TANCO HOLDINGS BERHAD

Registration No. 195801000190 (3326-K)

登高集團

ANNUAL REPORT

2023

OUR VISION

To be a responsible and trusted investment holding company.

OUR MISSION

To drive growth in key businesses by identifying, growing, sustaining and enhancing valued strategic partnerships on a win-win basis, but always keeping true to our core values.

OUR CORE VALUES

TRUST
Upholding integrity, transparency and open communication to build trust with all stakeholders.

ALIGNMENT OF INTEREST
Cultivating meaningful and win-win relationships with our clients, partners, and communities to create interest alignment and ownership.

NIMBLENESS
Embracing change, continuously evolving and reimagining our future to stay at the forefront of the industry.

CULTURE
Collaborative and inclusive driven by humility and mutual respect that is reflected in the stability of our management team and partners.

OPTIMISM
Maintain a positive and optimistic attitude, even in the face of challenges, fostering a can-do spirit and encouraging resilience and creativity within our organization.

64TH ANNUAL GENERAL MEETING

DATE : 20 December 2023 (Wed)

TIME : 10.30 a.m.

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

ONLINE DOWNLOAD

1. Annual Report 2023
2. Corporate Governance Report 2023
3. Circular to Shareholders
4. Notice of 64th AGM
5. Form of Proxy
6. Administrative Guide for the 64th AGM
7. 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.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **Sixty-Fourth (64th) 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 Wednesday, 20 December 2023 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 2023 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) Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	(Resolution 1)
	(ii) Datuk Rashidi bin Hasbullah	(Resolution 2)
		Please refer to Explanatory Note 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) Mr. Wong Jee Seng	(Resolution 3)
	(ii) Madam Syafinaz Merican binti Isahak Merican	(Resolution 4) *Please refer to Explanatory Note 2*
4.	To approve the payment of Director's fee amounting to RM26,226.00 for the period from 29 March 2023 up to the date of the forthcoming 64th AGM of the Company for Mr. Wong Jee Seng.	(Resolution 5) *Please refer to Explanatory Note 3*
5.	To approve the payment of Director's fee amounting to RM26,226.00 for the period from 29 March 2023 up to the date of the forthcoming 64th AGM of the Company for Madam Syafinaz Merican binti Isahak Merican.	(Resolution 6) *Please refer to Explanatory Note 3*
6.	To approve the payment of Directors' fees of up to RM221,000.00 for the period from 21 December 2023 until the next AGM of the Company to be held in 2024 for the Non-Executive Directors of the Company.	(Resolution 7) *Please refer to Explanatory Note 3*
7.	To approve the payment of benefits payable (excluding Directors' fees) up to an amount of RM109,000.00 for the period from 21 December 2023 until the next AGM of the Company to be held in 2024 for the Non-Executive Directors of the Company.	(Resolution 8) *Please refer to Explanatory Note 3*
8.	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 9) *Please refer to Explanatory Note 4*

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:-

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 ("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 10)
Please refer to Explanatory Note 5

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. **Ordinary Resolution**
    - Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed New Shareholders' Mandate")

"THAT, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and/or its subsidiaries ("Tanco Group") to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3.3 of the Circular to Shareholders dated 30 October 2023 ("Circular") with the related parties listed in Section 2.3.2 of the Circular which transactions are necessary for the day-to-day operations, in the ordinary course of business of Tanco Group and are carried out at arm's length basis on normal commercial terms of Tanco Group on terms not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental of the minority shareholders of the Company;

(Resolution 11)
Please refer to Explanatory Note 6

NOTICE OF ANNUAL GENERAL MEETING (Continued)

AS SPECIAL BUSINESS (continued)

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

10. **Ordinary Resolution**
    - **Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed New Shareholders' Mandate) (continued)**

    THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:

    (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the said authority shall lapse, unless renewed by a resolution passed at that meeting; or

    (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

    (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

    whichever is the earlier;

    AND THAT, the Directors and/or any of them be and are hereby authorised to do all acts, deeds, things and execute all necessary documents as may consider necessary and expedient in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary and expedient to implement, finalise and give full effect to the transactions contemplated and/or authorised by this resolution."

11. 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
30 October 2023

NOTICE OF ANNUAL GENERAL MEETING (Continued)

NOTES:-

A. Proxy and Entitlement of Attendance

(i) The 64th 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 64th 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 64th 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 13 December 2023 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, 7 and/or 8 concerning his or her Director's fees and Director's benefits (excluding Director's fees) at the 64th AGM. Any Director referred to in Ordinary Resolutions 1 – 4 who is a shareholder of the Company will abstain from voting on the resolution in respect of his/her re-election as a Director at the 64th 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. Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse and Datuk Rashidi bin Hasbullah are standing for re-election as Directors and being eligible, have offered themselves for re-election.

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. Mr. Wong Jee Seng and Madam Syafinaz Merican binti Isahak Merican who were appointed as Independent Non-Executive Directors on 29 March 2023, are standing for re-election and being eligible, have offered themselves for re-election.

In determining the eligibility of the Directors to stand for re-election at the forthcoming 64th AGM of the Company, the Nomination Committee, guided by the requirements of Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Practice 6.1 of the Malaysian Code on Corporate Governance has recommended Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse and Datuk Rashidi bin Hasbullah for re-election as Directors of the Company pursuant to Clause 114 of the Company's Constitution and Mr. Wong Jee Seng as well as Madam Syafinaz Merican binti Isahak Merican for re-election as Directors of the Company pursuant to Clause 119 of the Company's Constitution (collectively referred to as "**Retiring Directors**"). The Board has conducted a separate assessment which includes the following and was satisfied with the Retiring 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:

a. Fit and proper assessment;
b. Contribution and performance;
c. Calibre and personality; and
d. Independence Self-Assessment of the Independent Non-Executive Director, where relevant.

NOTICE OF ANNUAL GENERAL MEETING (Continued)

EXPLANATORY NOTES:- (Continued)

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

Therefore, the Board recommended that the same be tabled to the shareholders of the Company for approval at the forthcoming 64th AGM of the Company under Resolutions 1, 2, 3 and 4, respectively. The evaluation criteria adopted as well as the process of assessment by the Board have been duly elaborated in the Corporate Governance Overview Statement of the Annual Report 2023. The Retiring Directors were able to meet the Board's expectations in terms of experience, expertise, integrity, competency, participation, and contribution. Each Retiring Director demonstrates a commitment to the role and has sufficient time to meet his/her commitment to the Company. The Retiring Directors had consented to their re-election and abstained from deliberations and voting in relation to their individual re-election at the Nomination Committee meeting and Board meeting respectively.

The profiles of the Retiring Directors are set out in the Directors' Profile section of the Annual Report 2023.

3. Ordinary Resolutions 5, 6, 7 and 8 - 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, 6,7 and 8.

(i) **Ordinary Resolution 5 - Payment of Director's fee to Mr. Wong Jee Seng**

Following the appointment of Mr. Wong Jee Seng as an Independent Non-Executive Director of the Company with effect from 29 March 2023, the Director's fee payable to Mr. Wong Jee Seng was pro-rated from 29 March 2023 (Date of Appointment) up to the date of the forthcoming 64th AGM of the Company.

(ii) **Ordinary Resolution 6 - Payment of Director's fee to Madam Syafinaz Merican binti Isahak Merican**

Following the appointment of Madam Syafinaz Merican binti Isahak Merican as an Independent Non-Executive Director of the Company with effect from 29 March 2023, the Director's fee payable to Madam Syafinaz Merican binti Isahak Merican was pro-rated from 29 March 2023 (Date of Appointment) up to the date of the forthcoming 64th AGM of the Company.

(iii) **Ordinary Resolution 7 – 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 2022, 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

NOTICE OF ANNUAL GENERAL MEETING (Continued)

EXPLANATORY NOTES:- (Continued)

3. **Ordinary Resolutions 5, 6, 7 and 8 - Payment of Directors' fees and Benefits Payable (excluding Directors' fees) to Non-Executive Directors (Continued)**

(iv) **Ordinary Resolution 8 - 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 RM109,000.00 for the period from 21 December 2023 until the next AGM of the Company to be held in 2024 as follows:-

	RM
Directors' meeting attendance allowances	63,500.00
Directors' other benefits	45,500.00
Total	109,000.00

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 9 - 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 2024.

5. **Ordinary Resolution 10 - Approval for Issuance of new Ordinary Shares pursuant to Section 75 and Section 76 of the Act**

The proposed Ordinary Resolution No. 10, 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 15 December 2022, and which will lapse at the conclusion of the 64th AGM. A renewal of this General Mandate is being sought at the 64th AGM under the proposed Ordinary Resolution No. 10.

NOTICE OF ANNUAL GENERAL MEETING (Continued)

EXPLANATORY NOTES:- (Continued)

5. **Ordinary Resolution 10 - Approval for Issuance of new Ordinary Shares pursuant to Section 75 and Section 76 of the Act (Continued)**

   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).

6. **Ordinary Resolution 11 - Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed New Shareholders' Mandate")**

   The proposed Ordinary Resolution 11, if passed, will allow the Company and its subsidiaries ("the Group") to enter into Recurrent Related Party Transactions in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such Recurrent Related Party Transactions occur. This would reduce substantial administrative time, inconvenience and resources associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The Proposed New Shareholders' Mandate is subject to renewal on an annual basis. Please refer to the Circular to Shareholders dated 30 October 2023 for further information.

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 64th 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 5 of the Notice of this meeting.

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
Non-Independent Non-Executive Chairman

Dato' Sri Andrew Tan Jun Suan
Group Managing Director

Datuk Rashidi bin Hasbullah
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

Wong Jee Seng
Independent Non-Executive Director

Syafinaz Merican binti Isahak Merican
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE
Wong Jee Seng (Chairman)
Datuk Rashidi bin Hasbullah
Dato' Martini binti Osman

NOMINATION COMMITTEE
Datuk Rashidi bin Hasbullah (Chairman)
Dato' Martini binti Osman
Syafinaz Merican binti Isahak Merican

REMUNERATION COMMITTEE
Dato' Martini binti Osman (Chairperson)
Datuk Rashidi bin Hasbullah
Syafinaz Merican binti Isahak Merican

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
Email: bsr.helpdesk@boardroomlimited.com

AUDITORS
Baker Tilly Monteiro Heng PLT
Chartered Accountants

PRINCIPAL BANKERS
CIMB Islamic Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad,
Malaysia
Stock Name: Tanco
Stock Code : 2429

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

On behalf of the Management and Board of Directors, we are pleased to present to you the Management Discussion and Analysis of Tanco Holdings Berhad (“referred to as “Tanco” or “the Company”) and its subsidiaries (collectively known as the “Group”) for the financial year ended 30 June 2023 (“FY2023”).

Tanco's strategic approach to its operating environment, including associated risks and opportunities, is elaborated upon in this statement. This presentation also includes a summary of the Group's accomplishments and performance during the reviewed period. Additionally, the Management provides insights into our future outlook and highlights the priorities set to ensure continuous value creation for all stakeholders.

BACKGROUND

Since its inception in 1995, Tanco has carved a niche in the property development landscape. The Group's signature beachside properties, complemented by their foray into the tourism and leisure sectors, have solidified their reputation as a premier integrated resort developer.

As part of our growth strategies to strengthen our revenue base, the Group has diversified into sectors such as infrastructure and construction, playing a pivotal role in urban development by undertaking significant infrastructure projects, enhancing our construction capabilities and establishing ourselves in the construction material supply chain.

The Group diligently pursues regulatory pathways to unlock potential opportunities in the pharmaceutical sector where recent developments within the local industry may provide exciting growth prospects apart from potentially contributing positively to the overall healthcare industry.

Embracing a future-forward vision, the focus on our businesses and dedication to long-term opportunities position Tanco as a multifaceted investment with vast potential in established and emergent industries.

OPERATING ENVIRONMENT

Global

The global economy, continually influenced by a myriad of internal and external forces, is navigating a complex web of challenges. Recent events have underscored the intrinsic interdependence of world economies, from the US banking crisis to China's lingering real estate issues. Aside from that, some of the factors that hindered growth in 2022 are still present even as we move forward from the COVID-19 pandemic, as the World Health Organization (“WHO”) ended the global emergency status for COVID-19 in May 2023. These factors, combined with the rising geopolitical tension, including the intensification of the Russia-Ukraine war, highlight a landscape replete with uncertainties.

Adding another layer of complexity is the persistent global inflationary pressures that are further exacerbated by the potential energy crisis from ongoing geopolitical tensions, trade wars and sanctions, as well as prolonged supply chain disruptions. Central banks worldwide are in a tight spot, attempting to strike a balance between restoring price stability and ensuring economic growth. As a result, this has led to a monetary policy tightening, including the interest rate hikes that consequentially impacted businesses, escalating borrowing costs.

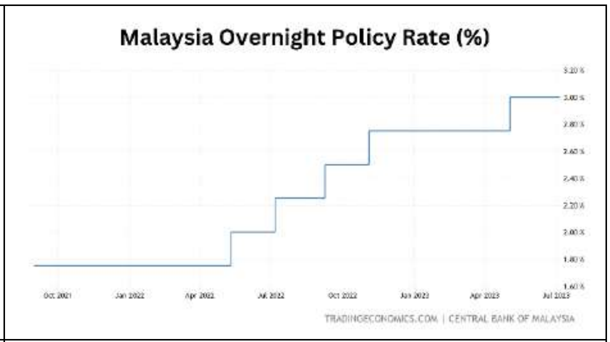
Amidst this backdrop, projections indicate a slowdown in global growth from 3.5% in 2022 to 3.0% in both 2023 and 2024. While the forecast for 2023 shows a glimmer of optimism compared to the predictions from the April 2023 World Economic Outlook (WEO), it still remains modest in the context of historical trends. On the inflationary front, global headline inflation is projected to ease from 8.7% in 2022 to 6.8% in 2023, settling at 5.2% in 2024. However, core inflation's trajectory is anticipated to follow a gentler descent, with forecasts for 2024 being slightly revised upwards.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATING ENVIRONMENT (Continued)

Domestic

Source: Bank Negara Malaysia (BNM)'s Quarterly Bulletin 1Q 2023



Source: Trading Economics, BNM

The Malaysian economy has remained resilient during the first quarter of 2023 (“1Q 2023”) despite the challenging environment, registering a growth rate of 5.6%. The robust 1Q 2023 performance significantly bolsters Malaysia’s confidence in achieving the government’s projected Gross Domestic Product (“GDP”) growth rate for the entire year, which is between 4.0% and 5.0%. Bank Negara Malaysia (“BNM”) also retains its forecast for the country’s GDP at between 4.0% and 5.0% as domestic demand remains resilient and improvements can be seen in the job market.

Malaysia's strong start in 2023 is attributed to consistent growth across all sectors. Services and manufacturing have been particularly robust, witnessing growth rates of 7.3% and 3.2% respectively. A significant propellant of this economic uptrend has been the unwavering domestic demand, reflecting growing economic confidence spurred by robust private expenditure and an invigorated labour market. The labour sector’s narrative has been one of continued positivity. Q1 2023 saw the unemployment rate stabilise at an impressive 3.5%, slightly better than the 3.6% in Q4 2022.

On the inflation front, measures by the government to implement price controls and extend consumer subsidies have borne fruit. The inflation rate for Q1 2023 eased to 3.6%, down from 3.9% in Q4 2022. By March 2023, domestic inflation further dipped to 3.4%, making Malaysia's inflation control more effective than many advanced and regional nations, such as the UK, the Philippines, Singapore, the US, and Indonesia.

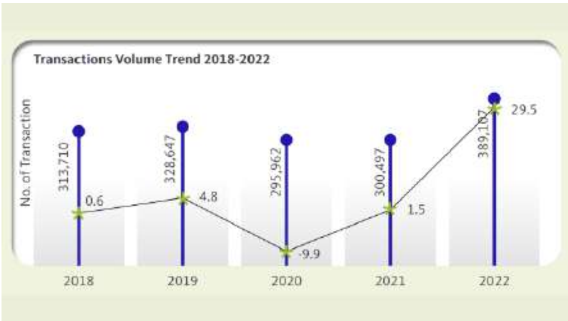
While Malaysia's economic storyline has been largely positive, challenges are on the horizon, including diminishing external demand due to waning global trade, geopolitical tension, surging price pressures and tightening financial conditions. Interest rates have risen over the last year, with the Overnight Policy Rate (“OPR”) increasing from 1.75% to 3.0%. This change led to steeper loan repayments and lending costs.

However, the property sector has showcased promising growth even against this challenging backdrop. In 2022, the sector recorded over 389,000 property transactions valued at RM179.07 billion, marking a growth of 29.5% in volume and 23.6% in value. The year saw an influx of new properties with a 23.4% surge, culminating in 54,118 units compared to 43,860 in 2021. Sales maintained a moderate pace, accounting for 36.0% of the launched units. A notable positive trend was the marked reduction in overhang property units. Overhang volumes and values diminished by 24.7% and 19.2% year-on-year (“yoy”), respectively, leaving 27,746 units valued at RM18.41 billion, down from 36,863 units and RM22.79 billion in 2021.

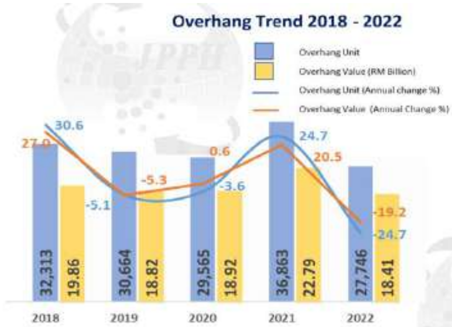
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATING ENVIRONMENT (Continued)

Domestic (Continued)



Source: National Property Information Centre ("NAPIC")



Source: Trading Economics, Bank for International Settlements

Tanco's Strategic Response

In light of Malaysia's economic recovery in 1Q 2023, Tanco has seized the opportunity to mark a significant rebound in its financial performance during the current financial year. The Group has continued with the progressive handover of units in Tower 2 of the Splash Park Suites and positioned ourselves at the forefront of the recovery in the property market with improved sales in our property development segment of FY2023, echoing the nation's rebounding sentiment.

Aside from that, the Group has also taken proactive measures to strengthen our revenue base via other business segments that are synergistic and complementary to our property development business. The Group's active and selective pursuit of infrastructure projects, particularly East Coast Rail Link ("ECRL"), showcased Tanco's adaptability and resolve in the face of a complex economic environment. The Group is also building new capabilities via construction projects and supplying construction materials. This aligns with the Government's supportive policies for the construction industry and will strengthen the outlook of the Group's order books. The Group has also proactively established strong partnerships to ensure a consistent supply of building materials, as part of our strategic initiative in mitigating potential supply chain disruptions that have impacted numerous industries.

This period marked Tanco's transition to profitability and reflected our focused execution of strategies in aligning with Malaysia's economic uptrend. The repayment of most of the bank borrowings and the unwavering commitment to financial discipline is also part of our strategy to strengthen the Group's resilience, amidst economic uncertainties and rising interest rate environment, in order to reduce our financing costs.

During the financial year, the Group also acquired Gplex Properties Sdn Bhd ("GPlex Properties"), which has a 49% associate company, Gplex Realty Sdn Bhd ("GPlex Realty"). This has not only fortified our presence in the property sector but also echoes the broader trend of Malaysian businesses expanding their reach. By serving an extensive array of projects without unduly inflating overheads, Tanco remains agile and competitive.

Meanwhile, the health supplements business segment will be pursuing a few regulatory approvals which will allow the Group to position the supplements better and catalyse opportunities for growth. As Malaysia endeavours to find its footing amidst global challenges, Tanco's milestone in the pharmaceutical division, with Herbitec (M) Sdn Bhd obtaining the Ethics Board's nod for human clinical trials for NODEN, also mirrors the nation's drive towards innovation and healthcare excellence. Overall, Tanco's strategic moves in the current financial year not only underline our adaptability and vision but also resonate with Malaysia's broader economic recovery narrative, setting the stage for continued sustainable growth potential.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS HIGHLIGHTS

PROPERTY DEVELOPMENT

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


Artist impression of Dickson Bay

Dickson Bay, a sprawling 480-acre seafront land in Port Dickson, Negeri Sembilan, stands as the Group's crown jewel. Positioned strategically on Jalan Pantai in Mukim Pasir Panjang, it holds the promise of becoming the most expansive integrated resort in Port Dickson. The vision is to develop Dickson Bay in multiple stages over a decade.

While the COVID-19 pandemic has delayed some of the progress of the development of “Tower 2” of the Splash Park Suite over the last two years, the Group has commenced with development activities at Dickson Bay during the financial year. This has led to a strong earnings recovery as sales and delivery of Tower 2 picks up with the handover of the Tower 2 units has been progressing seamlessly.

Once completed, Archipelago Overseas Pte. Ltd. ("Archipelago"), our strategic partner from Indonesia, will manage Tower 2. Archipelago boasts an impressive portfolio with over 200 properties globally, spanning various hotel brands such as Kamuela, Aston, Alana, Harper, Quest, Neo, Favehotel, and Nomad. These range from ultra-luxurious private pool villas to serviced apartments and selected economy-class hotels.

