment loss on:				
- investment properties	-	225	-	-
- investments in subsidiaries	-	-	3,604	1,328
- trade receivables	1,700	1,358	-	-
- amounts owing by subsidiaries	-	-	869	103
Depreciation of:				
- property, plant and equipment	681	676	15	15
- right-of-use assets	312	312	-	-
- investment properties	1,151	1,151	-	-
Employee benefits expenses (Note 32)	5,210	4,553	162	153
Expenses relating to short-term lease of premises	135	112	-	-
Net inventories written down	90	2,405	-	-
Unwinding of discount	104	378	-	-
Written off of:				
- property, plant and equipment	-	1	-	-
- inventories	-	14	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. (LOSS)/PROFIT BEFORE TAX (CONTINUED)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at (loss)/profit before tax (Continued):

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	-	(4)	-	-
Gain on remeasurement of:				
- trade payable	-	(97)	-	-
- amounts owing to directors	-	(509)	-	-
Interest income	(28)	(48)	-	-
Reversal of impairment loss on:				
- property, plant and equipment	-	(154)	-	-
- investment properties	(1,083)	(691)	-	-
- investments in subsidiaries	-	-	(10,985)	(7,717)
- trade receivables	(281)	(289)	-	-
- other receivables	(7)	(110)	-	-
- amounts owing by subsidiaries	-	-	(608)	(268)

32. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Salaries, fee, overtime and allowance	4,374	3,861	162	153
Defined contribution plans	511	449	-	-
Others	325	243	-	-
	5,210	4,553	162	153
Included in employee benefits expenses are:				
Directors' fee	132	132	132	132
Directors' remuneration				
- salaries and allowance	1,651	1,517	30	21
- defined contribution plans	198	183	-	-
- benefits-in-kind	68	60	7	7
- others emoluments	39	29	-	-
	2,088	1,921	169	160

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. INCOME TAX EXPENSE/(CREDIT)

The major components of income tax expense/(credit) for the financial years ended 30 June 2022 and 2021 are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax				
- current year	81	16	-	-
- prior years	(8)	2	-	-
Deferred tax				
- current year	(7)	(12)	(7)	(12)
Income tax expense/(credit) recognised in profit or loss	66	6	(7)	(12)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense/(credit) are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(Loss)/Profit before tax	(12,982)	(13,730)	5,591	5,277
Taxation at Malaysian statutory income tax rate of 24%	(3,116)	(3,295)	1,342	1,266
Adjustments:				
Non-taxable income	(1,833)	(400)	(2,239)	(1,915)
Non-deductible expenses	4,098	3,872	890	637
Deferred tax assets not recognised in the financial statements	947	-	-	-
Utilisation of deferred tax assets previously not recognised	(22)	(173)	-	-
(Over)/under provision of current tax in prior year	(8)	2	-	-
Income tax expense/(credit) for the financial year	66	6	(7)	(12)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34. LOSS PER SHARE

(a) Basic loss per ordinary share

Basic loss per share are based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group 2022 RM'000	Group 2021 RM'000
Loss for the financial year attributable to owners of the Company	(12,899)	(13,722)
	Number of shares Units ('000)	**Number of shares Units ('000)**
Weighted average number of ordinary shares in issue		
At 1 July 2021/2020	1,557,496	1,239,031
Add: Effect of issuance of shares	121,467	84,795
At 30 June 2022/2021	1,678,963	1,323,826
Basic loss per ordinary share (sen)	(0.77)	(1.04)

(b) Diluted loss per ordinary share

The diluted loss per ordinary share of the Company for the financial year ended 30 June 2022 and 2021 are the same as the basic loss per ordinary share of the Company as the potential ordinary shares are anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. **FINANCIAL INSTRUMENTS**

(a) **Categories 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) Amortised cost
(ii) Fair value through profit or loss

	Carrying amount RM'000	Amortised cost RM'000	Fair value through profit or loss RM'000
At 30 June 2022			
Group			
Financial assets			
Other investments	3	-	3
Trade receivables	7,241	7,241	-
Other receivables and deposits*	478	478	-
Cash and short-term deposits	6,941	6,941	-
	14,663	14,660	3
Financial liabilities			
Trade payables	16,621	16,621	-
Other payables, deposits and accruals	18,203	18,203	-
Amounts owing to directors	1,113	1,113	-
Loan and borrowings#	41,082	41,082	-
RCN - liability component	4,147	4,147	-
	81,166	81,166	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned (Continued):

	Carrying amount RM'000	Amortised cost RM'000	Fair value through profit or loss RM'000
At 30 June 2022			
Company			
Financial assets			
Other investments	3	-	3
Other receivables and deposits*	2	2	-
Amounts owing by subsidiaries	36	36	-
Cash and short-term deposits	3,681	3,681	-
	3,722	3,719	3
Financial liabilities			
Other payables, deposits and accruals	357	357	-
Amounts owing to directors	943	943	-
RCN - liability component	4,147	4,147	-
	5,447	5,447	-
At 30 June 2021			
Group			
Financial assets			
Other investments	3	-	3
Trade receivables	1,420	1,420	-
Other receivables and deposits*	452	452	-
Cash and short-term deposits	5,844	5,844	-
	7,719	7,716	3
Financial liabilities			
Trade payables	13,646	13,646	-
Other payables, deposits and accruals	13,899	13,899	-
Amounts owing to directors	1,398	1,398	-
Loan and borrowings#	41,727	41,727	-
RCN - liability component	865	865	-
	71,535	71,535	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned (Continued):

	Carrying amount RM'000	Amortised cost RM'000	Fair value through profit or loss RM'000
At 30 June 2021			
Company			
Financial assets			
Other investments	3	-	3
Other receivables and deposits*	2	2	-
Amounts owing by subsidiaries	702	702	-
Cash and short-term deposits	1,215	1,215	-
	1,922	1,919	3
Financial liabilities			
Other payables, deposits and accruals	423	423	-
Amounts owing to directors	331	331	-
RCN - liability component	865	865	-
	1,619	1,619	-

** Excluding prepayment*
 # Excluding lease liabilities

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. **FINANCIAL INSTRUMENTS (CONTINUED)**

(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 and interest rate 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 Executive Directors and the Group Chief Financial Officer. The Audit and Risk Management 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 is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. 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 for material contracts.

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 respect of trade receivables from sale of properties, the Group mitigates its credit risk by retaining legal title to all properties sold until the full contracted sales value is settled.

Credit risk concentration profile

At the reporting date, the Group has significant concentration of credit risk in the form of outstanding balance owing by three customers representing 100% of the total receivables.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss ("ECL") allowance for all trade receivables and contract assets. The determination of ECL also incorporates economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivables. The Group believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. **FINANCIAL INSTRUMENTS (CONTINUED)**

(b) **Financial risk management (Continued)**

(i) **Credit risk (Continued)**

Trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

The information about the credit risk exposure on the Group's trade receivables and contracts assets are as follows:

Group **At 30 June 2022**	**Gross carrying amount RM'000**	**ECL allowance RM'000**	**Net balance RM'000**
Contract assets			
Current	1,338	-	1,338
Trade receivables			
Current (not past due)	751	-	751
1 to 30 days past due	8	-	8
31 to 60 days past due	39	-	39
61 to 90 days past due	10	-	10
91 to 120 days past due	28	-	28
More than 120 days past due	6,405	-	6,405
Credit impaired			
- individually assessed	18,432	(18,432)	-
	27,011	(18,432)	8,579
At 30 June 2021			
Trade receivables			
Current (not past due)	115	-	115
1 to 30 days past due	115	-	115
31 to 60 days past due	107	-	107
61 to 90 days past due	114	-	114
91 to 120 days past due	114	-	114
More than 120 days past due	855	-	855
Credit impaired			
- individually assessed	17,013	(17,013)	-
	18,433	(17,013)	1,420

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. **FINANCIAL INSTRUMENTS (CONTINUED)**

(b) **Financial risk management (Continued)**

(i) **Credit risk (Continued)**

Trade receivables and contract assets (Continued)

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors within the Group.

Trade receivables that are past due but not impaired

The Group is of the opinion that no impairment is required based on previous years experiences and the minimal probability that these receivables will default in payments.

Other receivables and other financial assets

For other receivables and other financial assets (including cash and short-term deposits), 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.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries in determining the recoverability of intercompany balances. The advances to subsidiaries are repayable on demand. For such advances, impairment losses are assessed based on the assumption that repayment of the advances is demanded at the reporting date. If the subsidiary does not have sufficient liquid resources when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the advances.

Other than the credit-impaired other receivables, the Group and the Company consider these financial assets to have low credit risk. As such, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets other than as disclosed in Note 12.

Refer to Note 3.5(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. **FINANCIAL INSTRUMENTS (CONTINUED)**

(b) **Financial risk management (Continued)**

(i) **Credit risk (Continued)**

Financial guarantees

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM41.082 million (2021: RM41.727 million) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 35(b)(ii) to the financial statements. Generally, the Company considers the financial guarantee has low credit risk. As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to the subsidiaries' secured borrowings.

(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 arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loan and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The management of the Group and of the Company also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. **FINANCIAL INSTRUMENTS (CONTINUED)**

(b) **Financial risk management (Continued)**

(ii) **Liquidity risk (Continued)**

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

		Contractual cash flows			
Group	**Carrying amount RM'000**	**On demand or within 1 year RM'000**	**Between 1 and 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**
At 30 June 2022					
Trade payables	17,906	15,501	2,405	-	17,906
Other payables, deposits and accruals	16,918	12,407	4,057	748	17,212
Amounts owing to directors	1,113	1,113	-	-	1,113
Loan and borrowings	41,381	35,608	3,622	9,700	48,930
RCN - liability component	4,147	4,147	-	-	4,147
	81,465	68,776	10,084	10,448	89,308

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. **FINANCIAL INSTRUMENTS (CONTINUED)**

(b) **Financial risk management (Continued)**

(ii) **Liquidity risk (Continued)**

Maturity analysis (Continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows (Continued):

		Contractual cash flows			
Group	**Carrying amount RM'000**	**On demand or within 1 year RM'000**	**Between 1 and 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**
At 30 June 2021					
Trade payables	13,646	12,273	1,373	-	13,646
Other payables, deposits and accruals	13,899	9,917	3,743	748	14,408
Amounts owing to directors	1,398	1,398	-	-	1,398
Loan and borrowings	42,159	17,529	26,437	4,975	48,941
RCN - liability component	865	865	-	-	865
	71,967	41,982	31,553	5,723	79,258

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

Maturity analysis (Continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows (Continued):

Company	Carrying amount RM'000	Contractual cash flows: On demand or within 1 year RM'000	Contractual cash flows: Between 1 and 5 years RM'000	Contractual cash flows: Total RM'000
At 30 June 2022				
Other payables, deposits and accruals	357	357	-	357
Amounts owing to directors	943	943	-	943
RCN - liability component	4,147	4,147	-	4,147
Financial guarantee contracts	-	41,082	-	41,082
	5,447	46,529	-	46,529
At 30 June 2021				
Other payables, deposits and accruals	423	423	-	423
Amounts owing to directors	331	331	-	331
RCN - liability component	865	865	-	865
Financial guarantee contracts	-	41,727	-	41,727
	1,619	43,346	-	43,346

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. **FINANCIAL INSTRUMENTS (CONTINUED)**

(b) **Financial risk management (Continued)**

(iii) **Interest rate risk**

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their interest bearing financial liabilities which include trade payable (non-current), other payables (non-current), bank overdraft, lease liabilities, bridging loan, term loan and RCN-liability component.

The following table details the interest rate profile of the Group and of the Company's borrowings at the reporting date.

	Interest rate %	Within 1 year RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Group					
Financial liabilities					
At 30 June 2022					
Bank overdraft	7.10 - 7.35	992	-	-	992
Lease liabilities	2.46 - 3.65	108	189	2	299
Bridging loan	7.33 - 7.58	34,236	-	-	34,236
Term loan	3.35 - 3.60	272	1,423	4,159	5,854
RCN - liability component	8.96	4,147	-	-	4,147
Trade payable (non-current)	7.83	-	2,405	-	2,405
Other payables (non-current)	7.83	-	4,511	-	4,511
At 30 June 2021					
Bank overdraft	7.35 - 7.60	987	-	-	987
Lease liabilities	2.46 - 3.65	164	226	42	432
Bridging loan	7.58 - 7.83	13,722	20,955	-	34,677
Term loan	3.60 - 3.85	293	1,658	4,112	6,063
RCN - liability component	8.96	865	-	-	865
Trade payables (non-current)	7.58	-	1,373	-	1,373
Other payables (non-current)	7.58	-	3,982	-	3,982
Company					
Financial liabilities					
At 30 June 2022					
RCN - liability component	8.96	4,147	-	-	4,147
At 30 June 2021					
RCN - liability component	8.96	865	-	-	865

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. **FINANCIAL INSTRUMENTS (CONTINUED)**

(b) **Financial risk management (Continued)**

(iii) **Interest rate risk (Continued)**

Sensitivity analysis for interest rate risk

If the interest rate had been 100 (2021: 100) basis point higher/lower and all other variables held constant, the Group's loss for the financial year ended 30 June 2022 would increase/decrease by RM312,223 (2021: RM317,125) respectively as a result of exposure to floating rate loan and borrowings.

(c) **Fair value measurement**

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(i) *Cash and short-term deposits, trade and other receivables and payables*

The carrying amounts of cash and short-term deposit, trade and other receivables and payables are reasonable approximate to their fair values due to short term nature of these financial instruments.

(ii) *Investment in quoted shares*

Investment in quoted shares are carried at fair value based on its market price.

(iii) *Loan and borrowings*

The carrying amounts of the current portion of loan and borrowings are reasonable approximate to their fair values due to the insignificant impact of discounting.

The carrying amounts of long-term floating rate loans are reasonable approximate to their fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of lease liabilities and RCN - liability component are estimated using discounted cash flow analysis, based on current lending rates for similar types of arrangements.

(iv) *Long term payables*

The fair value of long-term payables are estimated using discounted cash flow analysis, based on current lending rates for similar types of arrangements.