The Group is also looking at a potential launch of a new tower in Splash Park, contingent on the market dynamics.

Kuantan Hotel Suites, Kuantan, Pahang

Artist impression of Kuantan Hotel Suites

The Kuantan Hotel Suites is set to be a 20-storey boutique hotel, poised on a 2.05-acre beachfront plot at Beserah Beach, a mere 15 minutes from Kuantan. This luxurious establishment will feature 365 elegantly designed rooms and suites, a beachfront alfresco dining area, an elevated swimming pool, a banquet hall, and a comprehensive range of amenities.

While the Group has secured the majority of the required approvals, it is actively pursuing the remaining authorisations from pertinent authorities. The previous COVID-19 restrictions did impede the development process, but the Group is now actively seeking collaborations with potential partners to reinvigorate the project.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS HIGHLIGHTS (Continued)

KEY CORPORATE DEVELOPMENTS

Facilitation Fund Agreement with the Government of Malaysia

On 20 November 2017, a subsidiary within the Group entered into a Facilitation Fund Agreement (“FFA”) with the Government of Malaysia, represented by the Public-Private Partnership Unit of the Prime Minister’s Department and Bank Pembangunan Malaysia Berhad (“BPMB”). Under the stipulations of the FFA, the Government committed to providing a grant amounting to up to RM12.8 million to the subsidiary. This grant was intended to fund various project phases that included the planning, designing, financing, and constructing of a water theme park, an 18-storey hotel and convention hall, a 24-storey service apartment block, and a 20-storey service apartment block.

However, changes were on the horizon. On 7 April 2021, a Supplemental Agreement (“SA”) was signed to modify certain terms of the FFA. This agreement involved the subsidiary, the Government, and BPMB. The SA led to a revision in the project's scope, narrowing it down to a single 24-storey service apartment block accompanied by essential facilities and public infrastructure. Consequently, the initial grant amount was adjusted to a maximum of RM4.6 million or 0.7% of the project's actual construction costs, whichever is lower. This grant was accessible from 1 April to 31 December 2021, with a possible extension of up to six months, termed the "Availability Period". For a more comprehensive breakdown of the SA, one can refer to the Group's announcement dated 8 April 2021. The COVID-19 pandemic's unprecedented challenges halted on-site progress for two years. Given these extraordinary circumstances, negotiations are currently underway regarding a possible extension of the Availability Period. As of FY2023, these negotiations remain ongoing.

Granting of Lease Call Option

On 31 May 2019, the subsidiary, acting as the lessor, entered into a lease agreement with 5T3M, the lessee. Under this agreement, the subsidiary consented to lease a parcel of commercial freehold land, spanning approximately 7.5454 acres and located in Pekan Sungai Menyala, Port Dickson, Negeri Sembilan. The purpose of this lease is to facilitate the construction and operation of the STEM EduPark on the said land.

The financial responsibilities concerning STEM EduPark's development, including construction costs, renovations, and the provisioning of necessary equipment, fall upon 5T3M. The projected development cost is estimated to be RM33.0 million. Once completed, the STEM EduPark will house various facilities, including general amenities, a STEM Discovery Zone, an Activity Zone, and a STEM Hubs Zone. 5T3M has outlined a phased development plan spanning an estimated 28 months, which began in November 2019.

Within the lease's terms, 5T3M committed to constructing and inaugurating the Water Play Section within a year from the lease's initiation. While both parties can negotiate extensions, the ongoing challenges posed by the COVID-19 pandemic, compounded by government measures like the MCO and its variants, have already necessitated a delay. The new target completion date for the Water Play Section is now set for the latter half of 2023.

Additionally, the agreement empowers 5T3M with an option to purchase the leased land for an agreed sum of RM20 million. However, this option must be exercised within the initial five years of the lease's start. If 5T3M chooses to buy, the subsidiary can realise a net gain of RM9.80 million from the sale. This selling price signifies a premium of RM0.28 million, or roughly 1.42% above the land's market value from February 2019, which was RM19.72 million. If 5T3M declines the purchase option, the subsidiary will continue accruing rental income. Whether through the land's sale or the continued lease, the Group's financial footing will see enhancement.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS HIGHLIGHTS (Continued)

KEY CORPORATE DEVELOPMENTS (Continued)

Strategic collaborations and joint ventures

During the financial year, the Group took the strategic step of acquiring GPlex Properties, which has a 49% associate company, GPlex Realty. GPlex Realty is a licensed real estate agency that is well-known for its strong agency force and ethical standards. Our investment in Gplex Properties has significantly bolstered our property development business. This acquisition has equipped us with robust sales and marketing capabilities that are underpinned by an in-house sales submission and online processing platform. While we exercised financial prudence and refrained from major capital expenditures in the past year due to volatile market conditions, our strategic investment in early 2023 into Gplex Properties denotes our sustainable growth approach.

This move not only strengthened our foothold in the property sector but also resonated with the wider trajectory of Malaysian businesses broadening their horizons. By effectively managing a diverse range of projects without disproportionately increasing overhead costs, Tanco has maintained its agility and competitiveness in the market.

GPlex Realty's promising performance in the first half of 2023 indicates a potential record in revenue and profit, positively impacting our financial results for FY2023 during the consolidation of the Group's financial performance. Moreover, given GPlex Realty's upward growth trajectory and our secured 3-year profit guarantee upon its acquisition, we remain optimistic about its future. This optimism is further reinforced by the anticipated growth of the Malaysian property sector.

The Group is also open to joint ventures with other landbank proprietors, depending on the location and prevailing market conditions. Furthermore, pivoting towards industrial areas presents an enticing proposition, especially given the upward trajectory observed for our landbanks.

CONSTRUCTION

Tanco's construction business strategically emphasises identifying and securing construction projects that offer timely and secure payments. A notable example of this approach is our involvement with the ECRL and related projects, which are currently under construction. As part of our growth strategy, we prioritise establishing strategic alliances with esteemed partners. These collaborations ensure a consistent supply of building materials furnished with favourable payment terms, thereby fortifying our construction endeavours.

Our recent successes and progress in the construction domain, epitomised by projects such as the ECRL contracts, have enabled us to strengthen the revenue base of Tanco Builders. This not only amplifies our construction business profile but also complements our established property development operations. Amidst intense competition, we continue to enhance our construction track record, as seen with flagship infrastructure projects like the ECRL. Our goal remains to build our order book while maintaining strict financial discipline judiciously.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS HIGHLIGHTS (Continued)

CONSTRUCTION (Continued)

Contract win for subgrade works of ECRL project

In a significant development dated 30 March 2023, the Board of Directors announced that Tanco Builders Sdn. Bhd. (“TBSB”), a direct subsidiary of Tanco Development Sdn. Bhd. (“Tanco Development”), and an integral part of the Group accepted a Letter of Award from China Communications Construction (ECRL) Sdn. Bhd. (“CCCESB”). This acceptance pertains to the construction and completion of subgrade works specific to Section 9 of the ECRL project.

Following this, CCCESB and TBSB formalised their partnership by signing the Subcontract Agreement (SA). Under this agreement, TBSB is entrusted with responsibilities in the ECRL project for a sum of RM43.37 million. The agreement stipulates a specific start date for the project, which will be initiated upon CCCESB’s written directive. The target for completion is set at 325 days from this commencement.

Secured contract for construction of Rumah Selangorku project from Win Global Builder

Tanco Holdings Bhd’s unit has secured a contract for the construction of a Rumah Selangorku project from Win Global Builder Sdn Bhd (“WGBSB”) for RM82.76 million.

A filing with Bursa on 26 July 2023 said that the Group’s indirect wholly-owned subsidiary, TBSB, had accepted the letter of award (“LOA”) from Arkitek CKL, on behalf of WGBSB, to undertake the main building and infrastructure works for the project, which will have one block of Rumah Selangorku apartments (400 units). TBSB is expected to complete the works within 32 months once the commencement contract date is decided.

WGBSB is the developer of the project, which will also a kindergarten, parking lots and attendant facilities such as surau, management office, hall, shops, swimming pool, refuse chamber and guard post. In April, WGBSB had appointed Tanco Properties Sdn Bhd, another indirect wholly owned unit of Tanco, to be the project management consultant of the project.

Strategic collaboration with reputable partners for supply of building materials

Aside from the potential wins from the infrastructure projects, the Group also collaborate with reputable partners capable of providing a consistent and beneficial supply of building materials to put us in a position to ensure the steady progress of our construction projects. This collaborative approach not only ensures a seamless project execution but also enhances our market positioning in the construction business landscape.

Construction arm for its property development business

Tanco also has a clear strategy for the expansion of its construction business development, which provides a natural synergy and complements the Group’s property development business. One of the Group’s strategic plans includes potentially taking on building or condominium construction projects on our own land. This move not only capitalises on the land we already possess but also eliminates or substantially reduces land holding costs. Additionally, we are actively considering forming joint ventures with prospective partners to leverage this advantage further.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS HIGHLIGHTS (Continued)

PHARMACEUTICAL

HERBITEC (M) SDN BHD ("Herbitec")

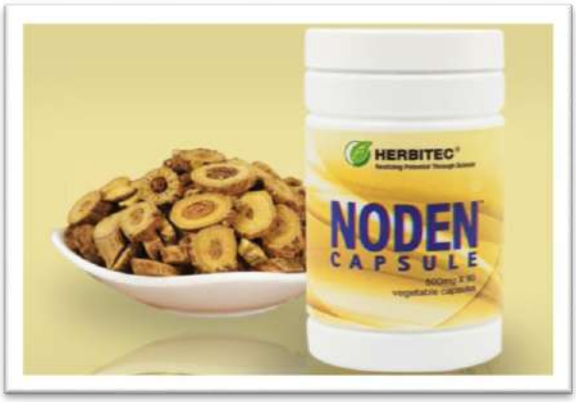
On December 2, 2021, the Group disclosed that its 51% owned indirect subsidiary, Herbitec, had forged a Research Services Agreement (hereafter referred to as "the Agreement") with the esteemed Universiti Malaya (UM). This partnership was initiated for UM to conduct an in-depth Clinical Trial Study, specifically titled "Effect of NODEN Supplement Against Dengue Infection."

Through this strategic collaboration, the Group aims to rigorously assess the antiviral capabilities of NODEN in combating Dengue. The Group ensures an unbiased and thorough examination by entrusting this pivotal study to a reputable institution like UM.

With the expertise of UM, the Group has successfully procured the necessary Ethics Board approval to embark on these human clinical trials. This monumental approval marks a significant step forward as it paves the way for us to approach the Health Ministry and potential local distributors. Our vision extends to supplying and distributing NODEN to public healthcare institutions and healthcare sectors in nations severely impacted by dengue— a menace amplified due to erratic weather patterns in tropical regions.

As the UM Clinical Trial Study progresses, it is worth noting that the Group's supplements, having secured requisite approvals from the Ministry of Health, are now conveniently accessible for purchase on their official website: www.herbitec.com. Furthermore, the Group remains committed to continuous Research & Development endeavours, aiming to diversify and augment our health supplement product line.

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



NODEN: Traditionally used as a fever and cold remedy.

LIVARTON: Traditionally used as a liver tonic.

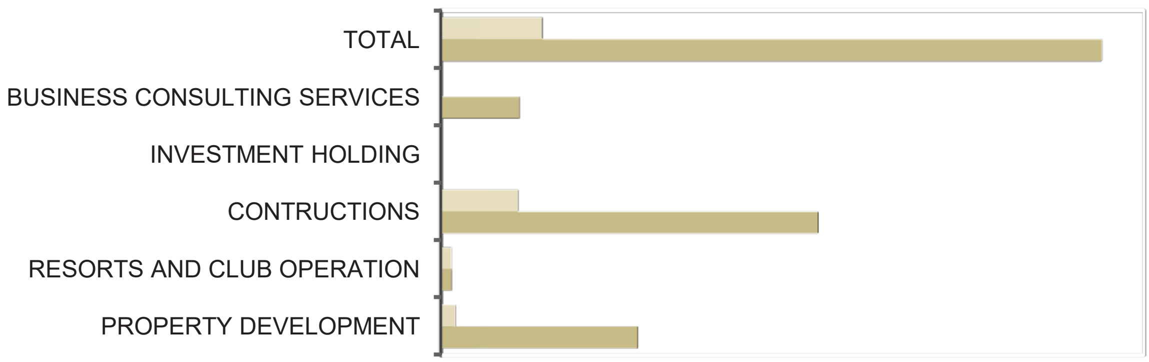
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FINANCIAL PERFORMANCE

The financial highlights of the Group are shown in the table below:

Group Profit or Loss	2023 RM'000	2022 RM'000
Revenue	93,850	14,325
Cost of Sales	(71,519)	(12,007)
Gross Profit	**22,331**	**2,318**
Gross profit margin	*24%*	*16%*
Other Income (include finance income)	19,725	1,551
Administrative Expenses	(19,797)	(14,150)
Finance Costs	(475)	(2,701)
Profit/(Loss) before Taxation	**21,784**	**(12,982)**
Tax Expense	(862)	(66)
Profit/(Loss) during the Financial Year	**20,922**	**(13,048)**

REVENUE 2023 VS 2022
(RM'000)



	Property Development	Resorts and Club Operation	Contructions	Investment Holding	Business Consulting Services	Total
2022	RM2,015	RM1,442	RM10,859	RM9	RM-	RM14,325
2023	RM27,833	RM1,478	RM53,406	RM36	RM11,097	RM93,850

2022 2023

Revenue and Earnings

In FY2023, Tanco witnessed a turnaround to profitability. Revenue soared to RM93.850 million in FY2023, marking an almost 7-fold increase from the RM14.325 million recorded in the previous financial year. This turnaround can be attributed to focus in executing strategic initiatives.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FINANCIAL PERFORMANCE (Continued)

One of the standout accomplishments in property development was the progressive completion of Splash Park Tower 2. In the realm of construction, the company sharpened its focus to identify and secure projects like the ECRL and its related ventures, ensuring timely and secured payments. Furthermore, Tanco was committed to forging strategic alliances with esteemed partners, ensuring a consistent supply of building materials on favourable payment terms. Finally, our acquisition of Gplex Properties Sdn. Bhd. has also positively contributed to our financial performance. As a result of these strategic moves, Tanco transitioned from a net loss of RM13.048 million in FY2022 to achieving a net profit of RM20.922 million in FY2023.

Assets and Liabilities

In FY2023, the Group's total assets were valued at RM418.96 million, marking an increase of 46.15% from the previous financial year. Tanco boasts a robust asset profile, which substantially surpasses its liabilities, positioning the company well to meet its financial obligations and future working capital needs seamlessly. A significant achievement in this period was the full repayment of our bank borrowings, which has allowed us to maintain minimal to zero holding costs and substantially reduced financing costs. By doing so, we are better equipped to develop our land with enhanced profit margins. Apart from the loan related to our headquarters in Puchong, we have cleared all bank borrowings, freeing our landbank from encumbrances. This strategic move ensures that we have unfettered access to our entire landbank, ready for development, without any holding costs.

In a reassuring move for investors, Tanco's financial health saw a robust improvement in FY2023. The company's current assets experienced a significant surge of 101.21% yoy, reaching RM179.50 million in FY2023, up from RM89.21 million recorded in FY2022. This impressive growth signifies the company's heightened liquidity position, ensuring it is well-equipped to meet short-term obligations and capitalise on immediate investment opportunities. Furthermore, the company's non-current assets, which encapsulate long-term investments and other enduring assets, also observed an uptick. They grew by 21.28% yoy, amounting to RM239.46 million in FY2023. Such an increase underscores Tanco's continued commitment to strategic long-term investments, ensuring sustained growth and value creation for its shareholders in the years to come.

It is worth highlighting that under the 7-year RM100.0 million RCN Programme spanning from 2016 to 2023, Tanco is structured to issue four distinct tranches of RCNs. The first three tranches are each valued at RM20.0 million, while the fourth tranche has an allocation of RM40.0 million. As of 23 May 2023, the Company has fully issued the first and second tranches, each amounting to RM20.0 million. Additionally, RM20.0 million from the third tranche and RM12.0 million from the fourth tranche have been released. In summation, Tanco has issued RCNs totalling RM72 million to date.

As at the date of this report, the status of the utilisation of the gross proceeds of RM72 million arising from the RCN issuance is as follow:-

Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation ^
Splash Park project	79,600	55,433	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 Proposals	7,500	5,592	Within thirty-six (36) months
Total	**100,000**	**72,000**	

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FINANCIAL PERFORMANCE (Continued)

Assets and Liabilities (Continued)

On the liabilities front, total liabilities increased by 54.18% to RM176.49 million in FY2023, compared to RM114.47 million in FY2022. Despite the increase, the Group’s short-term liabilities, those due within the upcoming 12-month span, only grew by 57.14% to RM159.81 million in FY2023 from RM101.70 million a year ago. Meanwhile, Tanco’s non-current liabilities increased 30.54% yoy to RM16.68 million in FY2023.

Given the robust asset growth, Tanco's equity foundation also showed positive momentum, which is particularly reassuring for shareholders. The company's retained earnings, a key component of shareholder's equity and a reflection of the company's cumulative net income, doubled to RM32.09 million in FY2023 from RM13.56 million in FY2022. This surge in retained earnings reinforces the notion that the company is effectively generating profit over time and is prudently managing its financial resources. Such profits, retained within the business, offer the potential for future investments and potential business expansions. Meanwhile, total equity jumped by 40.82% to RM242.47 million in FY2023 from RM172.19 million in FY2022. When taken together with the aforementioned asset growth, this upward trajectory in retained earnings underscores Tanco's strong financial footing and its commitment to delivering shareholder value.

Liquidity and cash flows

In FY2023, Tanco exhibited a compelling financial performance, but the Group’s cash flow was in negative territory. Despite the robust numbers in their financial statements, the group's operating cash flow remained negative territory with an operating cash outflow of RM24.99 million. In addition, the investment cash flow also reported an outflow of RM13.07 million. This was mainly due to the acquisition of GPlex Properties for RM20.0 million. This investment, while causing short-term cash outflows, can be seen as a sign of Tanco's commitment to future growth and expansion. On the brighter side, the financing cash flow was positive at RM40.0 million. This was mainly from the proceeds of the issuance of RCN and exercise of Warrants. The negative operating and investing cash flows reflect the Group’s strategic moves for long-term growth, while the positive financing cash flow ensures that the Group has the necessary resources to support these strategies and continue its growth trajectory.

OUTLOOK AND PROSPECTS

Property

The property market faced challenges in the first half of 2023, with buyers reluctant towards rising prices and sellers finding it difficult due to the bleak economic outlook and rising OPR to 2.75% in November 2022. According to the National Property Information Centre (“NAPIC”), property transactions in 1Q 2023 declined by 5.7% yoy to 89,000. However, this number still surpasses the transaction figures from the pre-pandemic years. Additionally, the total value of these transactions experienced a modest yoy growth of 0.8%, amounting to RM42.31 billion.

Notably, with a 60.5% of the property market share, the residential sub-sector remained the primary driver of the property market, registering close to 54,000 transactions worth RM20.87 billion. Regarding price distribution, properties priced RM300,000 and below constituted the majority, with 29,560 transactions (54.8%). Those priced between RM300,001 and RM500,000 accounted for 13,325 transactions (24.7%), while properties priced above RM500,001 contributed to 11,038 transactions (20.5%). Factors like the typical seasonal slowdown in property purchases at the year's outset, the OPR hike, and the drop in the Consumer Sentiment Index (CSI) (99.2 points in 1Q 2023 vs. 108.9 points in 1Q 2022) played a significant role in the downturn, especially in the residential market.

Despite this, analysts are hopeful for the latter half of the year, anticipating more buying activities. With 2023 being seen as a year of recovery and resurgence for the market, analysts expect previously hesitant buyers to consider making purchases, signalling a steady recovery in transaction volumes.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OUTLOOK AND PROSPECTS (Continued)

Property (Continued)

Data from Bank Negara Malaysia shows a 26.6% month-on-month increase in loan applications for property purchases in February 2023, marking the highest in six months.

Aside from the residential properties, commercial property is still recovering from the pandemic's impact. According to a 1Q 2023 report from the NAPIC, occupancy rates in offices and shopping complexes have seen a slight uptick. The industrial property market is also flourishing, with sales reaching RM5.02 billion in 1Q 2023. Demand is driven by the e-commerce boom and the need for compliant infrastructure aligning with environmental, social, and governance (ESG) standards.

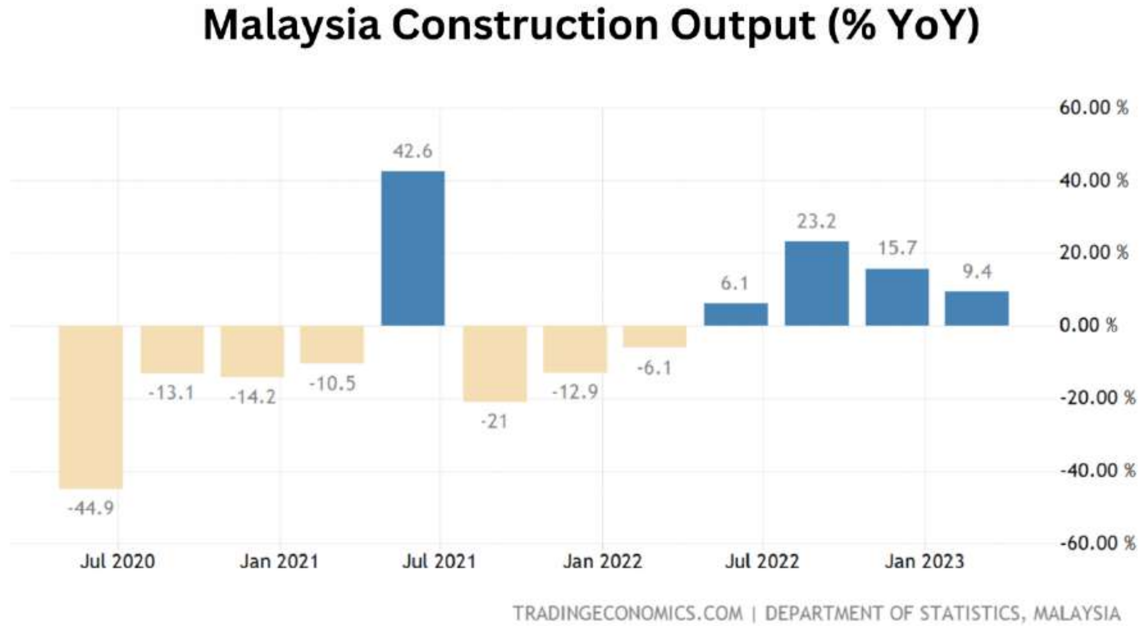
Experts forecast a promising outlook for the property market in 2024. However, consistent hikes in the OPR might slow the market's recovery. They emphasise the role of government interventions in ensuring stability and boosting property transactions. Despite the positive market outlook, concerns about potential increases in OPR linger as it might dampen property buying interest. Another concern to monitor is the property overhang in Malaysia. This situation stems from factors such as a mismatch between supply and demand, property valuation, financial lending constraints, and the evolving housing preferences of the younger demographic.

In light of the property market's recovery, our strategy involves considering the unveiling of a new tower in Splash Park based on market dynamics. This is as we continue to focus on progressively delivering the vacant possession of Tower 2 Services Suites and selling the remaining units. The Group also plans to explore potential strategic partners and potentially repurposing some of the Group's landbanks for industrial purposes that complement the logistics industry. This aligns with the rising demand for the commercial and industrial property market.

Construction

According to the Malaysian Department of Statistics ("DOSM"), construction activity rose 9.4% from a year earlier in 1Q 2023, easing from the previous two quarters. This was the fourth straight period of increase in construction output but the softest pace since 2Q 2022, amid moderation in the output of non-residential buildings, civil engineering and special trade activities.

At the same time, activity related to residential buildings fell by 2.2%, reversing from a 5.3% expansion previously. Last year, the construction output expanded by 8.8%, rebounding from a 5.0% fall in 2021.



Source: Department of Statistics Malaysia (DOSM), TradingEconomics

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OUTLOOK AND PROSPECTS (Continued)

Construction (Continued)

For 2023, the domestic construction sector is expected to increase by 6.1%, supported by an improved performance by all sub-sectors. The Economic & Fiscal Outlook and Revenue Estimates 2023 report highlighted that the initiation of new endeavours, such as the Klang Valley Double Track (KDVT) Phase 2 upgrade, coupled with the accelerated progress of existing projects like the ECRL and the 5G network deployment, will be pivotal in driving the civil engineering sub-sector forward. Moreover, the report indicates that as investments approved for manufacturing sector projects materialise, they will foster increased demand for non-residential buildings. Furthermore, the residential building sub-sector is poised for steady growth, underpinned by a surge in the provision of affordable housing, aligning with the objectives of the 12th Malaysia Plan strategy.

In the Revised Budget 2023, the Malaysian government has earmarked substantial sums for infrastructural advancements. The Mass Rapid Transit 3 (“MRT3”) project cost is set to be reviewed with an aim to reduce it below RM45 billion. For enhancing digital connectivity, the government is pushing for 80% 5G coverage by the end of 2023. Other investments are being allocated for construction, including for road projects, airports and the refurbishments of clinics and schools.

Recently, the Group has been awarded construction and completion of subgrade works specific to Section 9 of the ECRL project for RM43.37 million. Going forward, the Construction arm of the Group remains committed, consistently adopting a selective approach to bid on diverse infrastructure project parcels while also exploring opportunities in affordable housing schemes. This approach aligns with the Group's inherent strengths and comprehensive risk assessments. Central to the Group's strategy is prioritising appropriately-sized parcels in collaboration with the right main contractors or customers. This ensures not only sound financial dealings but also minimises our exposure to escalating material costs.

Our endeavours are always in line with our financial capabilities, and we aim for long-term growth while also enhancing our expertise and capacity. Furthermore, we are honing our pricing strategy to maintain competitiveness and offer cost-effective solutions for our clients. Having forged strategic alliances with construction material suppliers, the Group began its foray into supplying construction materials in the 2Q FY2022. This move affords us a more stable pricing mechanism for selected materials, positioning us favourably to undertake more infrastructure projects. Additionally, we are considering constructing buildings or condominiums on our land or collaborating with potential joint venture partners to ensure negligible or no land-holding costs.

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 USD 2.9 billion in the year 2020. Malaysia's pharmaceutical industry garnered RM266.8 million in approved investment in 2022, according to the Malaysian Investment Development Authority (“MIDA”). During the Revised Budget 2023, the Health Ministry received the second-largest allocation of RM36.3 billion, an increase from RM32.4 billion last year. The allocation was mostly to buy medicine, reagents, vaccines and consumables, while RM3 billion will be set aside for new permanent positions and the appointment of over 1,500 contract medical officers, contract dentists and contract pharmacists.

The Malaysian Government recognises the pharmaceutical sector as a pivotal industry, promoting its growth through comprehensive policies and regulations under the Industry4WRD framework. This commitment ensures that policies stay updated and roadmaps evolve in response to market and technological shifts. Building on its reputation as a regional manufacturing powerhouse complemented by a thriving services sector, Malaysia’s 12MP leverages the nation's robust economic foundation and investment-friendly history. It aims to prioritize economic sustainability by adjusting structures and setting new benchmarks. In light of the recent pandemic, the role of the pharmaceutical industry has become paramount, underscoring the need to bolster healthcare readiness. The government, therefore, is emphasising the enhancement of the healthcare system, ensuring adequate pharmaceutical services from securing ample medical supplies to efficient distribution across healthcare establishments.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OUTLOOK AND PROSPECTS (Continued)

Pharmaceutical (Continued)

Currently, healthcare expenditure is approximately 6.6% of the nation's GDP. With a rising population, increased life expectancy, and the government's commitment to elevating healthcare standards, this percentage is poised to grow.

According to Malaysia’s Pharmaceutical Industry: A Fast-Growing Force report, the pharmaceutical sector in Malaysia has consistently expanded over the past decade, marking it as a crucial growth sector. It operates under the stringent oversight of the National Pharmaceutical Regulatory Agency (“NPRA”), a subsidiary of the Ministry of Health. A primary component of the NPRA is the Drug Control Authority (“DCA”), responsible for ensuring that pharmaceuticals, as well as health and personal care products sold in Malaysia, meet the highest standards of safety, quality, and efficacy.

Currently, Malaysia boasts over 269 licensed pharmaceutical manufacturers. Among these, 66.54% (179 manufacturers) specialise in traditional medicine and health supplements. Another 29.0% (78 manufacturers) produce pharmaceuticals, while the remaining 4.46% (12 manufacturers) are dedicated to veterinary product production.

The Group’s Pharmaceutical segment is currently engaging with Universiti Malaya on the “Effect of NODEN Supplement Against Dengue Infection: A Clinical Trial Study” on the efficacy of herbal compounds and extracts. The Group believes that entrusting this study to a renowned university ensures impartiality and expertise. This has helped to lead to the approval of human trails by the Ethics Board. This step significantly boosts our chances to approach the Health Ministry and potential local distributors. Upon proving its efficacy, we aim to distribute NODEN primarily to public hospitals, leveraging strong local partnerships with well-established distributors.

Future plans and outlook for the Group

Despite the global and domestic challenges, the economy has displayed signs of recovery, fueled by agile strategies and adaptive business models. The Group is poised to not only harness this renewed momentum but also shape new paradigms of success across its diverse verticals. The Group stands on the cusp of transformative growth, with expansive strategies and collaborations across its property, construction, and pharmaceutical domains. These diversified forays are evidence of the Group's commitment to capitalising on emergent market opportunities in order to achieve sustainable growth potential.

Property Development

With the recovery of the property market in sight, the Group is primed to focus on expansive strategies. One of the most significant recent acquisitions is GPlex Properties, which offers a compelling portfolio to bolster the Group's property development endeavours. The potential launching of new towers in places like Splash Park and collaboration with joint ventures will further optimise the Group's real estate assets based on prevailing market conditions.

Going into FY2024, the Group will continue to explore and forge strategic tie-ups with domestic and international players in order to leverage 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 of this is within the Group's Property segment. Through strategic partnerships, the Group is advancing its master development vision for Dickson Bay in Port Dickson. Specifically, with Archipelago Overseas Pte Ltd (“Archipelago”) at the helm, responsibilities encompass management, operations, hotel/resort sales and marketing, financial accounting, recruitment, training, and maintenance of Splash Park Suites. Concurrently, 5T3M is tasked with constructing and subsequently managing, administering, and maintaining the STEM EduPark at Dickson Bay.

Aside from that, the plan to pivot towards promising industrial areas and GPlex Properties’ integration opens new growth corridors. By marrying organic growth with strategic acquisitions, the Group aims to set new benchmarks in property development, ensuring resilient growth even amidst challenges.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OUTLOOK AND PROSPECTS (Continued)

Construction

In the construction sector, the Group remains a proactive player. The involvement with large-scale projects like the ECRL underscores the Group's capabilities in handling monumental infrastructure endeavours. With a focus on judiciously bidding for a diverse range of infrastructure projects, the Group is exploring affordable housing schemes that align with its strengths and risk evaluations. Partnering with the right contractors and stakeholders ensures a shield against fluctuating material costs while establishing strategic partnerships with material suppliers paves the way for more streamlined operations. This dual strategy of partaking in landmark projects like ECRL while nurturing internal efficiencies sets the Group apart in the construction landscape.

Pharmaceutical

The pharmaceutical segment is shaping up as a beacon of innovation for the Group. The strategic partnership with UM, focusing on the clinical trials of NODEN against dengue, demonstrates the Group's commitment to addressing pressing global health challenges. As the pharmaceutical industry in Malaysia charts a growth trajectory, the Group's alignment with national regulatory frameworks positions it well to harness this momentum. Upon the fruition of the trials and subsequent approvals, NODEN is set to redefine public healthcare solutions, with the Group envisaging its distribution not just locally but in dengue-prone regions worldwide.

With a local economic outlook that remains resilient and 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 optimise viable opportunities, and achieve its growth plans. The Group’s multi-pronged approach, spanning property development, construction, and pharmaceutical sectors, outlines a future of sustainable growth with strengthened revenue base. As it integrates key acquisitions like GPlex Properties, embarks on national infrastructural projects like ECRL, and pioneers health solutions through NODEN, the Group's trajectory is one of robust and sustained growth.

ACKNOWLEDGEMENT

In the face of the unpredictable landscape of 2023, the Group, through collective determination and synergy, not only navigated the complexities but also achieved a commendable recovery in our financial performance. This remarkable turnaround has been made possible by the unwavering guidance of our Board members, coupled with the relentless dedication of our management team and employees who showcased agility, innovation, and resilience. We are deeply grateful to our bankers and business partners for their unwavering support, making our achievements this year even more significant.

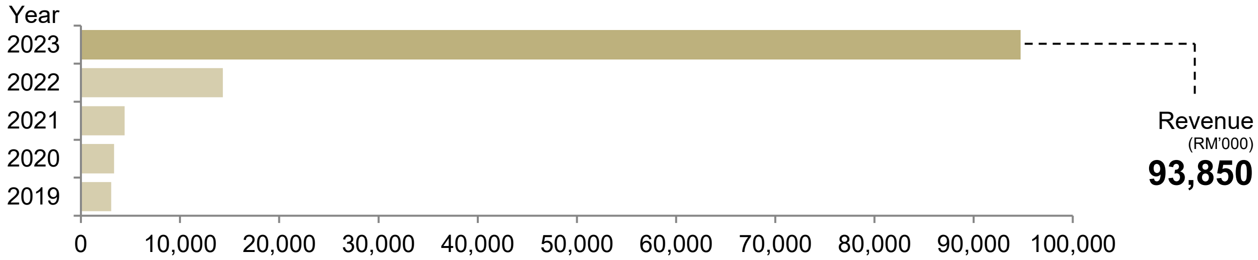
Disclaimer

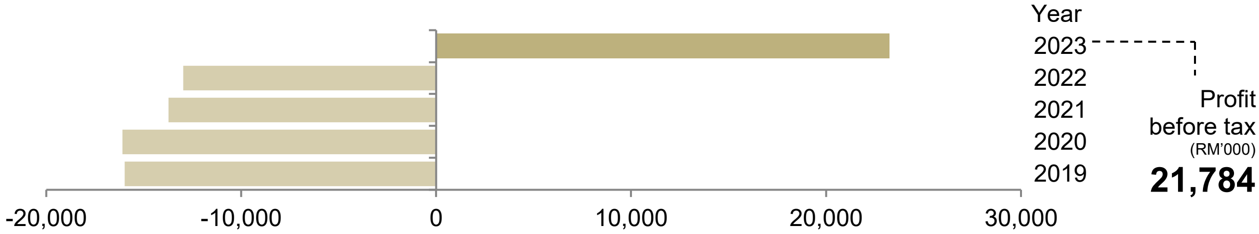
The management’s overview of the Group’s operations and financial performance for the FYE 30 June 2023 were based on management information made available that may not have been specifically audited and were made to the extent that these did not compromise competitively sensitive information. The above also contains opinions and forward-looking views. As such, readers’ discretion is advised.

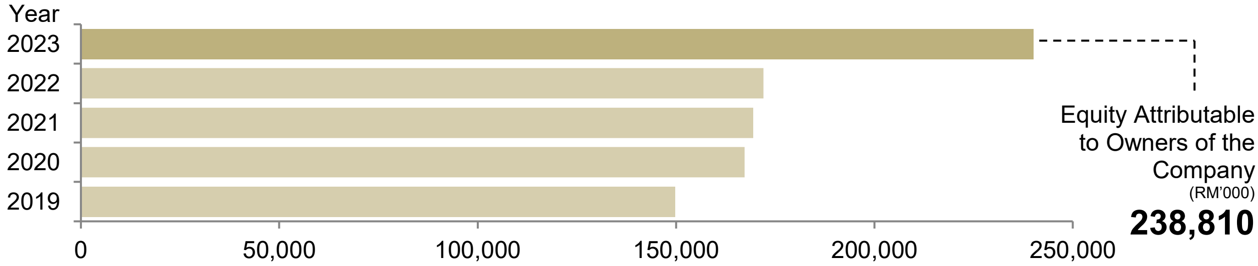
FINANCIAL HIGHLIGHTS

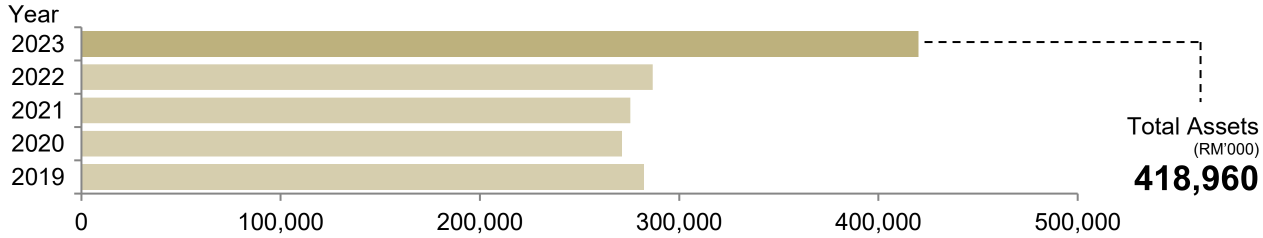
GROUP		2023	2022	2021 (restated)	2020 (restated)	2019 (restated)
Total assets	RM'000	418,960	286,667	275,454	271,368	282,134
Total liabilities	RM'000	176,491	114,474	105,708	104,116	132,325
Equity attributable to owners of the Company	RM'000	238,810	172,049	169,453	167,252	149,809
Revenue	RM'000	93,850	14,325	4,423	3,354	3,044
Profit/(Loss) before tax	RM'000	21,784	(12,982)	(13,730)	(16,085)	(15,986)
Profit/(Loss) after tax attributable to owners of the Company	RM'000	18,533	(12,899)	(13,722)	(17,138)	(15,544)
Profit/(Loss) per share	Sen	1.03	(0.77)	(1.04)	(2.06)	(2.25)
Return on total assets	%	4.42	(4.50)	(4.98)	(6.32)	(5.51)
Return on shareholders' equity	%	7.76	(7.49)	(8.10)	(10.25)	(10.38)
Gearing ratio	Times	0.08	0.24	0.26	0.27	0.30

Note:
1) The financial statements for FYE 2023 to FYE 2019 are prepared in accordance with Malaysian Financial Reporting Standards (MFRS).









SUSTAINABILITY STATEMENT

Tanco Holdings Berhad (“Tanco” or “the Group”) humbly presents our Sustainability Statement (“Statement”) for the financial year ended 30 June 2023 (“FYE2023”), highlighting our initial steps towards the integration of Environmental, Social, and Governance (“ESG”) principles into our foundational business activities. Recognising the significant interplay of socio-economic and environmental considerations in our operations, we aim to ensure enduring value for all our stakeholders.

Our core values - Trust, Alignment of Interest, Nimbleness, Culture, and Optimism - are central to our approach. They not only guide our actions but also illuminate our journey towards sustainability. This statement shines a light on Tanco's modest and measured sustainability milestones for FYE2023.

With our vision of becoming a responsible and trusted investment holding company at the forefront, sustainability remains an ever-evolving journey for Tanco. We are optimistic about deepening clarity and transparency around our sustainability endeavours in future narratives. While this statement provides an overview of our commitment and achievements for this financial year, our dedication to refining the quality of our reporting ensures that our stakeholders remain well-informed and closely involved.

Reporting Standards

Our Statement has been diligently crafted in adherence to:

- Global Reporting Initiatives (GRI) standards
- Bursa Malaysia’s Sustainability Reporting Guide Third Edition as directed by Bursa Malaysia
- United Nations Sustainability Development Goals (“UN SDGs”)
- Tanco's own Sustainability Framework

This framework is supported by our sustainability governance, which oversees these policies and processes. This sustainability framework and governance will outline a clear roadmap that leads to our end goals and the ways to achieve our objectives.

Report Scope and Boundary

The current Sustainability Statement encapsulates the period for FYE2023, emphasising economic, environmental, and social dimensions and spotlighting the initiatives and areas we deem essential. The information shared herein is rooted in our internal reporting tools, systems, and documented records.

Tanco will continue to improve and broaden its sustainability reporting going forward. We aim to embed our sustainability ethos, practices, and culture more deeply within our extended network, including business partners, suppliers, and contractors. This expansionary vision also entails capturing ESG highlights from our value chain partners in the future.

Overview:
The period in review ended on 30 June 2023 has been an exceptional year for Tanco as we went through a phase of transformation, diversification and turnaround in our financial performance. Our strategic initiatives put us at the forefront of the recovery in the property market and demonstrate our resilience and adaptability to strengthen our financial sustainability in the post-COVID era.