The carrying amounts of financial assets and liabilities recognised in the financial statements are reasonable approximate to their fair values.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. **FINANCIAL INSTRUMENTS (CONTINUED)**

(c) **Fair value measurement (Continued)**

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, the lowest level input that is significant to the fair value measurement as whole:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between Level 1 and Level 2 during the financial year (2021: no transfer in either directions).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities:

	Fair value of financial instruments carried at fair value	Fair value of financial instruments not carried at fair value		Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
Group					
At 30 June 2022					
Financial asset					
Other investments	3	-	-	3	3
Financial liabilities					
Long term payables	-	-	7,210	7,210	6,916
RCN - liability component	-	-	4,147	4,147	4,147
Lease liabilities	-	-	299	299	299
Bridging loan	-	-	34,236	34,236	34,236
Term loan	-	-	5,854	5,854	5,854
	-	-	51,746	51,746	51,452
At 30 June 2021					
Financial asset					
Other investments	3	-	-	3	3
Financial liabilities					
Long term payables	-	-	5,864	5,864	5,355
RCN - liability component	-	-	865	865	865
Lease liabilities	-	-	432	432	432
Bridging loan	-	-	34,677	34,677	34,677
Term loan	-	-	6,063	6,063	6,063
	-	-	47,901	47,901	47,392

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities (Continued):

	Fair value of financial instruments carried at fair value	Fair value of financial instruments not carried at fair value		Total fair value	Carrying amount
	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
At 30 June 2022					
Financial asset					
Other investments	3	-	-	3	3
Financial liability					
RCN - liability component	-	-	4,147	4,147	4,147
At 30 June 2021					
Financial asset					
Other investments	3	-	-	3	3
Financial liability					
RCN - liability component	-	-	865	865	865

36. MATERIAL LITIGATION

Court proceedings via Originating Summons were filed by a wholly-owned subsidiary of the Company via its solicitors against Pacific Trustees Bhd. ("PTB") for declaratory relief to inter alia, dispute and challenge the validity and legality of the RM120,000 Dissolution Fee and the RM900,000 Disposal Fee being unilaterally imposed by PTB respectively for its fee per the dissolution of the Duta Vista Vacation Ownership ("DVVO") Scheme undertaken by the Subsidiary, and for its fee per the subsidiary's disposal of the 41 DVVO units in Duta Vista Executive Suites, with an alternate prayer for the Court to assess a fair and reasonable sum for the Dissolution Fees should the Court decide that a fee is due for PTB's works per the dissolution of the DVVO Scheme. The trial dates for the Writ action scheduled on 23 to 26 August 2021 had been vacated, and the matter was set for case management on 2 September 2021. Subsequent to the case management held on 2 September 2021, the case is now fixed for further case management on 29 June 2022 and the trial dates for the writ action is scheduled on 11 to 12 and 30 August 2022. The trial on 30 August 2022 was adjourned and currently pending the trial date to be fixed by court.

No provision has been made for the disputed amounts as the directors upon consultation with its solicitors acting for the subsidiary in the above matter are of the view that the subsidiary has a strong case against PTB.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

37. RELATED PARTIES

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Company's holding company;
(ii) Subsidiaries;
(iii) Entities in which directors have substantial financial interests; and
(iv) Key management personnel of the Group, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party balances

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 13, 21, and 27.

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to subsidiaries as disclosed in Note 35(b)(i).

(c) Compensation of key management personnel

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors				
- fees	132	132	132	132
- salaries and allowance	1,651	1,517	30	21
- defined contribution plans	198	183	-	-
- benefits-in-kind	68	60	7	7
- other emoluments	39	29	-	-
	2,088	1,921	169	160
Other key management personnels				
- salaries and allowances	668	629	668	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

38. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholder or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 30 June 2022 and 30 June 2021.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as net debts divided by equity plus net debts. The gearing ratio at 30 June 2022 and 30 June 2021 are as follows:

	Group		Company	
	30.6.2022 RM'000	30.6.2021 RM'000	30.6.2022 RM'000	30.6.2021 RM'000
Total loan and borrowings	41,381	42,159	-	-
Trade and other payables	34,824	27,545	357	423
Provision for liabilities	-	78	-	-
Amounts owing to directors	1,113	1,398	943	331
Redeemable convertible notes	4,147	865	4,147	865
Less: Cash and short-term deposits	(6,941)	(5,844)	(3,681)	(1,215)
Net debts	74,524	66,201	1,766	404
Total equity	172,193	169,746	202,429	181,336
Total equity plus net debts	246,717	235,947	204,195	181,740
Gearing ratio (%)	30%	28%	1%	0%

39. SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END

On 28 June 2022, the Board of Directors of the Company announced that the Company proposes to undertake a bonus issue of free warrants in the Company ("Warrants C") on the basis of 1 Warrant C for every 2 existing ordinary shares in the Company held on an entitlement date to be determined and announced later ("Proposed Bonus Issue of Warrants").

The Proposed Bonus Issue of Warrants was approved by the shareholders at the extraordinary general meeting held on 10 August 2022.

The bonus issue of warrants was completed following the listing and quotation of 883,303,290 Warrants C on the Main Market of Bursa Malaysia Securities Berhad on 5 September 2022. The exercise price of the Warrants C is fixed at RM0.31 and may be exercised at any time within a period of 3 years.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based upon the industry of the underlying investments.

Geographical segments

The activities of the Group are carried out mainly in Malaysia and as such, segmental reporting by geographical locations is not presented.

Business segments

For management purposes, the Group is organised into the following operating divisions:

- Property development/management
- Resorts and club operation/management
- Construction
- Investment holding

Segment profit

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operates within these industries.

Segment assets

The total of segment asset is measured based on all assets of a segment other than current and deferred tax assets.

Segment liabilities

The total of segment liability is measured based on all liabilities of a segment other than current and deferred tax liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and investment properties.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. SEGMENT INFORMATION (CONTINUED)

	Note	Property development/ management RM'000	Resorts and club operation/ management RM'000	Construction RM'000	Investment holding RM'000	Elimination RM'000	Consolidated RM'000
2022							
Revenue							
External sales		2,015	1,442	10,859	9	-	14,325
Inter-segment sales	(a)	654	-	-	-	(654)	-
Total revenue		2,669	1,442	10,859	9	(654)	14,325
Results							
Segment results	(b)	(3,104)	(473)	32	397	(7,161)	(10,309)
Finance costs		(2,750)	(72)	-	(51)	172	(2,701)
Finance income		28	-	-	-	-	28
Income tax credit/(expense)		1	(40)	(32)	5	-	(66)
(Loss)/Profit for the financial year		(5,825)	(585)	-	351	(6,989)	(13,048)
Assets and liabilities							
Segment assets	(c)	279,868	55,433	26,827	251,785	(327,246)	286,667
Segment liabilities	(d)	(178,092)	(36,865)	(8,246)	(27,986)	137,933	(113,256)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. **SEGMENT INFORMATION (CONTINUED)**

	Property development/ management RM'000	Resorts and club operation/ management RM'000	Construction RM'000	Investment holding RM'000	Elimination RM'000	Consolidated RM'000
2022						
Other information						
Allowance for impairment loss on:						
- trade receivables	1,700	-	-	-	-	1,700
Depreciation of:						
- property, plant and equipment	245	421	-	15	-	681
- right-of-use assets	836	75	-	-	(599)	312
- investment properties	-	1,151	-	-	-	1,151
Net inventories written down	90	-	-	-	-	90
Reversal of impairment loss on:						
- investment properties	-	(1,083)	-	-	-	(1,083)
- trade receivables	(280)	(1)	-	-	-	(281)
- other receivables	(7)	-	-	-	-	(7)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. SEGMENT INFORMATION (CONTINUED)