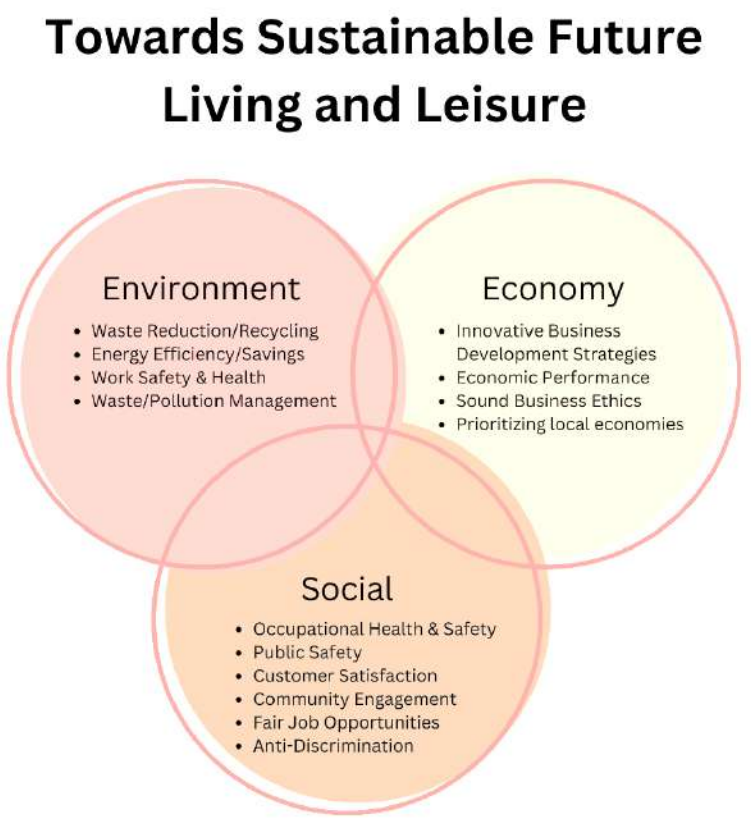
SUSTAINABILITY STATEMENT (Continued)

Our Sustainability Approach:

Since our last report, Tanco Group has significantly expanded its business horizons. Beyond resort developments in non-urban areas — with our resort project in Dickson Bay, Port Dickson, moving forward, and preparations for further development parcels in Kuantan, Pahang, underway — we have ventured into the construction and healthcare sectors through exciting collaborations with strategic partners. Notably, our strategic expansion includes acquiring a marketing arm specialised in property and real estate agency, positioning us to offer more comprehensive services in the property domain.

Balancing stakeholder returns with sustainability, we aim for enhanced governance, prudent environmental impact management, and addressing socio-cultural community needs, recognising these practices as foundational for navigating future-oriented environmental challenges and sustaining business growth. The Group will continue to improve its governance standards as we move forward on our Sustainability initiatives.

Sustainability Development Framework



Our Sustainability Development Framework summarises our approach to sustainability. It is driven by our guiding theme, “Towards Sustainability Future Living and Leisure”, and is in line with our vision “to be a leading and trusted investment holding powerhouse”.

SUSTAINABILITY STATEMENT (Continued)

Sustainable Development Framework (Continued)

Contribution to the United Nations Sustainable Development Goals ("UN SDGs")

Tanco will support the nation and global efforts toward sustainable development by aligning our operations with the UN SDGs. We have adopted the following UN SDGs in FYE2023:

- 3) Good Health and Well-Being
- 5) Gender Equality
- 8) Decent Work and Economic Growth
- 9) Industry, Innovation and Infrastructure
- 10) Reduced Inequalities
- 11) Sustainable Cities and Communities
- 12) Responsible Consumption and Production
- 13) Climate Action

SUSTAINABILITY STATEMENT (Continued)

Sustainable Development Framework (Continued)

The table below shows how the Group linked its sustainability efforts in FYE2023 to its adopted UN SDGs.

Environment, Economy and Social ("EES")	Material Topics	UN SGDs
Environment	• Waste Reduction/Recycling • Energy Efficiency/Savings • Work Safety & Health • Waste/Pollution Management	3 GOOD HEALTH AND WELL-BEING 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
Economy	• Innovative Business Development Strategies • Economic Performance • Sound Business Ethics • Prioritizing the Local Economy	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES
Social	• Occupational Health & Safety • Public Safety • Customer Satisfaction • Community Engagement • Fair Job Opportunities • Anti-Discrimination	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES

Sustainability Governance Structure

Tanco is in the initial stages of integrating sustainability into its corporate strategy, mirroring our aspiration to become a leading, trusted investment holding entity.

Our sustainability journey finds its foundation in our core values: **Trust, Alignment of Interest, Nimbleness, Culture, and Optimism**.

Each value underscores the essence of our sustainability approach:

- **Trust**: Our sustainability initiatives cement the trust our stakeholders place in us, showing that we are dedicated to the long-term well-being of our environment and society.

- **Alignment of Interest**: By embedding sustainability in our operations, we align our interests with those of our stakeholders, ensuring a future where our growth and societal progress go hand in hand.

- **Nimbleness**: As the world evolves, so do the challenges. Being agile will allow us to adapt our sustainability practices quickly, addressing the ever-changing environmental and social needs.

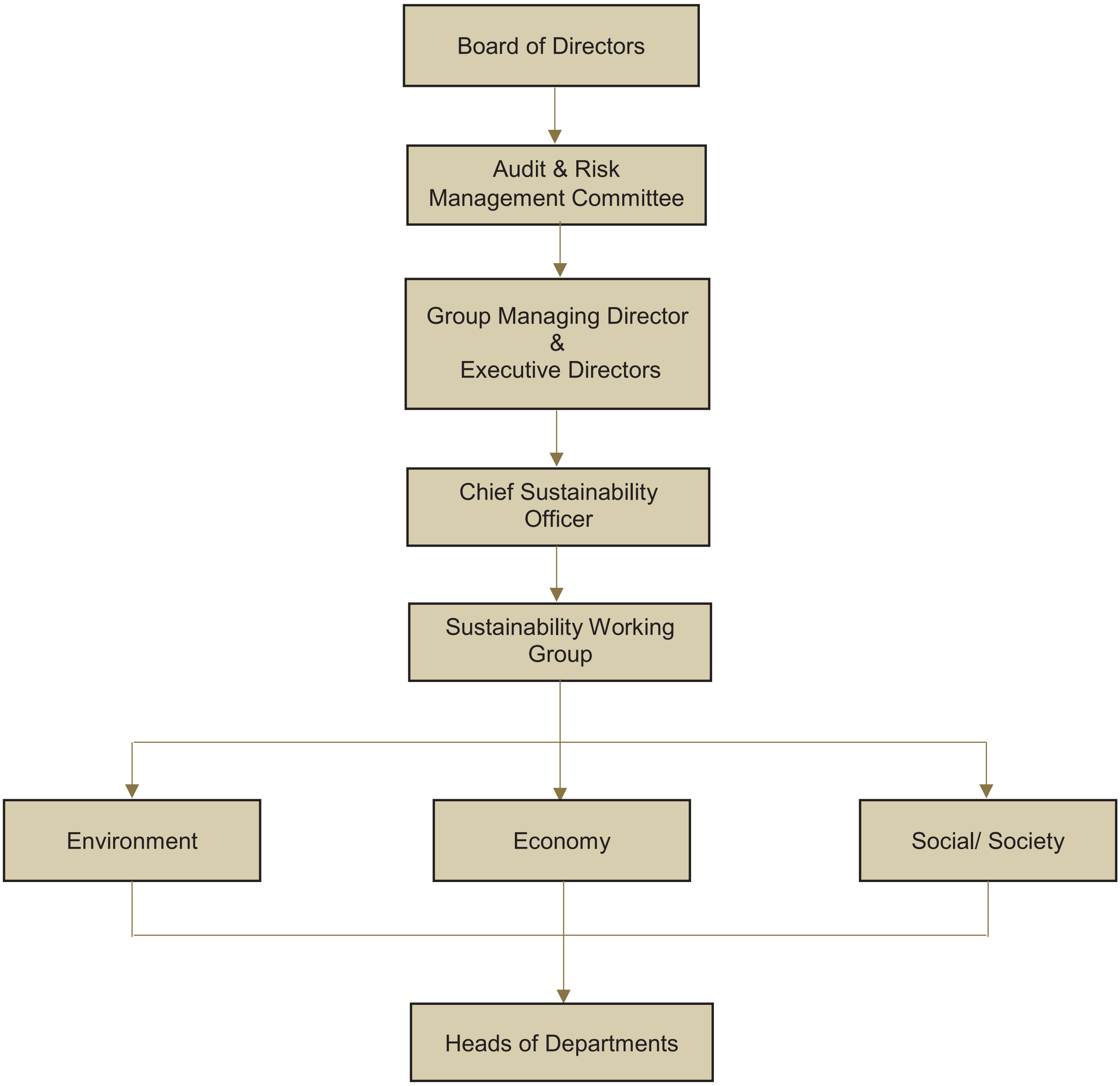
- **Culture**: Our organisational culture emphasises responsibility. Every member of the Tanco family understands and values the importance of sustainable growth.

- **Optimism**: With a forward-looking mindset, we aim for a future where businesses can thrive without compromising the planet's well-being. Our sustainability initiatives are a testament to our optimism.

SUSTAINABILITY STATEMENT (Continued)

Sustainability Governance Structure (Continued)

The Board, with the support of Chief Sustainability Officer Mr. Christopher Tan Khoon Suan and the Sustainability Working Group, oversees the diligent implementation and ongoing assessment of our sustainability initiatives, ensuring they are aligned with our Environmental, Economic, and Social (EES) goals and remain relevant to our overarching organisational objectives.



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 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.

SUSTAINABILITY STATEMENT (Continued)

Sustainability Governance Structure (Continued)

Additionally, the Group utilises a risk management framework to balance potential economic gains with their associated risks, especially when exploring new opportunities, to safeguard both environmental and societal impacts. The framework ensures business risks are identified, assessed, and mitigated, with risk assessment escalation occurring.

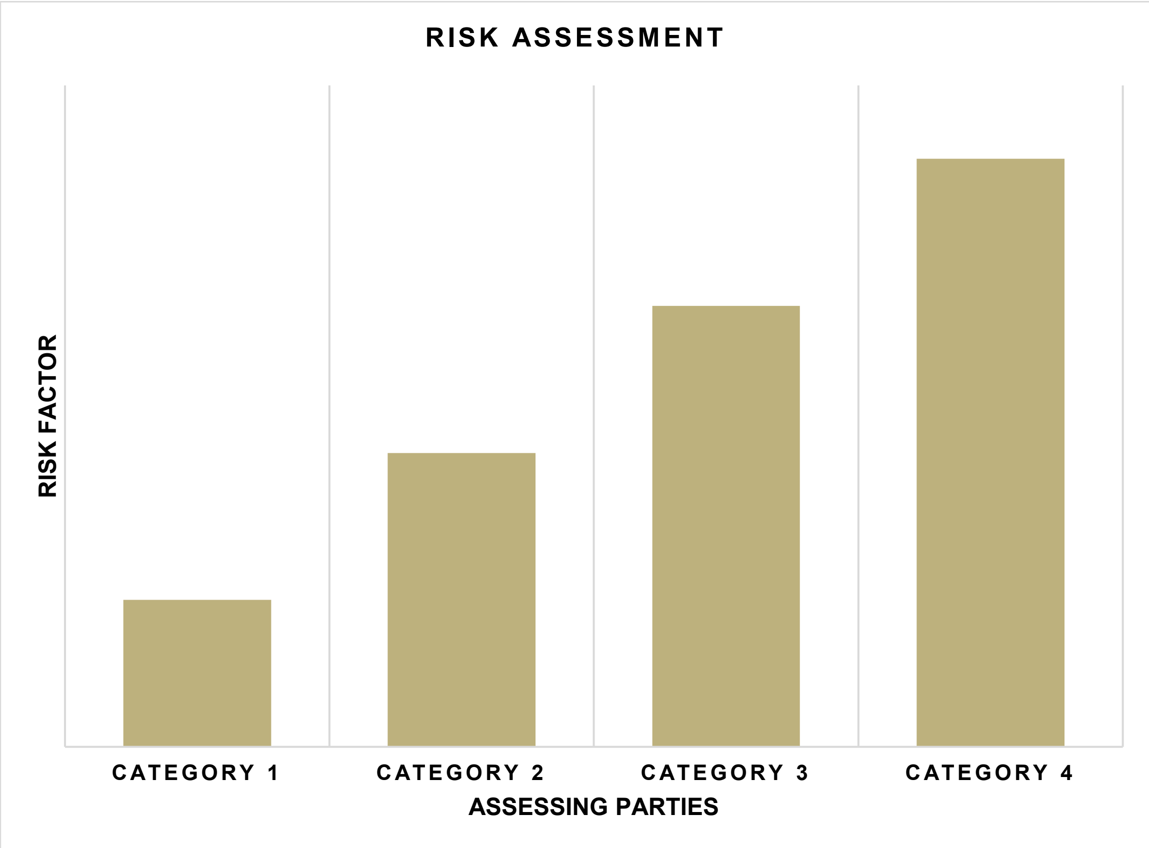
As seen in the graph below, as the Risk Factor increases, the categories of the parties involved in assessing the risk will be escalated:

Category 1: Heads of Department

Category 2: Group Managing Director, Executive Directors

Category 3: ARMC

Category 4: Board of Directors



Engagement with Stakeholders

The Group prioritises continuous, bi-directional stakeholder engagement to ensure its sustainability approach inclusively reflects both financial and non-financial value creation perspectives. Stakeholders are defined as individuals, entities or organisations that are affected by or capable of affecting Tanco's operations.

SUSTAINABILITY STATEMENT (Continued)

Engagement with Stakeholders (Continued)

Regular and meaningful engagement with our stakeholders is crucial to aligning our sustainability path with dynamic expectations and needs.

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	Management Meetings	Weekly

Feedback

Tanco is fully committed to attending to feedback 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

Tanco, diligently following Bursa's Sustainability Reporting Guide, embarks on its sustainability journey with a strategy centred around stakeholder expectations and continuous improvement. Our initial phase emphasises a thorough, systematic assessment of significant sustainability issues, ensuring they substantially influence our pursuit of economic growth, stakeholder relationship enhancement, social value delivery, and competitive edge maintenance.

As we continue to improve our sustainability journey, we commit to period reviews and refinement, addressing emerging concerns and evaluating stakeholder impact. Marking our second year of materiality assessment in FYE2023, we focus on key sustainability matters that align with our business priorities, which include our diversification into construction and healthcare.

SUSTAINABILITY STATEMENT (Continued)

Environment

Tanco is committed to a future where business growth and environmental responsibility coexist harmoniously. The Group has embeds sustainability into its strategy and operations in different business segments, which include property development, resort design, construction, and pharmaceutical research. Our initiatives align with foundational topics: **Waste Reduction/Recycling, Energy Efficiency/Savings, Work Safety & Health, and Waste/Pollution Management.**

1) Project Development

Tanco's project development emphasises strategic collaborations with experts to enforce advanced energy efficiency standards (Energy Efficiency/Savings). We prioritise sustainable construction materials and equipment, minimising our environmental footprint while optimising cost efficiency. (Waste/Pollution Management). Furthermore, we engage contractors who meet essential qualifications and demonstrate a commitment to safety, eco-friendly construction, and robust waste and pollution management (Waste/Pollution Management) (Work Safety & Health).

2) Eco-friendly Resort Developments

In alignment with our resort-development theme, Tanco strives to foster vibrant green landscapes that meld aesthetic appeal with minimised environmental impact (Waste/Pollution Management). Aside from that, we also maintain a holistic sustainability approach in our diversification strategies. This is exemplified by initiatives like exploring eco-friendly packaging in our healthcare ventures (Waste Reduction/Recycling).

3) Construction Initiatives

Tanco adheres to green construction practices, utilising sustainable materials and techniques to amplify our commitment to energy efficiency (Energy Efficiency/Savings). Simultaneously, our construction sites are meticulously designed to minimise, segregate, and recycle waste (Waste Reduction/Recycling).

4) Pharmaceutical Research & Development

Tanco's R&D endeavours prioritise sustainable research practices, concentrating on exploring the therapeutic properties of herbal remedies and underscoring the importance of preserving our natural resources (Waste/Pollution Management). We maintain safe R&D environments by adhering to international safety and health standards (Work Safety & Health). Additionally, our focus on primarily using organic materials mitigates interactions with hazardous substances (Waste/Pollution Management).

5) Office Environment

Tanco encourages an eco-conscious workspace through initiatives like transitioning to paperless operations and advocating recycling, demonstrating our dedication to waste reduction (Waste Reduction/Recycling). We underscore our energy consciousness by implementing energy-saving lighting and prudent utility management (Energy Efficiency/Savings). Moreover, through regular health check-ups, ergonomic workspace adaptations, and stringent safety protocols, we ensure our adherence to work safety and health objectives (Work Safety & Health).

SUSTAINABILITY STATEMENT (Continued)

Economy

In FYE2023, as the world began its recovery from the COVID-19 pandemic, Tanco demonstrated resilience and innovation, not only navigating through the global crisis but also emphasising our dedication to community upliftment and inventive business strategies. Our economic approach, committed to shared prosperity, blends business excellence with ethical responsibility and a community-centric focus, aligning our turnaround actions and initiatives with key material topics: **Innovative Business Development Strategies, Economic Performance, Sound Business Ethics, and Prioritizing the Local Economy.**

1) Innovative Business Development Strategies

Tanco, mindful of the evolving needs of the modern world, actively pursues innovative strategies, ensuring our continued relevance and high-quality customer service through collaborations with esteemed resort and hotel management brands. This ensures professionalism and optimised property maintenance and aligns with our economic performance goals by leveraging well-established reputations for quality and return assurance. With an eye towards sustained growth, we have diversified our portfolio, exploring construction and recognising pharmaceutical opportunities, particularly amid heightened health awareness. Both sectors represent our commitment to adaptive innovation, ensuring Tanco's persistent growth and pertinence.

2) Economic Performance

Tanco strategically leverages construction to fuel not only our economic growth but also that of local communities by engaging local vendors and suppliers and generating opportunities such as jobs and supporting local businesses, thereby amplifying regional economic vitality. This is also in line with one of our material topics to **prioritise the local economy.**

3) Sound Business Ethics

Tanco prioritises ethical business practices, meticulously selecting collaborators across sectors aligning with our quality, ethics, and community commitment. Our emphasis on organic supplements and enhanced production capacities in the healthcare sector exemplifies our dedication to responsible health promotion and ensuring ethical practices are intertwined with our growth.

SUSTAINABILITY STATEMENT (Continued)

Social

Embarking on a transformative journey in FYE2023, Tanco is navigating its initial phase of learning and exploration to generate a sustained, positive impact on society, recognizing that every step forward is a pivotal element in our evolving corporate narrative.

Our projects aim to extend their footprint beyond commercial impact, emphasising **Fair Job Opportunities** and continuous learning avenues for local communities, which, coupled with increased resort footfall, spurs growth for local businesses and enhances living standards. Our unwavering commitment to **Occupational Health & Safety** has manifested in a notable safety record, reinforcing our dedication to **Public Safety** and **Customer Satisfaction**. **Community Engagement**, a foundational pillar of Tanco, was illustrated in our Corporate Social Responsibility ("CSR") program at Pertubuhan Kebajikan Kanak-Kanak Yatim Dan Miskin Wawasan, where we sponsored supplies, established a mini-library, and created joyful moments for underprivileged children, embodying our multi-faceted approach to societal advancement through financial support, employee engagement, and sustainability initiatives.

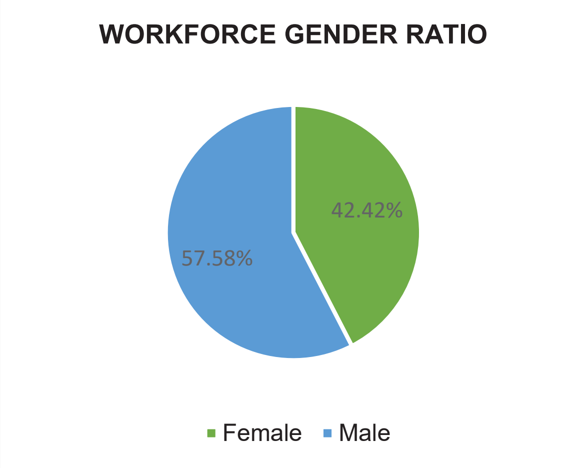
Pertubuhan Kebajikan Kanak-Kanak Yatim Dan Miskin Wawasan
Port Dickson, Negeri Sembilan

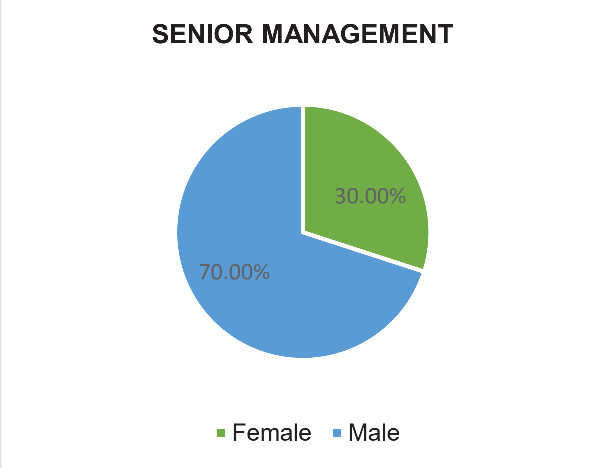
SUSTAINABILITY STATEMENT (Continued)

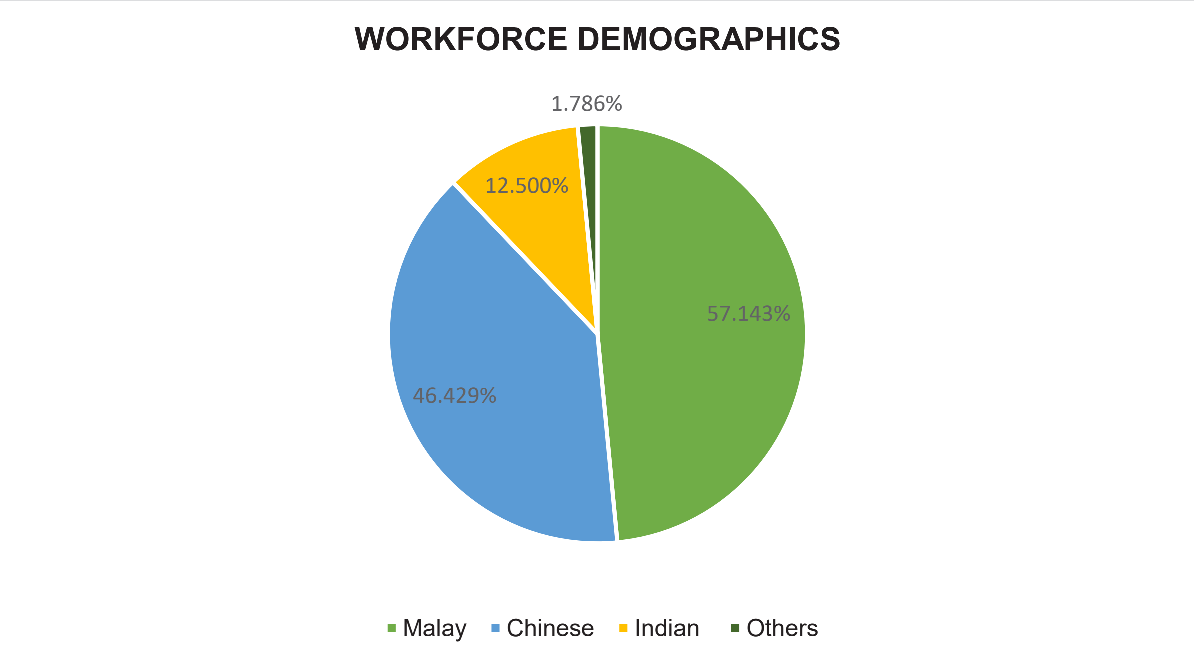
Social (Continued)

Aside from our impact on society, we deeply value our employees, fostering a culture that celebrates dedication and innovation while ensuring an environment of holistic growth and equal opportunities through our **Gender Diversity Policy**, which is in line with our **anti-discrimination** value.

The charts below display our gender distribution within the workforce, senior management and the demographics of our employees.







Our commitment extends beyond remuneration, prioritising continual development, employee welfare, and a supportive work-life balance, even amid the challenges of the pandemic, with a steadfast spirit and ongoing commitment to health, unity, and camaraderie.

SUSTAINABILITY STATEMENT (Continued)

Social (Continued)

Continuing Our Journey of Sustainability

Looking ahead, Tanco Group will continue to improve on its sustainability initiatives with a focus on various aspects such as below:

Holistic Sustainability:

- Emphasizing Waste Reduction and Recycling
- Advancing Energy Efficiency and Savings
- Managing Waste and Pollution Responsibly

Ethical Excellence:

- Prioritizing Work Safety and Health Standards
- Upholding Strong Business Ethics
- Ensuring Occupational Health and Safety

Innovation and Engagement:

- Cultivating Innovative Business Development Strategies
- Strengthening Community Engagement
- Ensuring Public and Customer Safety

Inclusivity and Empowerment:

- Facilitating Fair Job Opportunities
- Championing Anti-Discrimination Practices

While initially prioritising business recovery amidst global adversities, our forward journey is dedicated to expanding sustainability efforts, refining reporting, and amplifying our commitment to widespread positive impacts.

DIRECTORS' PROFILE

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

Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse, Male, a Malaysian, aged 78, was appointed to the Board as an Independent Non-Executive Director on 20 October 1997. On 2 July 2018, he was re-designated as Independent Non-Executive Chairman and subsequently to Non-Independent Non-Executive Chairman of Tanco Holdings Berhad ("Tanco") on 30 May 2023.

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 2023.

He attended all six (6) Board Meetings held during the financial year ended 30 June 2023.

DATO' SRI ANDREW TAN JUN SUAN
Group Managing Director

Dato' Sri Andrew Tan Jun Suan, Male, a Malaysian, aged 43, 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 2023.

He attended all six (6) Board Meetings held during the financial year ended 30 June 2023.

DIRECTORS' PROFILE (Continued)

DATUK RASHIDI BIN HASBULLAH
Independent Non-Executive Director

Datuk Rashidi bin Hasbullah, Male, a Malaysian, aged 64, was appointed to the Board as an Independent Non-Executive Director on 1 September 2019. He is the Chairman of the Nomination Committee of Tanco. He is also members of the Audit and Risk Management Committee and the Remuneration 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 2023.

He attended all six (6) Board Meetings held during the financial year ended 30 June 2023.

DIRECTORS' PROFILE (Continued)

DATO' MARTINI BINTI OSMAN
Independent Non-Executive Director

Dato' Martini binti Osman, Female, a Malaysian, age 71, was appointed to the Board as an Independent Non-Executive Director on 17 December 2021. She is the Chairperson of the Remuneration Committee of Tanco. She is also members of the Audit and Risk Management Committee and the Nomination 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 2023.

She attended all six (6) Board Meetings held during the financial year ended 30 June 2023.

KOAY GHEE TEONG
Executive Director

Mr. Koay Ghee Teong, Male, a Malaysian, aged 54, 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 2023.

He attended all six (6) Board Meetings held during the financial year ended 30 June 2023.

DIRECTORS' PROFILE (Continued)

CHRISTOPHER TAN KHOON SUAN
Executive Director

Mr. Christopher Tan Khoon Suan, Male, a Malaysian, aged 37, 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 2023.

He attended all six (6) Board Meetings held during the financial year ended 30 June 2023.

CHEW SHEN HOAY
Executive Director and Group Chief Financial Officer

Ms. Chew Shen Hoay, Female, a Malaysian, aged 44, 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 Fellow Certified Practising Accountant (FCPA) 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 2023.

She attended all six (6) Board Meetings held during the financial year ended 30 June 2023.

DIRECTORS' PROFILE (Continued)

WONG JEE SENG
Independent Non-Executive Director

Mr. Wong Jee Seng, Male, a Malaysian, aged 62, was appointed to the Board as an Independent Non-Executive Director on 29 March 2023. He is also the Chairman of the Audit and Risk Management Committee of Tanco.

He is professionally qualified as a Chartered Management Accountant, United Kingdom, since 1990 with more than twenty (20) years of senior management experiences in various banking divisions covering treasury, finance, risk, capital and balance sheet management, corporate strategy and retail banking financial solutions. He has previously held positions as Group Chief Financial Officer, Group Chief Risk Officer, Group Chief Operating Officer in Public Bank Berhad and Executive Vice President in Ambank (M) Berhad.

He developed and deployed a range of strategies in varying markets and market conditions: capital raising both in equity and debt locally and internationally, exponentially growth in sales and market share, formulated key business, financial reengineering in capital management and merger & acquisition and fund management.

Currently, he is also a Director of P.A. Resources 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 2023.

He attended one (1) out of one (1) Board Meeting held during the financial year ended 30 June 2023 since his appointment to the Board.

DIRECTORS' PROFILE (Continued)

SYAFINAZ MERICAN BINTI ISAHAK MERICAN
Independent Non-Executive Director

Madam Syafinaz Merican binti Isahak Merican, Female, a Malaysian, aged 50, was appointed to the Board as an Independent Non-Executive Director on 29 March 2023. She is also members of the Nomination Committee and the Remuneration Committee of Tanco.

She graduated from University of Nebraska-Lincoln, USA with a Bachelor of Science in Business Administration - International Business in 1996. She is a global professional across multiple industries including asset management, business advisory, corporate finance, and luxury retail with main work experiences in Malaysia, Lebanon, the United Arab Emirates and Singapore.

She began her career in 1996 as a Consultant of Financial Advisory Services at PricewaterhouseCoopers (PwC) Kuala Lumpur, where she specialised in regional and local corporate finance work covering corporate and debt restructuring, independent business review, dispute analysis and investigation, merger and acquisition, privatization, risk, regulation & compliance management, valuation and strategy validation and other consulting services.

She then went on to become the Founding Director and General Manager of Patchi Malaysia officially launched in 2003, where she was instrumental in obtaining and developing the luxurious franchise for the Malaysian market and the brand's further expansion into Asia: Brunei, China, India, Indonesia, and Singapore.

After relocating to Dubai the same year, she took on the role as Corporate Advisor to the Chairman of Dragoni International LLC, a contracting company involved in many prestigious projects in the middle east including for EMAAR Properties, an Emirati multinational real estate development public joint-stock company where she performed strategic management to enhance the company's performance and value for target DEPA PLC, a public listed global interior contracting and solutions company on the Dubai NASDAQ, who eventually acquired the company as its majority shareholder.

She has been an Advisor to Fairshore Asset Management (FAMCO) since 2017, a Monetary Authority of Singapore (MAS) Regulated Investment Manager based in Singapore – with a Capital Markets Services License. FAMCO manages multiple fund platforms with various investment strategies. It has vast experience in alternative credit and asset management and bespoke wealth planning and structuring developed from their team's decades of investment banking and asset management backgrounds. She serves as a Director on three FAMCO managed funds which currently has an AUM in excess of US$5.6billion.

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 2023.

She attended one (1) out of one (1) Board Meeting held during the financial year ended 30 June 2023 since her appointment to the Board.

PROFILE OF SENIOR MANAGEMENT

COLLIN CHIN KOK MENG
Group Investment Director

Mr. Collin Chin Kok Meng, Male, a Malaysian, aged 48, 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 2023.

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

Mr. Choo Ewe Chuen, Male, a Malaysian, aged 46, was appointed to the Board of Tanco Builders Sdn. Bhd. on 1 June 2022 as Managing Director. He is also a Director of Tanco Supplies Sdn. Bhd. Mr. Choo 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 2023.

PROFILE OF SENIOR MANAGEMENT (Continued)

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

Mr. Edwin Tan Kium Suan, Male, a Malaysian, aged 28, was appointed to the Board of Tanco Builders Sdn. Bhd. ("TBSB") and Tanco Supplies Sdn. Bhd. respectively 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 2023.

LEE CHENG BING
Executive Director of Tanco Properties Sdn. Bhd.

Mr. Lee Cheng Bing, Male, a Malaysian, aged 51, was appointed to the Board of Tanco Properties Sdn. Bhd. ("TPSB") on 1 December 2022 as Executive Director.

He obtained his professional qualification in Building Economics & Project Management (B.Sc., Hons.) from Malaysia Science University, Penang in 1997. Throughout his extensive experiences in Property Development Industry (domestic and international markets) over the past 20 years, Mr. Lee is well equipped with various technical skills on design planning, project management, and property developments.

Notable projects undertaken by Mr. Lee include Privatisation Schemes, Government/National Projects, Township Developments, International Resort Developments, Island Reclamation and Shopping Malls. He is one of the recipients of Malaysia Business of The Year Award in 2009 with 3 major recognitions on his works. Mr. Lee has also been featured on the cover story of Malaysian Institute of Management Magazine in December 2011 issue.

He joined Tanco Group in August 2016 as Senior General Manager and he was subsequently held the position as Project Development Director since October 2017 until his appointment as Executive Director of TPSB.

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 2023.

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 2023 ("FYE 2023") 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 2023 ("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 2023. The Board is satisfied that the Company has substantially complied with the MCCG throughout the FYE 2023 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 members of the Board, Board Committees and 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 Non-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 2023, 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
Dato' Martini binti Osman	6/6
Koay Ghee Teong	6/6
Christopher Tan Khoon Suan	6/6
Chew Shen Hoay	6/6
Wong Jee Seng *	1/1 ^
Syafinaz Merican binti Isahak Merican *	1/1 ^
The late James Wong Kwong Yew #	2/3 ^

* *Mr. Wong Jee Seng and Madam Syafinaz Merican binti Isahak Merican were appointed as Independent Non-Executive Directors on 29 March 2023.*

\# *The late James Wong Kwong Yew was demised on 27 December 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 was revised and reviewed on 30 May 2023 and 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 nine (9) members comprising four (4) Executive Directors and four (4) Independent Non-Executive Directors and a Non-Independent Non-Executive Director/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. The Board noted that Practice 5.2 of the MCCG has recommended for at least half 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 2023, 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, banking, legal, construction, property development, tourism, luxury retail 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	Non-Independent Non-Executive Chairman
Dato' Sri Andrew Tan Jun Suan	Group Managing Director
Datuk Rashidi bin Hasbullah	Independent Non-Executive Director
Dato' Martini binti Osman	Independent Non-Executive Director
Mr. Wong Jee Seng	Independent Non-Executive Director
Madam Syafinaz Merican binti Isahak Merican	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.

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 three (3) women Directors namely, Dato' Martini binti Osman, Ms. Chew Shen Hoay and Madam Syafinaz Merican binti Isahak Merican, representing 33.3% of the total Board member, which is in line with the 30% recommended under Practice 5.9 of the MCCG.

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 Part 1 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 2023, 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	ESG Training BDO Tax Webinar on Budget 2023 Webinar on Ideas for today's market	19 July 2022 15 March 2023 24 May 2023
Dato' Sri Andrew Tan Jun Suan	BDO Tax Webinar on Budget 2023	15 March 2023
Datuk Rashidi bin Hasbullah	Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees BDO Tax Webinar on Budget 2023	6 December 2022 15 March 2023
Dato' Martini binti Osman	Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees	17 November 2022
Mr. Wong Jee Seng *(Appointed on 29 March 2023)*	Enterprise Risk Management	30 May 2023

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
Madam Syafinaz Merican binti Isahak Merican *(Appointed on 29 March 2023)*	Securities Commission Update: Audit Oversight Board Annual Inspection Report 2021	16 August 2022
	Power Talk Series: Advancing Cyber Resilience: Board's Top 3 Must-Knows	25 May 2023
Mr. Koay Ghee Teong	Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuer	13 September 2022
	Sounds Legal - Navigating Restructuring in Times of Recovery	9 March 2023
	BDO Tax Webinar on Budget 2023	15 March 2023
	Sounds Legal – Expansion to the Employment Act 1955: Navigating the grey areas between Employees & Independent Contractors	6 April 2023
Mr. Christopher Tan Khoon Suan	Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuer	9 August 2022
	BDO Tax Webinar on Budget 2023	15 March 2023
Ms. Chew Shen Hoay	CPA-Supercharging modern accounting	15 September 2022
	Mandatory Accreditation Programme	22 September 2022
	IFRS sustainability standards: are you ready?	28 September 2022
	CPA-Latest tax developments	30 September 2022
	CPA-Purpose driven leadership: The importance of owning an impact state	5 October 2022
	CPA-Highlights from Budget 2023 – in collaboration with PwC Malaysia	7 October 2022
	CPA-Voice Impact session	27 October 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
Ms. Chew Shen Hoay *(continued)*	CPA-ESG and Tax - a governance point of view	11 November 2022
	CPA-Foreign source income – to remit or not to remit?	9 December 2022
	CPA - Strategic Finance Business Partnering: Value Preservation and Creation	22 December 2022
	CPA-Tax update series: Budget 2023 - What are the changes?	27 February 2023
	BDO Tax Webinar on Budget 2023	15 March 2023
	CPA-Positive Psychology at Work	20 March 2023
	CPA-Will & Inheritance – Protecting your assets and your heirs	22 March 2023
	CPA-Tax update series: Personal tax – getting the best out of your tax	30 March 2023
	CPA-The rise of Generative AI - how should accountants respond?	5 April 2023
	CPA-Extracting data with AI	9 May 2023
	MIA Town Hall 2022/23 - Session 3 (All Sectors)	17 May 2023
	CPA-Board readiness: Building your online presence	21 June 2023

Nomination Committee

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

<u>Members</u>	<u>Designation</u>
Datuk Rashidi bin Hasbullah	- Chairman of the Nomination Committee, Independent Non-Executive Director
Dato' Martini binti Osman	- Independent Non-Executive Director
Syafinaz Merican binti Isahak Merican *(Appointed on 29 March 2023)*	- Independent Non-Executive Director
The late James Wong Kwong Yew *(Demised on 27 December 2022)*	- Independent Non-Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. BOARD COMPOSITION (Continued)

Nomination Committee (Continued)

Madam Syafinaz Merican binti Isahak Merican was appointed as a new member of the Nomination Committee of the Company on 29 March 2023.

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 was reviewed and revised on 29 August 2023 and is available on the Company's website at www.tancoholdings.com.

The Nomination Committee held two (2) meetings during the FYE 2023.

The Nomination Committee carried out the following activities during the FYE 2023:

(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 the term of office and performance of the Audit and Risk Management Committee and its members;
(e) recommended the appointment of additional directors;
(f) proposed changes in the composition of the Board Committees; and
(g) recommended the adoption of the revised Terms of Reference of the Nomination Committee of the Company.

Directors' Fit and Proper Policy

The Board based on the recommendation of the Nomination Committee 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. 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 and suitable 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, as guided by the Company's Directors' Fit and Proper Policy.

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 will be required to confirm compliance to the criteria of an independent director as prescribed in the Main Market Listing Requirements of Bursa Securities;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. BOARD COMPOSITION (Continued)

Appointment to the Board (Continued)

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.

During the FYE 2023, the Nomination Committee had assessed two (2) candidates for new appointment as Independent Non-Executive Directors of the Company based on the candidates' professional qualification, relevant experience, knowledge and expertise as well as criteria set in the Company's Directors' Fit and Proper Policy, i.e. character and integrity, experience and competence, time and commitment. The candidates have completed the declaration of fit and proper in accordance with the Directors' Fit and Proper Policy. Based on the assessment and declaration made, the Nomination Committee satisfied that the candidates met the fit and proper criteria and subsequently made recommendations to the Board for the appointment as new Independent Non-Executive Directors of the Company.

The Board based on the recommendations of the Nomination Committee, had on 29 March 2023 appointed Mr. Wong Jee Seng and Madam Syafinaz Merican binti Isahak Merican as Independent Non-Executive Directors of the Company. Their qualification, relevant experience and expertise in the fields of various industries including banking, fund and asset management, business advisory, corporate finance, and luxury retail would help to strengthen the skills and expertise in the Company's Board composition.

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. BOARD COMPOSITION (Continued)

Re-election of Directors (Continued)

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-Fourth (64th) AGM are Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse and Datuk Rashidi bin Hasbullah.

Mr. Wong Jee Seng and Madam Syafinaz Merican binti Isahak Merican, both were newly appointed to the Board on 29 March 2023, will also retire and will be eligible for re-election at the forthcoming 64th 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 64th 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

The Company's Board Charter states that the tenure of an Independent Non-Executive Director should not exceed a cumulative term limit of twelve (12) years, this is in compliance with the definition of independent directors under the enhanced Listing Requirements of Bursa Securities which takes effect from 1 June 2023. Upon completion of twelfth (12th) year, an Independent Non-Executive Director may continue to serve on the Board as a Non-Independent Non-Executive Director.

The Board is also guided by the recommended Practice 5.3 of the MCCG for retention of Independent Directors beyond the cumulative term limit of nine (9) years. Independent Directors who exceed the cumulative term limit of nine (9) years shall be re-designated as Non-Independent Director, unless annual shareholders' approval is sought through a two-tier voting process for him/her to remain as Independent Director with providing justification. Currently, none of the Independent Non-Executive Directors of the Company have served the Board for a cumulative term of nine (9) years.

Senior Independent Non-Executive Director

Datuk Rashidi bin Hasbullah has been identified as the Senior Independent Non-Executive Director with effect from 29 March 2023, 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**
Dato' Martini binti Osman	- Chairperson of the Remuneration Committee, Independent Non-Executive Director
Datuk Rashidi bin Hasbullah	- Independent Non-Executive Director
Syafinaz Merican binti Isahak Merican *(Appointed on 29 March 2023)*	- Independent Non-Executive Director
The late James Wong Kwong Yew *(Demised on 27 December 2022)*	- Independent Non-Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

III. REMUNERATION (Continued)

During the FYE 2023, Dato' Martini binti Osman was appointed as the Chairperson of the Remuneration Committee on 29 March 2023 and Datuk Rashidi bin Hasbullah was re-designated as a member of the Remuneration Committee on 29 March 2023. In addition, Madam Syafinaz Merican binti Isahak Merican was appointed as a new member of the Remuneration Committee on 29 March 2023.

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

The Remuneration Committee held two (2) meetings during the FYE 2023.