	Note	Property development/ management RM'000	Resorts and club operation/ management RM'000	Construction RM'000	Investment holding RM'000	Elimination RM'000	Consolidated RM'000
2021							
Revenue							
External sales		2,962	1,448	-	13	-	4,423
Inter-segment sales	(a)	385	-	-	-	(385)	-
Total revenue		3,347	1,448	-	13	(385)	4,423
Results							
Segment results	(b)	15,946	17,279	2,355	(1,221)	(45,618)	(11,259)
Finance costs		(2,462)	(72)	-	(103)	118	(2,519)
Finance income		20	-	-	28	-	48
Income tax expense		(6)	-	-	-	-	(6)
Profit/(Loss) for the financial year		13,498	17,207	2,355	(1,296)	(45,500)	(13,736)
Assets and liabilities							
Segment assets	(c)	290,042	55,843	4,247	231,921	(306,599)	275,454
Segment liabilities	(d)	(190,124)	(37,020)	70	(24,171)	146,645	(104,600)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. SEGMENT INFORMATION (CONTINUED)

	Property development/ management RM'000	Resorts and club operation/ management RM'000	Construction RM'000	Investment holding RM'000	Elimination RM'000	Consolidated RM'000
2021						
Other information						
Allowance for impairment loss of:						
- investment properties	-	225	-	-	-	225
- trade receivables	1,342	16	-	-	-	1,358
Depreciation of:						
- property, plant and equipment	241	421	-	14	-	676
- right-of-use assets	457	76	-	-	(221)	312
- investment properties	-	1,151	-	-	-	1,151
Net Inventories written down	2,405	-	-	-	-	2,405
Written off of:						
- property, plant and equipment	-	1	-	-	-	1
- inventories	14	-	-	-	-	14
Gain on disposal of property, plant and equipment	-	(4)	-	-	-	(4)
Gain on remeasurement of						
- trade payable	(97)	-	-	-	-	(97)
- amounts owing to directors	(509)	-	-	-	-	(509)
Reversal of impairment loss of:						
- property, plant and equipment	(154)	-	-	-	-	(154)
- investment properties	-	(691)	-	-	-	(691)
- trade receivables	(264)	(25)	-	-	-	(289)
- other receivables	(110)	-	-	-	-	(110)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. **SEGMENT INFORMATION (CONTINUED)**

Reconciliation of reportable segment revenue, loss, assets and liabilities are as follows:

(a) **Inter-segment revenue**

Inter-segment revenues are eliminated on consolidation.

(b) **Reconciliation of segment result**

	2022 RM'000	2021 RM'000
Elimination of inter-segment loss	(7,701)	(45,618)

(c) **Reconciliation on assets**

	2022 RM'000	2021 RM'000
Inter-segment assets	(327,246)	(306,599)

(d) **Reconciliation on liabilities**

	2022 RM'000	2021 RM'000
Inter-segment liabilities	(137,933)	146,645

41. **COMPARATIVE FIGURES**

During the financial year, the Group and the Company have reassessed and reversed certain long outstanding payables upon consultation with its solicitor as the period of limitation of these payables had expired in previous years.

The effects of the retrospective adjustment on the comparative financial statements of the Group and of the Company are disclosed below.

Statements of Financial Position

At 30 June 2021	Note	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Group				
Equity attributable to Owner of the Company				
Retained earnings		16,744	9,715	26,459
Current liabilities				
Trade payables	23	18,159	(5,886)	12,273
Other payables, deposits and accruals	24	14,064	(4,147)	9,917
Current tax liabilities		757	318	1,075

NOTES TO THE FINANCIAL STATEMENTS (Continued)

41. COMPARATIVE FIGURES (CONTINUED)

At 1 July 2020	Note	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Group				
Equity attributable to Owner of the Company				
Retained earnings		30,466	9,715	40,181
Current liabilities				
Trade payables	23	11,362	(5,886)	5,476
Other payables, deposits and accruals	24	12,953	(4,147)	8,806
Current tax liabilities		755	318	1,073
Company				
Equity attributable to Owner of the Company				
Retained earnings		38,209	133	38,342
Current liability				
Other payables, deposits and accruals	24	556	(133)	423
At 1 July 2020				
Equity attributable to Owner of the Company				
Retained earnings		32,920	133	33,053
Current liability				
Other payables, deposits and accruals	24	977	(133)	844

The retrospective adjustment did not have any material impact on the comparative statements of comprehensive income and comparative statements of cash flows.

STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **DATO' SRI ANDREW TAN JUN SUAN** and **CHRISTOPHER TAN KHOON SUAN**, being two of the directors of TANCO HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 77 to 182 are drawn up in accordance with 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 30 June 2022 and of their financial performance and cash flows for the financial year then ended.

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

....
DATO' SRI ANDREW TAN JUN SUAN
Director

....
CHRISTOPHER TAN KHOON SUAN
Director

Date: 27 October 2022

STATUTORY DECLARATION

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **CHEW SHEN HOAY**, being the director primarily responsible for the financial management of TANCO HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 77 to 182 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.

....
CHEW SHEN HOAY
(MIA Membership No.: 26647)

Subscribed and solemnly declared by the abovenamed at Puchong in the State of Selangor Darul Ehsan on 27 October 2022.

Before me,

....
TAN KAI YONG
Commissioner for Oaths
License No. B653

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TANCO HOLDINGS BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tanco Holdings Berhad, which comprise the statements of financial position as at 30 June 2022 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 year then ended, and notes to the financial statements, including significant accounting policies, as set out on pages 77 to 182.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws* (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TANCO HOLDINGS BERHAD (Continued)

(Incorporated in Malaysia)

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 financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Revenue recognition for property development activities (Note 4(d) and 28 to the financial statements)

The amount of revenue of the Group's property development activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation when it is probable that the Group will collect the consideration to which it is entitled. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of development costs incurred for works performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant Group's judgement is required, in particular with regards to the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue (including liquidated and ascertained damages) and costs, as well as the recoverability of the development project. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our response:

Our audit procedures included, among others:

- understanding the Group's process in preparing project budget and the calculation of the progress towards complete satisfaction of performance obligation;
- comparing the Group's major assumptions to contractual terms, our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussing with project manager;
- checking the mathematical computation of recognised revenue and corresponding costs for the project during the financial year; and
- assessing the estimated deduction to revenue arising from liquidated and ascertained damages by considering the contractual delivery dates and estimated delivery dates, progress reports and correspondence from architect.

Funding requirements and ability to meet short-term obligations (Note 4(f) and 2.7 to the financial statements)

During the financial year ended 30 June 2022, the Group incurred a net loss of RM13.048 million and, as of that date, the Group's current liabilities exceeded its current assets by RM12.484 million. We focused on this area as judgement and estimates were made by the Group in assessing the ability to meet short-term obligations which are part of the approved cash flow forecast.

Our response:

Our audit procedures included, among others:

- comparing the Group's assumptions in the approved cash flow forecast to our understanding obtained during our audit in relation to key assumptions;
- testing the mathematical accuracy of the approved cash flow forecast calculation;
- performing stress test for a range of reasonable possible scenarios; and
- agreeing sources of financing to supporting documents.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TANCO HOLDINGS BERHAD (Continued)

(Incorporated in Malaysia)

Key Audit Matters (Continued)

Revenue recognition for construction activities (Note 4(e) and Note 28 to the financial statements)

The amount of revenue of the Group's construction activities is recognised over the period of 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 bear to the estimated total costs for each project (input method). We focused on this area because significant Group's judgement is required, in particular with regards to determining the progress towards satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction contracts revenue and costs, as well as recoverability of the construction contracts projects. 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 procedure included, among others:

- understanding the Group's process in preparing project budget and the calculation of the progress towards anticipated satisfaction of performance obligation;
- comparing the Group's major assumptions to contractual terms, our understanding gathered from reading the terms and conditions of agreements with customers and assessing on management basis of recognition on these contracts over time; and
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year.