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 2023. The details of Directors' remuneration as at 30 June 2023 paid or payable by the Company and its subsidiary companies for the FYE 2023 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	4,500	-	-	-	64,500
Datuk Rashidi bin Hasbullah	36,000	9,500	-	-	-	45,500
Dato' Martini binti Osman	36,000	9,500	-	-	-	45,500
Wong Jee Seng *(Appointed on 29 March 2023)*	9,290 *	1,000	-	-	-	10,290
Syafinaz Merican binti Isahak Merican *(Appointed on 29 March 2023)*	9,290 *	500	-	-	-	9,790
The late James Wong Kwong Yew *(Demised on 27 December 2022)*	18,000	4,500	-	3,600	-	26,100
Total	168,580	29,500	-	3,600	-	201,680

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

III. REMUNERATION (Continued)

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	206,777	805,477
Koay Ghee Teong	-	-	276,320	6,000	59,111	341,431
Christopher Tan Khoon Suan	-	-	192,320	12,500	28,880	233,700
Chew Shen Hoay	-	-	300,320	5,300	61,991	367,611
Dato' Tan Lee Sing (Retired on 31 July 2022)	-	-	45,000	1,042	1,031,679	1,077,721
Total	-	-	1,389,960	47,542	1,388,438	2,825,940

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	4,500	-	-	-	64,500
Datuk Rashidi bin Hasbullah	36,000	9,500	-	-	-	45,500
Dato' Martini binti Osman	36,000	9,500	-	-	-	45,500
Wong Jee Seng *(Appointed on 29 March 2023)*	9,290 *	1,000	-	-	-	10,290
Syafinaz Merican binti Isahak Merican *(Appointed on 29 March 2023)*	9,290 *	500	-	-	-	9,790
The late James Wong Kwong Yew *(Demised on 27 December 2022)*	18,000	4,500	-	3,600	-	26,100
Total	168,580	29,500	-	3,600	-	201,680

** Subject to shareholders' approval at the forthcoming 64th Annual General Meeting*

Senior Management Remuneration

The Company has opted not to disclose on a named basis for the Senior Management's remuneration in bands of RM50,000 due to confidentiality and sensitivity of each remuneration package as well as the competitive market for talents in the businesses of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

III. REMUNERATION (Continued)

Senior Management Remuneration (Continued)

As an alternative, details of the remuneration of the top four (4) Senior Management of the Group (including salary, benefits in-kind and other emoluments) for the FYE 2023 are disclosed on an aggregate basis and in each successive bands of RM50,000 as follows:-

Range of Remuneration	Number of Senior Management
RM300,001 to RM350,000	2
RM200,001 to RM250,000	1
RM150,001 to RM200,000	1

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 Chartered Management Accountant.

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 was reviewed and revised on 29 August 2023 and 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (Continued)

I. AUDIT AND RISK MANAGEMENT COMMITTEE (Continued)

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 2023, 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 2023. 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 2023.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (Continued)

I. AUDIT AND RISK MANAGEMENT COMMITTEE (Continued)

Assessment of Sustainability and Independence of External Auditors (Continued)

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:-

(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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

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

I. COMMUNICATION WITH STAKEHOLDERS (Continued)

(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.

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 63rd 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

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

II. CONDUCT OF GENERAL MEETINGS (Continued)

Leverage Technology for Remote Participation and Voting by Shareholders

Due to the COVID-19 pandemic in Malaysia, the AGMs for the financial years ended 30 June 2020, 30 June 2021 and 30 June 2022 were convened and held on fully virtual basis in accordance with the Guidance Note on the Conduct of General Meetings for Listed Issuers 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 63rd AGM over the virtual meeting platform.

The upcoming 64th AGM of the Company has been scheduled to be held on 20 December 2023. The Company will continue to leverage on technology by conducting its 64th 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 is approved by the Board of Directors of the Company on 19 October 2023.

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 RCN had expired on 29 September 2023. 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	55,433	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	5,592	Within thirty-six (36) months
TOTAL	**100,000**	**72,000**	

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 2023 ("FYE 2023").

The establishment of Audit Committee of the Company was in line with the Main Market Listing Requirements ('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
Wong Jee Seng *(Appointed on 29 March 2023)*	-	Chairman of the ARMC, Independent Non-Executive Director
Datuk Rashidi bin Hasbullah	-	Independent Non-Executive Director
Dato' Martini binti Osman	-	Independent Non-Executive Director
The late James Wong Kwong Yew *(Demised on 27 December 2022)*	-	Independent Non-Executive Director

Mr. Wong Jee Seng was appointed as new Chairman of the ARMC of the Company on 29 March 2023.

Terms of Reference

The Terms of Reference of the Audit and Risk Management Committee was reviewed and revised on 29 August 2023 and is available on the Company's website at www.tancoholdings.com.

Meetings

During the financial year ended 30 June 2023, the Audit and Risk Management Committee held a total of six (6) 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
Wong Jee Seng *(Appointed on 29 March 2023)*	1/1 *
Datuk Rashidi bin Hasbullah	6/6
Dato' Martini binti Osman	6/6
The late James Wong Kwong Yew *(Demised on 27 December 2022)*	2/3 *

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

The Internal Auditors attended two (2) meetings 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 2023 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 2023 are set out below:-

	Group (RM)	Company (RM)
Audit and non-audit fees (a)	245,300	75,000
Non-audit fees (b)	5,000	5,000
Percentage (%) of total non-audit fees over total fees (b)/(a)	2.0%	6.7%

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 2023, 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

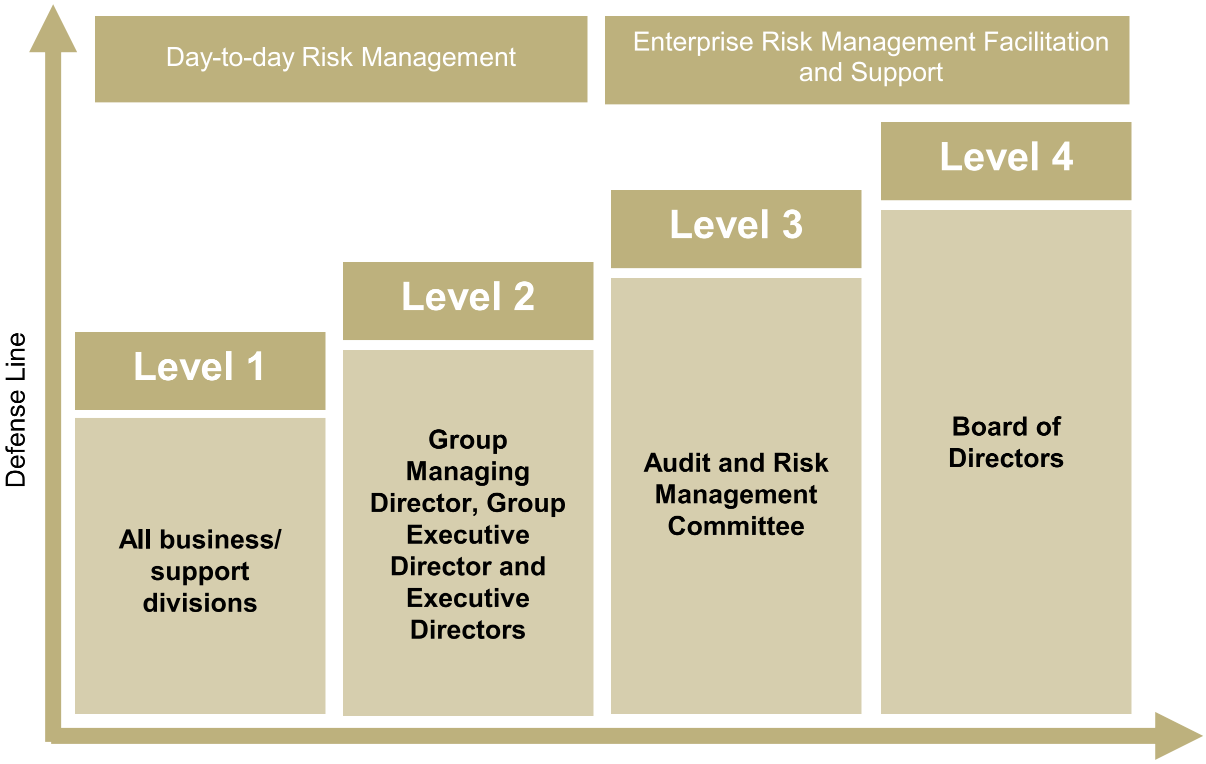
The Group has in place an Enterprise Risk Management framework ("Framework") which outlines the Group's risks and the on-going process for identifying, evaluating, managing, monitoring and communicating the risks faced by the Group throughout the financial year under review up to the date of approval 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") 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 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 2023 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 19 October 2023.

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 approved by the Board of Directors on 19 October 2023.

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 2023.

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
Profit/(Loss) for the financial year, net of tax	20,922	(4,739)
Profit/(Loss) attributable to:		
Owners of the Company	18,533	(4,739)
Non-controlling interest	2,389	-
	20,922	(4,739)

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 2023.

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) 113,252,434 new ordinary shares pursuant to conversion of Redeemable Convertible Notes ("RCN") of RM27,500,000; and

(b) 67,259,833 new ordinary shares issued pursuant to the exercise of warrants at an issue price of RM0.31 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 2022/2025

On 28 June 2022, 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 13 July 2022.

On 5 September 2022, a total of 883,303,290 free warrants with an exercise price of RM0.31 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 17.16% premium to the 5-day volume weighted average share price of Tanco Shares of RM0.2646.

DIRECTORS' REPORT (Continued)

WARRANTS 2022/2025 (Continued)

The salient terms of the warrants are disclosed in Note 20 to the financial statements.

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

	Number of warrants			
	At 1 July 2022	Issued	Exercised	At 30 June 2023
Warrants 2022/2025	-	883,303,290	(67,259,833)	816,043,457

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 *	
Datuk Rashidi bin Hasbullah	
Dato' Martini binti Osman	
Christopher Tan Khoon Suan *	
Koay Ghee Teong *	
Chew Shen Hoay *	
Wong Jee Seng	(Appointed on 29 March 2023)
Syafinaz Merican binti Isahak Merican	(Appointed on 29 March 2023)
Dato' Tan Lee Sing *	(Retired on 31 July 2022)
The late James Wong Kwong Yew *	(Demised on 27 December 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	
Liang Tian Kiat	(Appointed on 10 March 2023)
Chao Miew San	(Appointed on 10 March 2023)
Ong Siang Long	(Appointed on 20 June 2023)

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 2022	Bought	Sold	At 30 June 2023
Direct interests:				
Dato' Sri Andrew Tan Jun Suan	7,025	-	-	7,025
Christopher Tan Khoon Suan	585	-	-	585

Interest in the Company	Number of ordinary shares At 1 July 2022	Bought	Sold	At 30 June 2023
Direct interests:				
Dato' Sri Andrew Tan Jun Suan	138,500,000	71,074,600	(22,000,000)	187,574,600
Deemed interests:				
Dato' Sri Andrew Tan Jun Suan*	806,059,064	13,000,000	(45,000,000)	774,059,064

Interest in the Company	Number of warrants 2022/2025 At 1 July 2022	Issued	Bought	Sold	At 30 June 2023
Direct interests:					
Dato' Sri Andrew Tan Jun Suan	-	69,250,000	238,000,000	(214,800,000)	92,450,000
Deemed interests:					
Dato' Sri Andrew Tan Jun Suan *	-	403,029,532	-	(336,577,228)	66,452,304

* *Deemed interested by virtue of his interest in TJN Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

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	150	150
Salaries and allowance	1,420	30
Defined contribution plans	173	-
Benefits-in-kind	51	3
Other emoluments	58	-
Insurance effected to indemnity directors	41	41
	1,893	224
Directors of subsidiaries		
Salaries and allowance	542	-
Defined contribution plans	66	-
Benefits-in-kind	30	-
Other emoluments	88	-
	726	-

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 RM38,500 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 SUBSEQUENT TO THE FINANCIAL YEAR END

Details of significant event subsequent to the end of the financial year is disclosed in Note 40 to the financial statements.

AUDITORS

The auditors' remuneration of the Group and of the Company during the financial year were RM245,300 and RM70,000 respectively.

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

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

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

DATO' SRI ANDREW TAN JUN SUAN
Director

CHRISTOPHER TAN KHOON SUAN
Director

Date: 19 October 2023

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	74,688	72,487	455	469
Investment properties	6	35,462	26,601	-	-
Investments in subsidiaries	7	-	-	267,675	203,894
Investment in an associate	8	-	-	-	-
Inventories	9	110,441	97,982	-	-
Goodwill on consolidation	10	18,870	380	-	-
Other investments	11	3	3	3	3
Total non-current assets		**239,464**	**197,453**	**268,133**	**204,366**
Current assets					
Inventories	9	57,345	66,490	-	-
Current tax assets		30	-	-	-
Trade receivables	12	75,096	7,241	-	-
Other receivables, deposits and prepayments	13	31,165	3,565	10	6
Amounts owing by subsidiaries	14	-	-	4,655	36
Contract assets	26	6,116	1,338	-	-
Contract costs	15	1,625	3,639	-	-
Cash and short-term deposits	16	8,119	6,941	2,917	3,681
		179,496	89,214	7,582	3,723
Non-current asset held for sale	17	-	-	-	-
Total current assets		**179,496**	**89,214**	**7,582**	**3,723**
TOTAL ASSETS		**418,960**	**286,667**	**275,715**	**208,089**

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (Continued)

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to Owners of the Company					
Share capital	18	156,331	107,981	156,331	107,981
Capital reserves	18	50,233	50,233	50,233	50,233
Redeemable convertible notes - equity component	19	153	275	153	275
Retained earnings		32,093	13,560	39,201	43,940
		238,810	172,049	245,918	202,429
Non-controlling interests		3,659	144	-	-
TOTAL EQUITY		**242,469**	**172,193**	**245,918**	**202,429**
Non-current liabilities					
Loan and borrowings	21	15,742	5,773	-	-
Long term payables	22	748	6,916	-	-
Deferred tax liabilities	23	188	87	48	87
Total non-current liabilities		**16,678**	**12,776**	**48**	**87**
Current liabilities					
Trade payables	24	47,493	15,501	-	-
Other payables, deposits and accruals	25	27,880	12,407	2,454	357
Contract liabilities	26	42,562	31,791	-	-
Provision for liabilities	27	-	-	-	-
Loan and borrowings	21	3,846	35,608	-	-
Amounts owing to directors	28	26,549	1,113	22,496	943
Redeemable convertible notes - liability component	19	4,799	4,147	4,799	4,147
Current tax liabilities		6,684	1,131	-	126
Total current liabilities		**159,813**	**101,698**	**29,749**	**5,573**
TOTAL LIABILITIES		**176,491**	**114,474**	**29,797**	**5,660**
TOTAL EQUITY AND LIABILITIES		**418,960**	**286,667**	**275,715**	**208,089**

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
	Note				
Revenue	29	93,850	14,325	-	-
Cost of sales	30	(71,519)	(12,007)	-	-
Gross profit		**22,331**	**2,318**	**-**	**-**
Other income		12,861	1,523	2,616	10,986
Net allowance of impairment losses on financial instruments		(851)	(1,412)	(194)	(261)
Administrative expenses		(18,946)	(12,738)	(7,215)	(5,083)
Operating profit/(loss)		**15,395**	**(10,309)**	**(4,793)**	**5,642**
Finance income		6,864	28	-	-
Finance costs	31	(475)	(2,701)	(72)	(51)
Profit/(Loss) before tax	32	**21,784**	**(12,982)**	**(4,865)**	**5,591**
Tax (expense)/credit	34	(862)	(66)	126	7
Profit/(Loss) for the financial year, representing total comprehensive income/(loss) for the financial year		**20,922**	**(13,048)**	**(4,739)**	**5,598**
Income/(Loss) attributable to:					
Owners of the Company		18,533	(12,899)	(4,739)	5,598
Non-controlling interest		2,389	(149)	-	-
		20,922	**(13,048)**	**(4,739)**	**5,598**
Total comprehensive income/(loss) attributable to:					
Owners of the Company		18,533	(12,899)	(4,739)	5,598
Non-controlling interest		2,389	(149)	-	-
		20,922	**(13,048)**	**(4,739)**	**5,598**
Earnings/(Loss) per ordinary share (sen)					
- Basic	35	1.03	(0.77)		
- Diluted	35	0.71	(0.77)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		← 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 2022		107,981	50,233	275	13,560	144	172,193
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	18,533	2,389	20,922
		107,981	50,233	275	32,093	2,533	193,115
Transactions with owners							
Issuance of redeemable convertible notes		-	-	981	-	-	981
Issuance of shares pursuant to conversion of redeemable convertible notes	18	27,500	-	(1,103)	-	-	26,397
Issuance of shares pursuant to warrants exercised	18	20,850	-	-	-	-	20,850
Non-controlling interests arising from acquisition of a new subsidiary	7(e)	-	-	-	-	1,126	1,126
Total transactions with owners		48,350	-	(122)	-	1,126	49,354
At 30 June 2023		**156,331**	**50,233**	**153**	**32,093**	**3,659**	**242,469**

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (Continued)

		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	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	18	9,500	-	(651)	-	-	8,849
Issuance of shares pursuant to warrants exercised	18	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 2023 (Continued)

		Attributable to Owners of the Company				
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**
At 1 July 2022		107,981	50,233	275	43,940	202,429
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(4,739)	(4,739)
		107,981	50,233	275	39,201	197,690
Transactions with owners						
Issuance of redeemable convertible notes		-	-	981	-	981
Issuance of shares pursuant to conversion of redeemable convertible notes	18	27,500	-	(1,103)	-	26,397
Issuance of shares pursuant to warrants exercised	18	20,850	-	-	-	20,850
Total transactions with owners		48,350	-	(122)	-	48,228
At 30 June 2023		**156,331**	**50,233**	**153**	**39,201**	**245,918**

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (Continued)

		Attributable to Owners of the Company				
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**
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	18	9,500	-	(651)	-	8,849
Issuance of shares pursuant to warrants exercised	18	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**

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		21,784	(12,982)	(4,865)	5,591
Adjustments for:					
Allowance for impairment loss on:					
- amounts owing by subsidiaries		-	-	202	869
- goodwill		380	-	-	-
- investments in subsidiaries		-	-	4,651	3,604
- property, plant and equipment		61	-	-	-
- trade receivables		3,488	1,700	-	-
Depreciation of:					
- investment properties		1,177	1,151	-	-
- property, plant and equipment		802	721	14	15
- right-of-use assets		272	272	-	-
Interest expenses		475	2,701	72	51
Loss on disposal of investment properties		15	-	-	-
Unwinding of discount		479	104	-	-
Written off of inventories		18	-	-	-
Gain on disposal of property, plant and equipment		(465)	-	-	-
Interest income		(6,864)	(28)	-	-
Net inventories written down		-	90	-	-
Reversal of impairment loss on:					
- amounts owing by subsidiaries		-	-	(8)	(608)
- inventories		(4,407)	-	-	-
- investments in subsidiaries		-	-	(2,590)	(10,985)
- investment properties		(4,305)	(1,083)	-	-
- other receivables		(155)	(7)	-	-
- trade receivables		(2,482)	(281)	-	-
Operating profit/(loss) before changes in working capital, carried forward		**10,273**	**(7,642)**	**(2,524)**	**(1,463)**

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (Continued)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Cash flows from operating activities (Continued)					
Operating profit/(loss) before changes in working capital, brought forward		**10,273**	**(7,642)**	**(2,524)**	**(1,463)**
Changes in working capital:					
Inventories		(2,303)	(1,160)	-	-
Receivables		(65,445)	(10,227)	(4)	(2)
Contract assets		(4,615)	(1,338)	-	-
Contract costs		2,014	90	-	-
Payables		24,664	7,175	2,097	(25)
Contract liabilities		10,771	(764)	-	-
Provision		-	(78)	-	-
Net cash used in operations		**(24,641)**	**(13,944)**	**(431)**	**(1,490)**
Tax paid		(344)	(17)	-	-
Net cash used in operating activities		**(24,985)**	**(13,961)**	**(431)**	**(1,490)**
Cash flows from investing activities					
Purchase of property, plant and equipment	(a)	(1,353)	(43)	-	-
Proceeds from disposal of property, plant and equipment		465	-	-	-
Proceeds from disposal of investment properties		901	-	-	-
Acquisition of a subsidiary, net of cash acquired	7(e)(ii)	(19,868)	-	-	-
Advances to subsidiaries		-	-	(65,842)	(15,807)
Changes in pledged fixed deposits		(77)	(21)	-	-
Interest received		6,864	28	-	-
Net cash used in investing activities		**(13,068)**	**(36)**	**(65,842)**	**(15,807)**

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (Continued)

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities	(b)				
Net repayments of:					
- bridging loan		(34,236)	(441)	-	-
- term loans		560	(209)	-	-
- hire purchase payables		(128)	(133)	-	-
(Repayments to)/Advances from subsidiaries		-	-	(4,813)	405
Advances from/(Repayments to) directors		25,436	(285)	21,553	612
Proceeds from issuance of redeemable convertible notes		27,991	13,000	27,991	13,000
Proceeds from exercise of warrants		20,850	5,760	20,850	5,760
Interest paid		(475)	(2,624)	(72)	(14)
Net cash from financing activities		**39,998**	**15,068**	**65,509**	**19,763**
Net increase/(decrease) in cash and cash equivalents		1,945	1,071	(764)	2,466
Cash and cash equivalents at the beginning of the financial year		4,810	3,739	3,681	1,215
Cash and cash equivalents at the end of the financial year		**6,755**	**4,810**	**2,917**	**3,681**
Analysis of cash and cash equivalents:					
Cash and bank balances		3,103	5,751	417	3,681
Deposits placed with licensed banks		5,016	1,190	2,500	-
Bank overdrafts		(148)	(992)	-	-
		7,971	5,949	2,917	3,681
Less: Non-short term deposits pledged with licensed banks		(1,216)	(1,139)	-	-
		6,755	**4,810**	**2,917**	**3,681**

(a) Purchase of property, plant and equipment:

	Group	
	2023	2022
	RM'000	RM'000
Cash payments on purchase of property, plant and equipment	1,353	43

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (Continued)

(b) Reconciliation of liabilities arising from financing activities:

	1 July 2022 RM'000	Cash flows RM'000	← Non-cash → Conversion RM'000	Others RM'000	30 June 2023 RM'000
Group					
Term loans	5,854	560	-	12,524	18,938
Bridging loan	34,236	(34,236)	-	-	-
Hire purchase payables	299	(128)	-	331	502
Redeemable convertible notes - liability component	4,147	26,710	(26,058)	-	4,799
	44,536	(7,094)	(26,058)	12,855	24,239
Company					
Redeemable convertible notes - liability component	4,147	26,710	(26,058)	-	4,799

	1 July 2021 RM'000	Cash flows RM'000	← Non-cash → Conversion RM'000	Others RM'000	30 June 2022 RM'000
Group					
Term loan	6,063	(209)	-	-	5,854
Bridging loan	34,677	(441)	-	-	34,236
Hire purchase payables	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

(c) Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases of RM149,412 (2022: RM134,905).