Property, plant and equipment and investment properties (Notes 4(a), 5 and 6 to the financial statements)

The Group assessed impairment of assets whenever the events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Certain property, plant and equipment and investment properties were impaired in the previous financial years. We focused on this area because significant judgement and estimates are involved in determining the indication of impairment and the recoverable amount of the identified properties in property, plant and equipment and investment properties. The Group estimated the recoverable amount of the properties primarily based on market valuation performed by external independent valuer.

Our response:

Our audit procedures included, among others:

- evaluating the competency, capabilities and objectivity of the external valuer which included consideration of their qualifications and experience;
- reading the valuation reports and discussed with the external valuer on their valuation approach and the significant judgements they made; and
- assessing the valuation approach used and the key assumptions based on our knowledge of the property industry.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TANCO HOLDINGS BERHAD (Continued)
(Incorporated in Malaysia)

Key Audit Matters (Continued)

Inventories (Notes 4(c) and 8 to the financial statements)

The Group held significant balance of unsold properties and properties held for development as at reporting date. Certain inventories were written down to its net realisable value in the previous financial years. We focused on this area because the assessment of these inventories at lower of cost and net realisable value by the Group requires judgement and estimates on their future saleability and net realisable value.

Our response:

Our audit procedures included, among others:
- reviewing the Group's assessment of the net realisable value of the identified inventories with their comparison to independent valuation reports;
- evaluating the competence, capabilities and objectivity of the external valuer which include consideration of their qualifications an experiences;
- reading the valuation reports and discussing with the external valuer on their valuation approach and the significant judgements they made; and
- assessing the valuation approach used and the key assumptions based on our knowledge of the property industry.

<u>Company</u>

Investments in subsidiaries (Notes 4(b) and 7 to the financial statements)

The Company has significant investments in subsidiaries. At the end of the financial year, the Company determined there was an indication of impairment on its investments in subsidiaries. We focused on this area because the Company's assessment of the recoverable amount involved significant judgement and estimates. The recoverable amount of the investments in the subsidiaries was determined based on fair value less costs of disposal of the subsidiaries' assets.

Our response:

Our audit procedures included, among others:
- evaluating the competence, capabilities and objectivity of the external valuer which include consideration of their qualifications and experiences;
- reading the valuation reports and discussing with external valuer on their valuation approach and significant judgements they made;
- testing the mathematical accuracy of the impairment assessment prepared by management; and
- assessing the valuation approach used and the key assumptions based on our knowledge of the property industry.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TANCO HOLDINGS BERHAD (Continued)
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TANCO HOLDINGS BERHAD (Continued)

(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- 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 financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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) & AF 0117
Chartered Accountants

Andrew Choong Tuck Kuan
No. 03264/04/2023 J
Chartered Accountant

Kuala Lumpur

Date: 27 October 2022

LIST OF PROPERTIES
AS AT 30 JUNE 2022

Location	Tenure	Area (acres)	Description and Existing Use	Year of Acquisition/ Revaluation	Age of Properties	Net Book Value RM'000
13th mile of Port Dickson Pasir Panjang main road Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus Lot No. / P.T. No. 2677-2679, 2790, 5839-5841, 5848-5858, 5927-29, 5932-5936, 5938-5943, 5945, 5948, 5955-5957, 5959-5961, 5964, 5965, 5968-5975, 5977-5979, 6002-6007, 6009, 6011-6014, 6016, 6022, 6027, 6029, 6030, 6034, 6035, 6037, 6050, 6054, 8075, 20125-20130, 20175, 20176, Lot 5830 : Geran 82000/M1/1/2-82000/M1/2/4, Lot No. 5834 : Geran 81996/M1/1/1-81996/M1/2/3-81996/M1/3&4/5-81996/M1/1/2-81996/M1/2/4-81996/M1/3&4/6, Lot 5835 : Geran 81995/M1/1/2, Lot No. 5836 : Geran 81994/M1/1/1-81994/M1/3&4/5-81994/M1/1/2-81994/M1/3&4/6, Lot No. 5838 : Geran 81992/M1/2/3-81992/M1/1/2, Lot No. 5842 : Geran 81991/M1/1/1-81991/M1/2/3-81991/M1/3&4/5-81991/M1/2/4-81991/M1/3&4/6, Lot No. 5843 : Geran 81990/M1/1/1-81990/M1/3&4/5-81990/M1/3&4/6, Lot No. 5844 : Geran 81989/M1/2/3-81989/M1/1/2, Lot No. 5845 : Geran 81988/M1/3&4/5-81988/M1/3&4/6, Lot No. 5846 : Geran 81987/M1/3&4/5-81987/M1/3&4/6, Lot No. 5847 : Geran 81986/M1/1/1-81986/M1/3&4/5-81986/M1/1/2-81986/M1/2/4-81986/M1/3&4/6, Lot No. 5870 : Geran 81963/M1/2/3, Lot No. 5879 : Geran 81954/M1/2/4, Lot No. 5884 : Geran 81949/M1/1/1, Lot No. 5886 : Geran 81947/M1/1/1-81947/M1/3&4/5-81947/M1/2/4-81947/M1/3&4/6, Lot No. 5887 : Geran 81946/M1/1/1-81946/M1/1/2, Lot No. 5888 : Geran 81945/M1/1/2-81945/M1/3&4/5-81945/M1/1/1-81945/M1/3&4/6-81945/M1/2/4, Lot No. 5889 : Geran 81944/M1/1/1-81944/M1/2/3-81944/M1/3&4/5-81944/M1/1/2-81944/M1/2/4-81944/M1/3&4/6, Lot No. 5890 : Geran 81943/M1/2/3-81943/M1/3&4/5-81943/M1/1/2-81943/M1/2/4-81943/M1/3&4/6, Lot No. 5891 : Geran 81942/M1/2/3-81942/M1/3&4/5-81942/M1/1/2-81942/M1/2/4-81942/M1/3&4/6,	Freehold with the exception of the golf course held under Lot No. 5960 and 8075 which is leasehold for 97 and 99 years to expire in the year 2093 and 2100	346.16	Comprising townhouse units, bungalow lots, golf course and other land parcels designated for various residential and resort type developments/ use located within an integrated resort development known as Dickson Bay	1993	-	218,529

LIST OF PROPERTIES
AS AT 30 JUNE 2022 (Continued)

Location	Tenure	Area (acres)	Description and Existing Use	Year of Acquisition/ Revaluation	Age of Properties	Net Book Value RM'000
13th mile of Port Dickson Pasir Panjang main road Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus (Continued) Lot No. 5862 : Geran 81971/M1/3&4/5, Lot No. 5861 : Geran 81972/M1/3&4/6, Lot No. 5859 : Geran 81974/M1/3&4/5, Lot No. 5829 : Geran 75549/M1/2/3-75549/M1/3&4/5-75549/M1/3&4/6, Lot No. 5828 : Geran 75550/M1/2/3-75550/M1/3&4/5-75550/M1/3&4/6, Lot No. 5827 : Geran 75551/M1/3&4/5-75551/M1/3&4/6, Lot No. 5826 : Geran 75552/M1/3&4/5-75552/M1/3&4/6, Lot No. 5823 : Geran 75555/M1/2/4, Lot No. 5821 : Geran 75557/M1/2/3, Lot No. 5816 : Geran 75562/M1/3&4/5, Lot No. 5815 : Geran 75563/M1/3&4/6, Lot No. 5814 : Geran 75565/M1/2/3-75565/M1/3&4/5-75565/M1/3&4/6, Lot No. 5813 : Geran 75566/M1/3&4/5, Lot No. 5812 : Geran 75567/M1/3&4/6, Lot No. 5810 : Geran 75569/M1/3&4/5, Lot No. 5885 : Geran 81948/M1/2/3-81948/M1/3&4/5-81948/M1/1/2-81948/M1/3&4/6, Lot No. 5884 : Geran 81949/M1/3&4/5-81949/M1/3&4/6, Lot No. 5883 : Geran 81950/M1/3&4/5-81950/M1/3&4/6, Lot No. 5882 : Geran 81951/M1/3&4/5-81951/M1/3&4/6, Lot No. 5881 : Geran 81952/M1/3&4/5-81952/M1/3&4/6, Lot No. 5880 : Geran 81953/M1/3&4/5-81953/M1/3&4/6, Lot No. 5879 : Geran 81954/M1/2/3-81954/M1/3&4/5-81954/M1/3&4/6, Lot No. 5878 : Geran 81955/M1/1/1-81955/M1/3&4/5-81955/M1/1/2-81955/M1/2/4-81955/M1/3&4/6, Lot No. 5877 : Geran 81956/M1/3&4/5-81956/M1/3&4/6, Lot No. 5831 : Geran 81999/M1/2/4, Lot No. 5822 : Geran 75556/M1/2/4, Lot No. 5814 : Geran 75565/M1/1/1, Lot No. 5887 : Geran 81946/M1/2/4, Lot No. 5885 : Geran 81948/M1/1/1, Lot No. 5865 : Geran 81968/M1/2/4, Lot No. 5837 : Geran 81993/M1/2/3, Lot No. 5837 : Geran 81993/M1/3&4/5						

LIST OF PROPERTIES
AS AT 30 JUNE 2022 (Continued)

Location	Tenure	Area (acres)	Description and Existing Use	Year of Acquisition/ Revaluation	Age of Properties	Net Book Value RM'000
Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus H.S.(D) No. 138578 Lot No. 7941	Freehold	11.03	Land for future development located in Dickson Bay	2000	-	11,818
Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus Lot No. 5908-5913 : Geran 81920-81925, Lot No. 5914-5917 : Geran 81916-81919, Lot No. 5918-5922 : Geran 81911-81915	Freehold	1.82	Comprising various blocks of resort townhouses for resort type development/ use located in Dickson Bay	2002	26 years	11,100
Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus H.S.(D) No. 24397 P.T. No. 5483	Leasehold for 99 years to expire in the year 2101	7.99	Land designated for institution development located in Dickson Bay	2002	-	2,400
Pekan of Kinrara District of Petaling Negeri Selangor Darul Ehsan No Hakmilik 71214 Lot No. 53489	Freehold	0.11	Land and building(s) for office use	2017	26 years	7,753
Mukim of Beserah District of Kuantan Pahang Darul Makmur H.S.(M) No. 1238-1243 P.T. No. 2125-2130	Freehold	1.12	Land and building(s) for resort type development/ use	1998	29 years	3,335
H.S.(M) No. 5580 P.T. No. 8080	Leasehold for 99 years to expire in the year 2117	0.93		2017	-	481
Mukim and District of Hulu Terengganu Terengganu Darul Iman H.S.(D) No. 717-719 P.T. No. 35-37	Leasehold for 60 years to expire in the year 2054	172.88	Land for resort type development	1998	29 years	1,841
Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus H.S.(D) No. 13101 P.T. No. 2787	Freehold	10.60	Land for future development located in Dickson Bay	2019	-	5,500

ANALYSIS OF SHAREHOLDINGS
AS AT 6 OCTOBER 2022

SHARE CAPITAL

No. of Issued Shares	:	1,766,607,293
Type of Securities	:	Ordinary Shares
No. of Shareholders	:	8,553
Voting Rights	:	One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage (%) of Shareholders	No. of Ordinary Shares Held	Percentage (%) of Ordinary Shares
Less than 100	1,107	12.94	37,199	0.00
100 – 1,000	1,559	18.23	1,168,862	0.07
1,001 – 10,000	3,818	44.64	18,131,650	1.03
10,001 – 100,000	1,669	19.51	53,960,182	3.05
100,001 to 88,330,364*	397	4.64	941,309,400	53.28
88,330,365 and above**	3	0.04	752,000,000	42.57
Total	8,553	100.00	1,766,607,293	100.00

Note:
* Denote less than 5% of the total number of issued shares
** Denote 5% and above of the total number of issued shares

TOP THIRTY (30) SECURITIES ACCOUNTS HOLDERS

No.	Name of Shareholders	No. of Ordinary Shares Held	Percentage (%) of Ordinary Shares
1.	TJN Capital Sdn. Bhd.	525,000,000	29.72
2.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd.	130,000,000	7.36
3.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Andrew Tan Jun Suan	97,000,000	5.49
4.	Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd.	61,059,064	3.45
5.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd.	50,000,000	2.83
6.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd. (M1868A)	40,000,000	2.26
7.	Luqman Bin Mohamed Jakel	31,561,200	1.79
8.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Luqman Bin Mohamed Jakel	30,000,000	1.70
9.	APEX Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Chow Tee (Margin)	27,400,000	1.55

ANALYSIS OF SHAREHOLDINGS
AS AT 6 OCTOBER 2022 (Continued)

TOP THIRTY (30) SECURITIES ACCOUNTS HOLDERS (Continued)

No.	Name of Shareholders	No. of Ordinary Shares Held	Percentage (%) of Ordinary Shares
10.	Tee Tiam Lee	25,000,000	1.41
11.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account – AMBANK (M) Berhad for Chiau Beng Teik (SMART)	23,000,000	1.30
12.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Liang Tian Kiat	22,050,000	1.25
13.	Yi-Lai Marketing Sdn. Bhd.	20,900,000	1.18
14.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Wee Terk (E-TJJ)	20,817,400	1.18
15.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Ong Choo Meng	20,000,000	1.13
16.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohamed Faroz Bin Mohamed Jakel	20,000,000	1.13
17.	Oon Sze Shun	17,984,000	1.02
18.	Chong Ah Suan	16,600,000	0.94
19.	M & A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Andrew Tan Jun Suan (M&A)	16,000,000	0.90
20.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yong Bee Bee	12,800,000	0.72
21.	ECYY Trading Sdn. Bhd.	12,726,700	0.72
22.	Oasis Harvest Holdings Sdn. Bhd.	12,500,000	0.71
23.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sharifah Filmariz Binti Syed Munir (SHA1028C)	12,000,000	0.68
24.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Sri Gan Chow Tee	11,117,500	0.63
25.	Lee Wee Kien	11,000,000	0.62
26.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Noridah Binti Mohd Embi (NOR1992C)	10,000,000	0.57
27.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Andrew Tan Jun Suan (MY1868)	10,000,000	0.57
28.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Andrew Tan Jun Suan (PB)	10,000,000	0.57
29.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chiau Haw Choon	10,000,000	0.57
30.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sherman Lam Yuen Suen	10,000,000	0.57
		1,316,515,864	74.52