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 19 October 2023.

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 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

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 are yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	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#/ 1 January 2024
MFRS 9	Financial Instruments	1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#/ 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023#/ 1 January 2024
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 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 121	The Effects of Changes in Foreign Exchange Rate	1 January 2025
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 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#

\# *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.

Amendments to MFRS 16 Leases

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

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.

In another amendments, an entity is required 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 these 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.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. BASIS OF PREPARATION (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

3.1 **Basis of consolidation (Continued)**

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

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

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.6.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

3.1 **Basis of consolidation (Continued)**

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

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.

(c) **Associates**

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

3.1 **Basis of consolidation (Continued)**

(d) **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 3.4(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 **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*.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

3.3 **Financial instruments (Continued)**

(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.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash 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 3.4(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

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

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

3.3 **Financial instruments (Continued)**

(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.

3.4 **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)

3.4 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)**

3.4 **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)

3.4 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.

3.5 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 3.4(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.

3.6 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 3.4(b).

In respect of equity-accounted associates, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

3.7 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 3.4(b).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

3.7 **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)

3.8 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 3.4(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.

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

3.9 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

3.9 **Inventories (Continued)**

Properties held for and under development

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.

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.

3.10 **Non-current assets or disposal groups held for sale**

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The criteria for held for sale classification is regarded as met only when:

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

3.11 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.

3.12 Share capital

<u>Ordinary shares</u>

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.

3.13 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)

3.13 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.

3.14 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.

Right-of-use asset

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

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term at the following annual rates:

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 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 3.4(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)**

3.14 **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.

3.15 **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)**

3.16 **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.

3.17 **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)

3.17 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)

3.17 Revenue and other income (Continued)

Financing components (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 goods**

Revenue from sale of manufactured pharmaceutical products and construction materials are 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.

(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)**

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

Financing components (Continued)

(f) **Construction contracts (Continued)**

Billings are made with a credit term of 30 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) **Business consulting services**

Revenue from business consulting services is recognised when services are rendered.

3.18 **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.

3.19 **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)

3.19 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.

3.20 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)

3.20 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.

3.21 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)

3.22 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.

3.23 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.

3.24 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)

3.24 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.

3.25 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)

3.25 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)**

(c) **Write-down of inventories (Note 9)**

The Group writes down its inventories based on the assessment of their estimated net realisable value 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 29)**

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 9 and 26.

(e) **Recognition of construction revenue (Note 29)**

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 26.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

(f) Impairment of goodwill (Note 10)

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, are disclosed in Note 10(a).

(g) Impairment of financial assets and contract assets (Note 12, 13 and 14)

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

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

The information about the impairment losses on the Group's and the Company's financial assets and contract assets are disclosed in Note 36(b)(i).

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	Motor vehicles RM'000	Construction work in progress RM'000	Right-of-use assets RM'000	Total RM'000
Group										
2023										
Cost										
At 1 July 2022	41,725	1,927	497	648	313	86,619	1,462	-	22,121	155,312
Additions	1,206	-	17	75	-	-	-	55	-	1,353
Disposal	-	-	-	-	-	-	(672)	-	-	(672)
Acquisition of a subsidiary	1,614	-	194	334	-	-	442	-	-	2,584
At 30 June 2023	44,545	1,927	708	1,057	313	86,619	1,232	55	22,121	158,577
Accumulated depreciation										
At 1 July 2022	3,344	1,927	274	574	313	29,659	1,392	-	4,908	42,391
Depreciation charge for the financial year	319	-	42	60	-	320	61	-	272	1,074
Disposal	-	-	-	-	-	-	(672)	-	-	(672)
Acquisition of a subsidiary	298	-	66	123	-	-	114	-	-	601
At 30 June 2023	3,961	1,927	382	757	313	29,979	895	-	5,180	43,394
Accumulated impairment losses										
At 1 July 2022	-	-	-	-	-	40,434	-	-	-	40,434
Impairment loss	-	-	-	-	-	61	-	-	-	61
At 30 June 2023	-	-	-	-	-	40,495	-	-	-	40,495
Net carrying amount										
At 1 July 2022	38,381	-	223	74	-	16,526	70	-	17,213	72,487
At 30 June 2023	40,584	-	326	300	-	16,145	337	55	16,941	74,688

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					
2023					
Cost					
At 1 July 2022/30 June 2023	22,927	22,562	40,434	696	86,619
Accumulated depreciation					
At 1 July 2022	6,401	22,562	-	696	29,659
Depreciation charge for the financial year	320	-	-	-	320
At 30 June 2023	6,721	22,562	-	696	29,979
Accumulated impairment losses					
At 1 July 2022	-	-	40,434	-	40,434
Impairment loss	61	-	-	-	61
At 30 June 2023	61	-	40,434	-	40,495
Net carrying amount					
At 1 July 2022	16,526	-	-	-	16,526
At 30 June 2023	16,145	-	-	-	16,145

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	Motor vehicles RM'000	Right-of-use assets RM'000	Total RM'000
Group									
2022									
Cost									
At 1 July 2021	37,264	1,927	497	625	313	86,619	1,462	21,618	150,325
Additions	15	-	-	28	-	-	-	-	43
Written off	-	-	-	(5)	-	-	-	-	(5)
Transfer from non-current asset held for sale (Note 17)	4,446	-	-	-	-	-	-	503	4,949
At 30 June 2022	41,725	1,927	497	648	313	86,619	1,462	22,121	155,312
Accumulated depreciation									
At 1 July 2021	2,049	1,927	241	536	313	29,327	1,352	4,619	40,364
Depreciation charge for the financial year	273	-	33	43	-	332	40	272	993
Written off	-	-	-	(5)	-	-	-	-	(5)
Transfer from non-current asset held for sale (Note 17)	1,022	-	-	-	-	-	-	17	1,039
At 30 June 2022	3,344	1,927	274	574	313	29,659	1,392	4,908	42,391
Accumulated impairment losses									
At 1 July 2021/30 June 2022	-	-	-	-	-	40,434	-	-	40,434
Net carrying amount									
At 1 July 2021	35,215	-	256	89	-	16,858	110	16,999	69,527
At 30 June 2022	38,381	-	223	74	-	16,526	70	17,213	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					
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 losses					
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)

	Buildings 2023 RM'000	Buildings 2022 RM'000
Company		
Cost		
At 1 July/30 June	722	722
Accumulated depreciation		
At 1 July	253	238
Depreciation charge for the financial year	14	15
At 30 June	267	253
Carrying amount		
At 1 July	469	484
At 30 June	455	469

(a) **Non-current asset held for sale**

In the previous financial year, upon reassessment of the requirement of MFRS 5 *Non-Current Asset Held for Sale and Discontinued Operations*, the Group reclassified the properties 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 from non-current asset held for sale to property, plant and equipment. Refer to Note 17 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 21 is as follows:

	Group 2023 RM'000	Group 2022 RM'000
Freehold land and buildings	8,135	12,837
Golf course and club village	16,145	31,416

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. 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**	**Total RM'000**
2023			
Cost			
At 1 July/30 June	4,003	18,118	22,121
Accumulated depreciation			
At 1 July 2022	1,680	3,228	4,908
Depreciation charge for the financial year	63	209	272
At 30 June 2023	1,743	3,437	5,180
Net carrying amount			
At 1 July 2022	2,323	14,890	17,213
At 30 June 2023	2,260	14,681	16,941

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. Information about leases for which the Group is lessee is presented below (Continued):

Analysis of right-of-use assets (Continued)

	← Resort operations	→	
Group	**Leasehold land RM'000**	**Leasehold land, golf course and club village RM'000**	**Total RM'000**
2022			
Cost			
At 1 July 2021	3,500	18,118	21,618
Transfer from non-current asset held for sale (Note 17)	503	-	503
At 30 June 2022	4,003	18,118	22,121
Accumulated depreciation			
At 1 July 2021	1,600	3,019	4,619
Depreciation charge for the financial year	63	209	272
Transfer from non-current asset held for sale (Note 17)	17	-	17
At 30 June 2022	1,680	3,228	4,908
Net carrying amount			
At 1 July 2021	1,900	15,099	16,999
At 30 June 2022	2,323	14,890	17,213

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.

6. **INVESTMENT PROPERTIES**

	Group 2023 RM'000	2022 RM'000
Cost		
At 1 July	57,547	57,547
Acquisition of a subsidiary	3,380	-
Disposal	(942)	-
Transfers from inventories	3,378	-
At 30 June	63,363	57,547
Accumulated depreciation		
At 1 July	11,426	10,275
Acquisition of a subsidiary	109	-
Depreciation charge for the financial year	1,177	1,151
Disposal	(26)	-
At 30 June	12,686	11,426
Accumulated impairment losses		
At 1 July	19,520	20,603
Reversal of impairment loss during the financial year	(4,305)	(1,083)
At 30 June	15,215	19,520
Carrying amount		
At 1 July	26,601	26,669
At 30 June	35,462	26,601

(a) The fair value of the investment properties of approximately RM44.565 million (2022: RM27.144 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				
2023	44,565	-	2,350	42,215
2022	27,144	-	-	27,144

There are no Level 1 investment properties or transfers between Level 1 and Level 2 during the financial year ended 30 June 2023 or 30 June 2022.

Level 2 fair value

Level 2 fair values of buildings have been derived using the sales comparison approach. Sales prices of comparable buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable buildings.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. INVESTMENT PROPERTIES (CONTINUED)

(c) The following are recognised in profit or loss in respect of investment properties:

	Group 2023 RM'000	Group 2022 RM'000
Rental income	24	-
Direct operating expenses		
- income generating investment properties	25	-
- non-income generating investment properties	166	92

(d) Investment properties with total carrying amount of RM4.900 million (2022: RM4.410 million) has been pledged as security for borrowings granted to the Group as disclosed in Note 21.

7. INVESTMENTS IN SUBSIDIARIES

	Note	Company 2023 RM'000	Company 2022 RM'000
At cost			
Unquoted shares		119,655	119,655
Less: Allowance for impairment losses	(b)	(80,250)	(75,661)
		39,405	43,994
Quasi loans	(a)	235,370	169,528
Less: Allowance for impairment losses	(c)	(7,100)	(9,628)
		228,270	159,900
		267,675	203,894

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(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	
	2023	2022
	RM'000	RM'000
At 1 July	75,661	86,631
Charge for the financial year (Note 32)	4,651	-
Reversal of impairment loss (Note 32)	(62)	(10,970)
At 30 June	80,250	75,661

(c) The movement in the allowance for impairment losses for quasi loans are as follows:

	Company	
	2023	2022
	RM'000	RM'000
At 1 July	9,628	6,039
Charge for the financial year (Note 32)	-	3,604
Reversal of impairment loss (Note 32)	(2,528)	(15)
At 30 June	7,100	9,628

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 2023 %	2022 %	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.
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 2023 %	Effective equity interest 2022 %	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	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 2023 %	Effective equity interest 2022 %	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.
Held through Palm Springs Resort Management Berhad				
Gplex Properties Sdn. Bhd. # +	Malaysia	50.1	-	Investment holding and business consulting.

^ *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.*

* *The effective equity interest held in Palm Springs Resort Management Berhad is 100% whereby 14.3% is held by the Company and 85.7% is held by Tanco Properties Sdn Bhd.*

Audited by auditors other than Baker Tilly Monteiro Heng PLT.

+ *The statutory financial year end of Gplex Properties Sdn Bhd was 31 December 2022 which does not coincide with the financial year end of the Group. Gplex Properties Sdn Bhd is in the midst of changing its financial year end to coincide with the Group. For the purpose of consolidation, the financial statements of Gplex Properties Sdn Bhd for the financial year ended 31 December 2022 have been used and appropriate adjustments have been made for the effects of significant transactions from Gplex Properties Sdn Bhd's financial year end to 30 June 2023.*

(e) **Acquisition of Gplex Properties Sdn. Bhd. ("GPSB")**

On 7 February 2023, Palm Springs Resort Management Berhad (a subsidiary of Tanco Holdings Berhad and Tanco Properties Sdn. Bhd.) acquired 250,000 ordinary shares, representing 50.1% controlling interest in the equity shares of GPSB with a cash consideration of RM20,000,000. GPSB is principally engaged in business as investment holding and business consulting. Its businesses are mainly conducted in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(e) Acquisition of Gplex Properties Sdn. Bhd. ("GPSB") (Continued)

(i) Fair value of identifiable assets acquired and liabilities recognised:

	RM'000
Assets	
Property, plant and equipments	1,983
Investment properties	3,271
Trade receivables	7,622
Other receivables, deposit and prepayments	22,970
Amounts owing by related companies	269
Contract assets	163
Cash and bank balances	280
Total assets	36,558
Liabilities	
Other payables and accruals	(13,920)
Loan and borrowings	(13,003)
Current tax liabilities	(4,935)
Amounts owing to directors	(2,234)
Deferred taxation	(210)
Total liabilities	(34,302)
Total identifiable net assets acquired	2,256
Goodwill arising on acquisition (Note 10)	18,870
Non-controlling interest	(1,126)
Fair value of consideration transferred	20,000

(ii) Effects of acquisition on cash flows:

	RM'000
Fair value of consideration transferred	20,000
Less: Cash and cash equivalents of a subsidiary acquired	(280)
Net cash outflow on acquisition	19,720

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(e) Acquisition of Gplex Properties Sdn. Bhd. ("GPSB") (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	11,097
Profit for the financial year	5,008

If the acquisition had occurred on 1 July 2022, the consolidated results for the financial year ended 30 June 2023 would have been as follows:

	RM'000
Revenue	16,750
Profit for the financial year	5,707

(f) Non-controlling interest in a subsidiary

The subsidiaries of the Group that has material non-controlling interests ("NCI") is as follows:

	Herbitec (M) Sdn. Bhd. RM'000	GPSB RM'000	Total RM'000
2023			
NCI proportion of ownership interest and voting interest	49.00%	49.90%	
Carrying amount of NCI	120	3,539	3,659
Profit/(Loss) allocated to NCI	24	(2,413)	(2,389)

	Herbitec (M) Sdn. Bhd. RM'000	Total RM'000
2022		
NCI proportion of ownership interest and voting interest	49.00%	
Carrying amount of NCI	144	144
Profit allocated to NCI	149	149

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(g) Summarised financial information of material non-controlling interest

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiaries that has material NCI are as follows:

	Herbitec (M) Sdn. Bhd. RM'000	GPSB RM'000	Total RM'000
Summarised statement of financial position			
As at 30 June 2023			
Non-current assets	2	3,124	3,126
Current assets	286	40,724	41,010
Non-current liabilities	-	(14,111)	(14,111)
Current liabilities	(42)	(27,315)	(27,357)
Net assets	246	2,422	2,668
Summarised statement of comprehensive income			
Financial year ended 30 June 2023			
Revenue	36	11,097	11,133
Profit for the financial year/Total comprehensive income	147	4,835	4,982

8. INVESTMENTS IN AN ASSOCIATE

	Group 2023 RM'000	2022 RM'000
Unquoted shares, at cost	#	-
Shares of post-acquisition reserves	(#)	-
	-	-

\# *Representing amount less than RM1,000*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. INVESTMENTS IN AN ASSOCIATE (CONTINUED)

Details of associate are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %	Principal activity
Held by Gplex Properties Sdn. Bhd.				
Gplex Realty Sdn. Bhd.*	Malaysia	49.9	-	Real estate agency.

* *Audited by firm other than Baker Tilly Monteiro Heng PLT.*

(a) **Subscription for new ordinary shares in Gplex Realty Sdn.Bhd. ("GRSB")**

On 15 May 2017, GPSB subscribed for 49 existing ordinary shares representing 49.9% of the enlarged issued and paid up share capital for a total cash consideration of RM49. As a result, GPSB's equity interest in GRSB remained at 49.9%.

(b) **Summarised financial information of associate:**

The summarised financial information of the Group's associate and reconciles the information to the carrying amount of the Group's interest in the associate is as follows:

	2023 RM'000
Assets and liabilities	
Non-current assets	3,773
Current assets	63,760
Non-current liabilities	(7,355)
Current liabilities	(73,450)
Net assets	(13,272)
Non-controlling interest	(6,649)
Results	
Revenue	30,248
Loss for the financial year/Total comprehensive loss	(536)

The Group has not recognised its share of losses of GRSB amounting to RM267,344 because the Group's cumulative share of losses has exceeded its interest in that associate and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised were RM267,344.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. INVENTORIES

	Group 2023 RM'000	Group 2022 RM'000
Non-current		
At cost		
Properties held for development		
- Freehold land	81,479	68,210
- Development costs	27,295	28,174
	108,774	96,384
At net realisable value		
Properties held for development		
- Freehold land	1,667	1,598
Total non-current inventories	110,441	97,982
Current		
At cost		
Properties under development		
- Freehold land	8,867	8,903
- Development costs	25,553	40,186
Completed properties	1,940	1,698
Trading goods	3	-
Finished goods	33	62
	36,396	50,849
At net realisable value		
Completed properties	20,949	15,641
Total current inventories	57,345	66,490
Total inventories	167,786	164,472

(a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM13.766 million (2022: RM0.264 million).

(b) The following properties are pledged as security to secure banking facilities granted to the Group as disclosed in Note 21:

	Group 2023 RM'000	Group 2022 RM'000
Properties held for development	-	27,278
Properties under development	-	45,713
Completed properties	11,471	15,467

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. GOODWILL ON CONSOLIDATION

	Total RM'000
Group	
2023	
Cost	
At 1 July 2022	380
Acquisition of a subsidiary (Note 7(e)(i))	18,870
At 30 June 2023	19,250
Accumulated impairment losses	
At 1 July 2022	-
Impairment loss (Note 32)	380
At 30 June 2023	380
Net carrying amount	
At 1 July 2022	380
At 30 June 2023	18,870
Group	
2022	
Cost	
At 1 July 2021/30 June 2022	380

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. GOODWILL ON CONSOLIDATION (CONTINUED)

(a) Impairment of goodwill

Management reviews the business performance based on the type of products and services of the strategic business units which represent its reportable operating segments. For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the following Group's cash generating units ("CGUs") which are also reportable operating segments, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The carrying amounts of goodwill allocated to the CGUs are as follows:

	Group	
	2023 RM'000	2022 RM'000
At 1 July	380	380
Acquisition of a subsidiary (Note 7(e))	18,870	-
Impairment on goodwill	(380)	-
At 30 June	18,870	380

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.

CGU 1

Goodwill on consolidation arose from the acquisition of Gplex Properties Sdn. Bhd. ("Gplex"). Gplex is identified as a single cash generating unit ("CGU 1").

The calculation of value-in-use for the CGU 1 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 business consulting services;
- Revenue growth rates were estimated to range from 4% to 10% per annum; and
- Pre-tax discount rate of 12.31% being the weighted average cost of capital which reflects the risk relating to the business consulting services.

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 1. 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 1 to exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. **GOODWILL ON CONSOLIDATION (CONTINUED)**

(a) **Impairment of goodwill (Continued)**

CGU 2

Goodwill on consolidation arose from the acquisition of Herbitec (M) Sdn. Bhd. (“Herbitec”). Herbitec is identified as a single cash generating unit (“CGU 2”).