SUBSTANTIAL SHAREHOLDERS
AS AT 6 OCTOBER 2022

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 6 OCTOBER 2022

	No. of Ordinary Shares Held			
Name of Shareholders	**Direct**	**Percentage (%)**	**Indirect**	**Percentage (%)**
Dato' Sri Andrew Tan Jun Suan	138,500,000[1]	7.84	806,059,064[2]	45.63
TJN Capital Sdn. Bhd.	806,059,064 [3]	45.63	-	-

Notes:

(1) Of the 138,500,000 ordinary shares, 97,000,000 ordinary shares are held through Affin Hwang Nominees (Tempatan) Sdn. Bhd., 16,000,000 ordinary shares are held through M & A Nominee (Tempatan) Sdn. Bhd., 10,000,000 ordinary shares are held through CGS-CIMB Nominees (Tempatan) Sdn. Bhd., 10,000,000 ordinary shares are held through CIMSEC Nominees (Tempatan) Sdn. Bhd., and 5,500,000 ordinary shares are held through Maybank Nominees (Tempatan) Sdn. Bhd.

(2) Deemed interested by virtue of his interest in TJN Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

(3) Of the 806,059,064 ordinary shares, 61,059,064 ordinary shares are held through Mercsec Nominees (Tempatan) Sdn. Bhd., 130,000,000 ordinary shares are held through Affin Hwang Nominees (Tempatan) Sdn. Bhd., 50,000,000 ordinary shares are held through Maybank Nominees (Tempatan) Sdn. Bhd., 40,000,000 ordinary shares are held through CGS-CIMB Nominees (Tempatan) Sdn. Bhd. and 525,000,000 ordinary shares are held under its own name.

ANALYSIS OF WARRANT HOLDINGS
AS AT 6 OCTOBER 2022

Total No. of Unexercised Warrants	:	883,303,290
Type of Securities	:	Warrants 2022/2025 (“Warrants”)
No. of Warrant Holders	:	7,660

ANALYSIS BY SIZE OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	Percentage (%) of Warrant Holders	No. of Warrants Held	Percentage (%) of Warrants
Less than 100	1,352	17.65	33,315	0.00
100 – 1,000	2,346	30.63	1,527,639	0.17
1,001 – 10,000	2,861	37.35	11,259,656	1.28
10,001 – 100,000	865	11.29	29,261,566	3.31
100,001 to 44,165,164*	233	3.04	465,221,114	52.67
44,165,165 and above**	3	0.04	376,000,000	42.57
Total	7,660	100.00	883,303,290	100.00

Note:
* Denote less than 5% of the total number of unexercised warrants
** Denote 5% and above of the total number of unexercised warrants

TOP THIRTY (30) WARRANT HOLDERS

No.	Name of Warrant Holders	No. of Warrants Held	Percentage (%) of Warrants
1.	TJN Capital Sdn. Bhd.	262,500,000	29.72
2.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd.	65,000,000	7.36
3.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Andrew Tan Jun Suan	48,500,000	5.49
4.	Luqman Bin Mohamed Jakel	30,636,600	3.47
5.	Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd.	30,529,532	3.45
6.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd.	25,000,000	2.83
7.	APEX Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Chow Tee (Margin)	21,191,400	2.40
8.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd. (M1868A)	20,000,000	2.26
9.	Chong Ah Suan	18,000,000	2.04
10.	APEX Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chong Li Ping (Margin)	17,850,000	2.02

ANALYSIS OF WARRANT HOLDINGS
AS AT 6 OCTOBER 2022 (Continued)

TOP THIRTY (30) WARRANT HOLDERS (Continued)

No.	Name Warrant Holders	No. of Warrants held	Percentage (%) of Warrants
11.	APEX Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Liang Tian Kiat (Margin)	15,236,900	1.72
12.	Mohamed Nizam Bin Mohamed Jakel	11,525,000	1.30
13.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account – Ambank (M) Berhad for Divine Intentions Sdn. Bhd. (Smart)	11,500,000	1.30
14.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Wee Terk (E-TJJ)	11,115,000	1.26
15.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Sri Gan Chow Tee	10,725,000	1.21
16.	Mohamed Faroz Bin Mohamed Jakel	10,700,000	1.21
17.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Ong Choo Meng	10,000,000	1.13
18.	Tee Tiam Lee	10,000,000	1.13
19.	Oon Sze Shun	8,992,000	1.02
20.	M & A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Andrew Tan Jun Suan (M&A)	8,000,000	0.91
21.	Mohamed Izani Bin Mohamed Jakel	6,900,000	0.78
22.	ECYY Trading Sdn. Bhd.	6,363,350	0.72
23.	Oasis Harvest Trading Sdn. Bhd.	6,250,000	0.71
24.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yong Bee Bee	5,650,000	0.64
25.	Lee Wee Kien	5,500,000	0.62
26.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Andrew Tan Jun Suan (MY1868)	5,000,000	0.57
27.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Andrew Tan Jun Suan (MY1868)	5,000,000	0.57
28.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chiau Haw Choon	5,000,000	0.57
29.	Tham Quek Ngok	5,000,000	0.57
30.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Leong Kim Fong	4,586,300	0.52
		702,251,082	79.50

STATEMENT OF DIRECTORS' INTERESTS
IN THE COMPANY AND ITS RELATED CORPORATIONS AS AT 6 OCTOBER 2022 (AS PER THE REGISTER OF DIRECTORS' SECURITIES HOLDINGS)

Directors' Shareholdings in the Holding Company:-
- TJN Capital Sdn. Bhd.

<u>Ordinary Shares</u>

	No. of Ordinary Shares Held			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Dato' Sri Andrew Tan Jun Suan	7,025	70.25	-	-
Christopher Tan Khoon Suan	585	5.85	-	-

Directors' Shareholdings in the Company:-

<u>Ordinary Shares</u>

	No. of Ordinary Shares Held			
Name of Director	**Direct**	**%**	**Indirect**	**%**
Dato' Sri Andrew Tan Jun Suan	138,500,000(1)	7.84	806,059,064(2)	45.63

Directors' Warrant Holdings in the Company:-

<u>Warrants 2022/2025</u>

	No. of Warrants 2022/2025 Held			
Name of Director	**Direct**	**%**	**Indirect**	**%**
Dato' Sri Andrew Tan Jun Suan	69,250,000(3)	7.84	403,029,532(4)	45.63

Notes:

(1) Of the 138,500,000 ordinary shares, 97,000,000 ordinary shares are held through Affin Hwang Nominees (Tempatan) Sdn. Bhd., 16,000,000 ordinary shares are held through M & A Nominee (Tempatan) Sdn. Bhd., 10,000,000 ordinary shares are held through CGS-CIMB Nominees (Tempatan) Sdn. Bhd., 10,000,000 ordinary shares are held through CIMSEC Nominees (Tempatan) Sdn. Bhd., and 5,500,000 ordinary shares are held through Maybank Nominees (Tempatan) Sdn. Bhd.

(2) Deemed interested by virtue of his interest in TJN Capital Sdn. Bhd. ("TJN") pursuant to Section 8 of the Companies Act 2016. Of the 806,059,064 ordinary shares, 61,059,064 ordinary shares are held through Mercsec Nominees (Tempatan) Sdn. Bhd., 130,000,000 ordinary shares are held through Affin Hwang Nominees (Tempatan) Sdn. Bhd., 50,000,000 ordinary shares are held through Maybank Nominees (Tempatan) Sdn. Bhd., 40,000,000 ordinary shares are held through CGS-CIMB Nominees (Tempatan) Sdn. Bhd. and 525,000,000 ordinary shares are held under TJN.

(3) Of the 69,250,000 warrants, 48,500,000 warrants are held through Affin Hwang Nominees (Tempatan) Sdn. Bhd., 8,000,000 warrants are held through M & A Nominee (Tempatan) Sdn. Bhd., 5,000,000 warrants are held through CGS-CIMB Nominees (Tempatan) Sdn. Bhd., 5,000,000 warrants are held through CIMSEC Nominees (Tempatan) Sdn. Bhd., and 2,750,000 warrants are held through Maybank Nominees (Tempatan) Sdn. Bhd.

(4) Deemed interested by virtue of his interest in TJN pursuant to Section 8 of the Companies Act 2016. Of the 403,029,532 warrants, 30,529,532 warrants are held through Mercsec Nominees (Tempatan) Sdn. Bhd., 65,000,000 warrants are held through Affin Hwang Nominees (Tempatan) Sdn. Bhd., 25,000,000 warrants are held through Maybank Nominees (Tempatan) Sdn. Bhd., 20,000,000 warrants are held through CGS-CIMB Nominees (Tempatan) Sdn. Bhd. and 262,500,000 warrants are held under TJN.

Dato' Sri Andrew Tan Jun Suan is deemed to have an interest in the ordinary shares of all the subsidiaries to the extent the Company has an interest by virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016.

Save as disclosed, none of the other Directors of the Company has any interest in the ordinary shares or warrants of the Company and its related corporations as at 6 October 2022.

TANCO HOLDINGS BERHAD
Registration No. 195801000190 (3326-K)
(Incorporated In Malaysia)
登高集團

FORM OF PROXY

No. of Shares Held	CDS Account No.	Member's Contact No.

I/We……
(FULL NAME IN BLOCK LETTERS)

(NRIC No. /Passport No. /Company Registration No. ……………………………………………………………………)

of ……
(EMAIL ADDRESS & FULL RESIDENTIAL ADDRESS)

being a member/members of **TANCO HOLDINGS BERHAD**, do hereby appoint ………………………………………………

……………………………………………………………………… (NRIC No. / Passport No……………………………………………)
(FULL NAME IN BLOCK LETTERS)

of ……
(EMAIL ADDRESS & FULL RESIDENTIAL ADDRESS)

*and/*or failing him/her,……………………………………………………… (NRIC No. / Passport No. ……………………………)
(FULL NAME IN BLOCK LETTERS)

of ……
(EMAIL ADDRESS & FULL RESIDENTIAL ADDRESS)

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to participate, speak and vote for me/us on my/our behalf at the Sixty-Third (63rd) Annual General Meeting ("AGM") of the Company to be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities provided by Vote2U via online meeting platform at https://web.vote2u.my (Domain Registration No. with MYNIC D6A471702) on Thursday, 15 December 2022 at 10.30 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of 63rd AGM. My/our proxy is to vote as indicated below:-

No.	Resolutions		For	Against
1.	Re-elect Mr. James Wong Kwong Yew as Director	Resolution 1		
2.	Re-elect Mr. Christopher Tan Khoon Suan as Director	Resolution 2		
3.	Re-elect Dato' Martini binti Osman as Director	Resolution 3		
4.	Re-elect Ms. Chew Shen Hoay as Director	Resolution 4		
5.	Payment of Directors' fees for the period from 16 December 2022 until the next AGM of the Company to be held in 2023 for the Non-Executive Directors of the Company	Resolution 5		
6.	Payment of Director's fee for the period from 17 December 2021 up to the forthcoming 63rd AGM of the Company for Dato' Martini binti Osman	Resolution 6		
7.	Payment of benefits payable (excluding Directors' fees) for the period from 16 December 2022 until the next AGM of the Company to be held in 2023 for the Non-Executive Directors of the Company	Resolution 7		
8.	Re-appointment of Auditors and authorise the Directors to fix their remuneration	Resolution 8		
9.	Retention of Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse as an Independent Non-Executive Director	Resolution 9		
10.	Retention of Mr. James Wong Kwong Yew as an Independent Non-Executive Director	Resolution 10		
11.	Approval for issuance of new ordinary shares pursuant to Section 75 and Section 76 of the Companies Act 2016	Resolution 11		

Please indicate with an 'X' in the appropriate spaces as to how you wish your vote to be cast. 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, abstain from voting.

For appointment of two (2) proxies, no. of shares and percentage of shareholdings to be represented by the proxies:		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Dated this____________day of____________________ 2022.

** Strike out whichever not applicable*

____
Signature(s) of Member(s) / Common Seal

Last Fold This Flip for Sealing

NOTES:

(i) The 63rd AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities provided by Agmo Digital Solutions Sdn Bhd ("Agmo") via its Vote2U online meeting platform at https://web.vote2u.my.

(ii) The main venue of the 63rd AGM for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairman of the Meeting to be at the main venue, is the online meeting platform provided by Agmo via its Vote2U online meeting platform at https://web.vote2u.my in Malaysia. Shareholders/proxies are strongly advised to participate, speak (in the form of real-time submission of typed texts) and vote remotely at the 63rd AGM through live streaming and online remote voting using the RPV facilities. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely via the RPV facilities.

(iii) Only members whose names appear on the Record of Depositors as at 8 December 2022 shall be eligible to participate, speak (in the form of real-time submission of typed texts) and vote remotely at the AGM via RPV facilities or to appoint proxy(ies) in his/her stead or in the case of a corporation, a duly authorised representative to participate, speak and/or vote in its stead.

(iv) A member entitled to participate, speak and vote at the AGM is entitled to appoint a proxy or proxies to participate, speak and vote in his/her stead. A proxy may, but need not, be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate, speak and vote at the AGM shall have the same rights as the member to speak at the AGM.

(v) A member may appoint up to two (2) proxies to participate, speak and vote at the same AGM. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

(vi) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), 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. In such instance, the member shall specify the securities account number for each appointment.

(vii) Where a member of the Company is an exempt authorised nominee as defined under the SICDA 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 to the omnibus account.

(viii) The instrument appointing a proxy or proxies shall be signed by the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(ix) For a proxy to be valid, the Form of Proxy duly completed and signed must be deposited at the Company's Registered Office at No. 1, Jalan Bandar 1, Pusat Bandar Puchong, 47160 Puchong, Selangor Darul Ehsan or via electronic means through Vote2U online meeting platform at https://web.vote2u.my (please refer to the Administrative Guide for further information on electronic submission) not less than 48 hours before the time set for holding the AGM or any adjournment thereof.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of 63rd AGM dated 31 October 2022.

2nd Fold Here

Affix
Stamp Here

The Company Secretary

TANCO HOLDINGS BERHAD

Registration No. 195801000190 (3326-K)
No. 1, Jalan Bandar 1,
Pusat Bandar Puchong,
47160 Puchong,
Selangor Darul Ehsan

1st Fold Here

TANCO HOLDINGS BERHAD
Registration No. 195801000190 (3326-K)
No.1, Jalan Bandar 1, Pusat Bandar Puchong, 47160 Puchong,
Selangor Darul Ehsan, Malaysia.

Tel : 603-8070 8288 | Fax : 603-8070 8299 | Web : www.tancoholdings.com