In the previous financial year, the calculation of value-in-use for the CGU 2 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% 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.

As at 30 June 2023, the Group estimated that the carrying amount of the CGU 2 was higher than its recoverable amount and an impairment loss of RM380,485 (2022: Nil) was recognised. The impairment loss was fully allocated to goodwill and is recorded in the statement of comprehensive income of the Group.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. OTHER INVESTMENTS

	Quoted shares in Malaysia RM'000	Vacation ownership intervals RM'000	Total RM'000
Group			
2023			
Fair value/Cost			
At 1 July 2022/30 June 2023	3	146	149
Accumulated amortisation			
At 1 July 2022/30 June 2023	-	146	146
Carrying amount			
At 1 July 2022/30 June 2023	3	-	3
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

	Quoted shares in Malaysia	
	2023 RM'000	2022 RM'000
Company		
Fair value		
At 1 July/30 June	3	3

The market value of quoted shares in Malaysia is approximately RM2,175 (2022: RM2,050).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. TRADE RECEIVABLES

	Group 2023 RM'000	Group 2022 RM'000
Trade		
Trade receivables	94,514	25,673
Less: Allowance for impairment losses	(19,418)	(18,432)
Total trade receivables	75,096	7,241

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 to 90 days (2022: 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 2023 RM'000	Group 2022 RM'000
At 1 July	18,432	17,013
Charge for the financial year (Note 32)	3,488	1,700
Reversal of impairment loss (Note 32)	(2,482)	(281)
Written off	(20)	-
At 30 June	19,418	18,432

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 36(b)(i).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Non-trade				
Other receivables	30,552	4,365	-	-
Less: Allowance for impairment losses	(5,104)	(4,105)	-	-
	25,448	260	-	-
Advance payments to a supplier	4,500	3,000	-	-
Deposits	292	218	5	2
Prepayments	925	87	5	4
	31,165	3,565	10	6

Included in other receivables is amount owing by an associate company amounting to RM23,626,217 is non-trade in nature, unsecured, interest free and are repayable on demand in cash.

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 2023 RM'000	Group 2022 RM'000
At 1 July	4,105	4,112
Acquisition of a subsidiary	1,178	-
Reversal of impairment loss (Note 32)	(155)	(7)
Written off	(24)	-
At 30 June	5,104	4,105

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)

14. AMOUNTS OWING BY SUBSIDIARIES

	Company 2023 RM'000	2022 RM'000
Amounts owing by subsidiaries	5,932	1,119
Less: Allowance for impairment losses	(1,277)	(1,083)
	4,655	36

(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 2023 RM'000	2022 RM'000
At 1 July	1,083	822
Charge for the financial year (Note 32)	202	869
Reversal of impairment loss (Note 32)	(8)	(608)
At 30 June	1,277	1,083

15. 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 RM2,013,969 (2022: RM95,725) was recognised as part of administrative expenses. There was no impairment loss in relation to the costs capitalised.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	3,103	5,751	417	3,681
Short-term deposits	5,016	1,190	2,500	-
	8,119	6,941	2,917	3,681

Included in the deposits placed with licensed banks of the Group amounting to RM1.216 million (2022: RM1.139 million) is pledged for borrowings granted to subsidiaries as disclosed in Note 21.

The deposits with licensed banks of the Group bear effective interest rates ranging from 1.50% to 2.85% (2022: 1.85% to 2.60%) per annum and mature range from 1 day to 1 year (2022: range from 2 months to 1 year).

17. NON-CURRENT ASSET HELD FOR SALE

	Group	
	2023 RM'000	2022 RM'000
Cost		
At 1 July	-	4,949
Transfer to property, plant and equipment (Note 5)	-	(4,446)
Transfer to right-of-use assets (Note 5(c))	-	(503)
At 30 June	-	-
Accumulated depreciation		
At 1 July	-	1,039
Transfer to property, plant and equipment (Note 5)	-	(1,022)
Transfer to right-of-use assets (Note 5(c))	-	(17)
At 30 June	-	-
Carrying amount		
At 30 June	-	-

On 28 June 2021, Tanco Resorts Berhad (a wholly-owned indirect 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"). In the previous 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)

18. SHARE CAPITAL AND RESERVES

	Group and Company			
	2023		2022	
	Number of shares Unit '000	Amount RM'000	Number of shares Unit '000	Amount RM'000
Issued and fully paid up:				
Ordinary shares				
At 1 July	1,741,786	107,981	1,557,496	92,721
Issuance of shares pursuant to:				
- Conversion of RCN	113,253	27,500	69,101	9,500
- Exercise of warrants	67,260	20,850	115,189	5,760
At 30 June	1,922,299	156,331	1,741,786	107,981

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) 113,252,434 new ordinary shares pursuant to conversion of Redeemable Convertible Notes ("RCN") of RM27,500,000; and

(b) 67,259,833 new ordinary shares issued pursuant to the exercise of warrants at an issue price of RM0.31 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)

19. 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.

On 29 August 2023, the Company announced that the Redeemable Convertible Notes Issuance Programme ("RCN Programme") is expiring on 29 September 2023. Further thereto, the Company cannot issue further Notes under the RCN Programme.

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)

19. 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	72,000
Equity component	
- equity component, net of deferred tax	(4,932)
- deferred tax liabilities	(1,557)
	(6,489)
Liability component at initial recognition	65,511

	Group and Company	
	2023 RM'000	2022 RM'000
Liability component at 1 July	3,939	694
Issuance of RCN during the financial year	26,710	11,833
Conversion during the financial year	(26,058)	(8,588)
	4,591	3,939
Interest expense recognised in profit or loss:		
At 1 July	315	264
Recognised during the financial year (Note 31)	72	51
At 30 June	387	315
Interest paid:		
At 1 July	(107)	(93)
Paid during the financial year	(72)	(14)
At 30 June	(179)	(107)
Current		
Liability component at 30 June	4,799	4,147
Equity		
Equity component at 30 June	153	275

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. WARRANTS

Warrants 2022/2025

On 28 June 2022, 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 13 July 2022.

On 5 September 2022, a total of 883,303,290 free warrants with an exercise price of RM0.31 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 17.16% premium to the 5-day volume weighted average share price of Tanco Shares of RM0.2646.

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 RM0.31 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 26 August 2022 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:

	2023 Number of warrants Units '000
At 1 July	-
Issuance of warrants during the financial year	883,303
Exercised during the financial year	(67,260)
At 30 June	816,043

Warrants 2018/2021

The movement of the Company’s warrants during the financial year are as follows:

	2022 Number of warrants Units '000
At 1 July	133,219
Exercised during the financial year	(115,189)
Lapsed during the financial year	(18,030)
At 30 June	-

In the previous financial year, the warrants 2018/2021 had 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)

21. LOAN AND BORROWINGS

	Secured				
	Bank overdrafts (Note 21.1) RM'000	Hire purchase payables (Note 21.2) RM'000	Bridging loan (Note 21.3) RM'000	Term loans (Note 21.4) RM'000	Total RM'000
Group					
2023					
Current liabilities					
Due in 1 year or less	148	123	-	3,575	3,846
Non-current liabilities					
Due in more than 1 year but not more than 5 years	-	379	-	8,935	9,314
Due in more than 5 years	-	-	-	6,428	6,428
	-	379	-	15,363	15,742
	148	502	-	18,938	19,588
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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. LOAN AND BORROWINGS (CONTINUED)

21.1 Bank overdrafts

The secured bank overdraft of the Group bears effective interest rate ranging from 7.89% to 8.60% (2022: 7.10% to 7.35%) per annum and is secured and supported by fixed deposit of the Group and corporate guarantee by the Company.

21.2 Hire purchase payables

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 7.43% (2022: 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	
	2023 RM'000	2022 RM'000
Minimum lease payments:		
- not later than one year	151	127
- later than one year but not later than five years	386	225
- later than five years	47	3
	584	355
Less: Future finance charges	(82)	(56)
Present value of minimum lease payments	502	299
Represented by:		
Non-current	379	191
Current	123	108
	502	299

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. LOAN AND BORROWINGS (CONTINUED)

21.3 Bridging loan

In the previous financial year, the bridging loan of a subsidiary bears interest at rates ranging from 7.33% to 7.58% 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 9);
(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 was fully settled on 27 February 2023.

21.4 Term loans

Term loan 1

Term loan of a subsidiary of RM5.492 million (2022: RM5.854 million) bears interest rate ranging from 4.10% to 4.85% (2022: 3.35% to 3.60%) per annum and is repayable by monthly instalments of RM51,992 (2022: RM46,792) 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.

Term loan 2

Term loan of a subsidiary of RM0.837 million bears interest rate at 1.50% below the bank's base lending rate per annum and is repayable by monthly instalments of RM5,020 over 25 years commencing in August 2019 and is secured and supported as follows:

(i) First legal charge over property of a subsidiary (Note 5);
(ii) Corporate guarantee by the former immediate holding company; and
(iii) Joint and several guarantee by a director and a third party of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. **LOAN AND BORROWINGS (CONTINUED)**

21.4 **Term loans (Continued)**

Term loan 3

Term loan of a subsidiary of RM1.003 million bears interest rate at 2.40% below the bank's Islamic financing rate per annum and is repayable by monthly instalments of RM5,011 over 30 years commencing in February 2020 and is secured and supported as follows:

(i) Investment properties and fixed deposits of a subsidiary; and
(ii) Joint and several guarantee by the directors and a third party of the subsidiary.

Term loan 4

Term loan of a subsidiary of RM1.170 million bears interest rate at 2.40% below the bank's Islamic financing rate per annum and is repayable by monthly instalments of RM5,846 over 30 years commencing in February 2020 and is secured and supported as follows:

(i) Investment properties and fixed deposits of a subsidiary; and
(ii) Joint and several guarantee by the directors and a third party of the subsidiary.

Term loan 5

Term loan of a subsidiary of RM9.211 million bears interest rate at 18.00% per annum and is repayable by monthly instalments of RM316,667 over 5 years commencing in February 2021 and is secured and supported as follows:

(i) Corporate guarantee by the former immediate holding company of the subsidiary; and
(ii) Joint and several guarantee by directors of the subsidiary.

Term loan 6

Term loan of a subsidiary of RM1.225 million bears interest rate at 18.00% per annum and is repayable by monthly interest of RM15,000 and principal sum of RM1,000,000 at the last month in March 2024 and is secured and supported as follows:

(i) Joint and several guarantee by directors of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. LONG TERM PAYABLES

	Note	Group 2023 RM'000	Group 2022 RM'000
Trade			
Trade payable	(a)	-	2,405
Non-trade			
Other payables	(b)	748	4,511
		748	6,916

(a) Trade payable represents:

(i) Retention sum of RM2.405 million payable to a main contractor, to be settled by September 2023, discounted at an imputed rate of 7.58% in the previous financial year.

(b) Other payables represent:

(i) sums payable to members upon expiry of their golf memberships in year 2093 in the previous financial year;
(ii) sums payable to the late previous Director and existing Directors of the Group, discounted at an imputed rate of 7.83% in the previous financial year; and
(iii) sums payable to a real estate agent in the previous financial year. The amount payable is unsecured and interest free.

23. DEFERRED TAX LIABILITIES

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Deferred tax liabilities				
At 1 July	(87)	(33)	(87)	(33)
Issuance of RCN	(310)	(280)	(310)	(280)
Conversion of RCN during the financial year	349	219	349	219
Addition due to acquisition of a subsidiary	(210)	-	-	-
Recognised in profit or loss (Note 34)	70	7	-	7
At 30 June	(188)	(87)	(48)	(87)

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)

23. 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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Unabsorbed capital allowances	818	1,916	161	161
Unused tax losses	124,467	136,664	4,253	4,253
Property, plant and equipment	(1,182)	(1,280)	-	-
Other temporary differences	(103)	-	-	-
	124,000	137,300	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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Year of assessments				
2028	114,840	127,502	4,253	4,253
2029	5,474	5,474	-	-
2030	100	100	-	-
2031	733	733	-	-
2032	2,855	2,855	-	-
2033	465	-	-	-
	124,467	136,664	4,253	4,253

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. TRADE PAYABLES

	Group 2023 RM'000	Group 2022 RM'000
Trade payables	47,493	15,501

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 90 days (2022: 30 to 90 days).

25. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Other payables	23,518	8,129	2,379	303
Deposits	1,972	443	-	-
Accruals	2,390	3,835	75	54
	27,880	12,407	2,454	357

26. CONTRACT (ASSETS)/LIABILITIES

	Group 2023 RM'000	Group 2022 RM'000
Contract assets relating to business consulting services	(60)	-
Contract assets relating to construction service contracts	(6,056)	(1,338)
Total contract assets	(6,116)	(1,338)
Contract liabilities relating to property development contracts	42,562	31,791
Total contract liabilities	42,562	31,791

Movement of the contract (asset)/liabilities are as follows:

	Group 2023 RM'000	Group 2022 RM'000
At 1 July	30,453	32,555
Less: Revenue recognised during the financial year	(65,385)	(3,884)
	(34,932)	28,671
Add: Deposits and progress billings during the financial year	71,378	1,782
At 30 June	36,446	30,453

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. PROVISION FOR LIABILITIES

	Group 2023 RM'000	2022 RM'000
At 1 July	-	78
Utilised during the financial year	-	(78)
At 30 June	-	-

Provision for liquidated ascertained damages (LAD) is in respect of development projects undertaken by the Group.

28. AMOUNTS OWING TO DIRECTORS

The amounts owing to directors are non-trade in nature, unsecured, interest free and is repayable on demand in cash.

29. REVENUE

	Group 2023 RM'000	2022 RM'000
Revenue from contract with customers:		
Sales of development properties	26,596	807
Income from annual subscriptions fees, clubs and resort operations	756	719
Construction contracts	25,913	3,077
Sales of pharmaceutical products	36	9
Sales of construction materials	27,492	7,782
Business consulting services	11,097	-
Revenue from other sources:		
Rental income	1,922	1,928
Interest income from money lending business	38	3
	93,850	14,325

(a) Disaggregation of revenue

The Group reports the following segments: property development/management, resorts and club operation/management, business consulting services, sales of goods 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)

29. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	Group					
2023	**Property development/ management RM'000**	**Resorts and club operation/ management RM'000**	**Construction RM'000**	**Sales of goods RM'000**	**Business consulting services**	**Total RM'000**
Timing of revenue recognition:						
At a point in time	-	-	-	27,528	-	27,528
Over time	26,596	756	25,913	-	11,097	64,362
	26,596	756	25,913	27,528	11,097	91,890
2022						
Timing of revenue recognition:						
At a point in time	-	-	-	7,791	-	7,791
Over time	807	719	3,077	-	-	4,603
	807	719	3,077	7,791	-	12,394

(b) Transaction price allocated to the remaining performance obligation

As of 30 June 2023, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM80.992 million (2022: RM51.602 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 2 years (2022: 1 to 3 years).

The Group applies 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.

30. COST OF SALES

	Group	
	2023 RM'000	**2022 RM'000**
Cost of development properties	13,766	264
Rental operation costs	1,182	1,194
Business consulting services	3,645	-
Cost of construction contracts	25,440	2,955
Purchase of materials	27,486	7,594
	71,519	12,007

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expenses on:				
- bridging and term loans	309	2,556	-	-
- overdrafts	66	73	-	-
- hire purchase payables	28	21	-	-
- RCN (Note 19)	72	51	72	51
	475	2,701	72	51

32. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
After charging/(crediting):				
Auditors' remuneration:				
- statutory audit				
- current year	240	152	70	43
- prior year	23	1	7	-
- other service	5	3	5	3
Allowance for impairment loss on:				
- amounts owing by subsidiaries	-	-	202	869
- goodwill	380	-	-	-
- investments in subsidiaries	-	-	4,651	3,604
- property, plant and equipment	61	-	-	-
- trade receivables	3,488	1,700	-	-
Depreciation of:				
- investment properties	1,177	1,151	-	-
- property, plant and equipment	802	721	14	15
- right-of-use assets	272	272	-	-
Employee benefits expenses (Note 33)	6,363	5,210	180	162
Expenses relating to short-term lease of premises	149	135	-	-
Loss on disposal of investment properties	15	-	-	-
Net inventories written down	-	90	-	-
Unwinding of discount	479	104	-	-
Written off of inventories	18	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. PROFIT/(LOSS) BEFORE TAX (CONTINUED)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax (Continued):

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Gain on disposal of property, plant and equipment	(465)	-	-	-
Interest income	(6,864)	(28)	-	-
Reversal of impairment loss on:				
- amounts owing by subsidiaries	-	-	(8)	(608)
- inventories	(4,407)	-	-	-
- investments in subsidiaries	-	-	(2,590)	(10,985)
- investment properties	(4,305)	(1,083)	-	-
- other receivables	(155)	(7)	-	-
- trade receivables	(2,482)	(281)	-	-

33. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries, fee, overtime and allowance	5,262	4,374	180	162
Defined contribution plans	610	511	-	-
Others	491	325	-	-
	6,363	5,210	180	162
Included in employee benefits expenses are:				
Directors' fee	150	132	150	132
Directors' remuneration				
- salaries and allowance	1,962	1,651	30	30
- defined contribution plans	239	198	-	-
- benefits-in-kind	81	68	3	7
- others emoluments	146	39	-	-
	2,578	2,088	183	169

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34. TAX EXPENSE/(CREDIT)

The major components of income tax expense/(credit) for the financial years ended 30 June 2023 and 2022 are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax				
- current year	1,781	81	-	-
- prior years	(849)	(8)	(126)	-
Deferred tax				
- current year	-	(7)	-	(7)
- prior year	(70)	-	-	-
Tax expense/(credit) recognised in profit or loss	862	66	(126)	(7)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2022: 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) before tax	21,784	(12,982)	(4,865)	5,591
Taxation at Malaysian statutory income tax rate of 24%	5,228	(3,116)	(1,168)	1,342
Adjustments:				
Non-taxable income	(18,628)	(1,833)	-	(2,239)
Non-deductible expenses	18,373	4,098	1,168	890
Deferred tax assets not recognised in the financial statements	99	947	-	-
Utilisation of deferred tax assets previously not recognised	(3,291)	(22)	-	-
Over provision of deferred tax liability in prior year	(70)	-	-	-
Over provision of current tax in prior year	(849)	(8)	(126)	-
Tax expense/(credit) for the financial year	862	66	(126)	(7)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per ordinary share

Basic earnings/(loss) per share are based on the income/(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 2023 RM'000	Group 2022 RM'000
Income/(Loss) for the financial year attributable to owners of the Company	18,533	(12,899)
	Number of shares Units ('000)	**Number of shares Units ('000)**
Weighted average number of ordinary shares in issue		
At 1 July 2022/2021	1,741,786	1,557,496
Add: Effect of issuance of shares	65,706	121,467
At 30 June 2023/2022	1,807,492	1,678,963
Basic earnings/(loss) per ordinary share (sen)	1.03	(0.77)

(b) Diluted earnings/(loss) per ordinary share

Diluted earnings/(loss) per share are based on the income/(loss) attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that could be issued on conversion at all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	Group 2023 RM'000	Group 2022 RM'000
Income/(Loss) for the financial year attributable to owners of the Company	18,533	(12,899)
	Number of shares Units ('000)	**Number of shares Units ('000)**
Weighted average number of ordinary shares in issue	1,807,492	1,678,963
Effect of dilution from:		
- dilution of warrants	816,043	*
Weighted average number of ordinary shares for diluted earnings per share	2,623,535	1,678,963
Diluted earnings/(loss) per ordinary share (sen)	0.71	(0.77)

* The potential shares are anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. **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 2023			
Group			
Financial assets			
Other investments	3	-	3
Trade receivables	75,096	75,096	-
Other receivables and deposits*	25,740	25,740	-
Cash and short-term deposits	8,119	8,119	-
	108,958	108,955	3
Financial liabilities			
Trade payables	47,493	47,493	-
Other payables, deposits and accruals	28,628	28,628	-
Amounts owing to directors	26,549	26,549	-
Loan and borrowings	19,588	19,588	-
RCN - liability component	4,799	4,799	-
	127,057	127,057	-
Company			
Financial assets			
Other investments	3	-	3
Other receivables and deposits*	5	5	-
Amounts owing by subsidiaries	4,655	4,655	-
Cash and short-term deposits	2,917	2,917	-
	7,580	7,577	3
Financial liabilities			
Other payables, deposits and accruals	2,454	2,454	-
Amounts owing to directors	22,496	22,496	-
RCN - liability component	4,799	4,799	-
	29,749	29,749	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. 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			
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	17,906	17,906	-
Other payables, deposits and accruals	16,918	16,918	-
Amounts owing to directors	1,113	1,113	-
Loan and borrowings	41,381	41,381	-
RCN - liability component	4,147	4,147	-
	81,465	81,465	-
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	-

* *Excluding advance payments to a supplier and prepayment*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. **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 one customer representing 19% 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)

36. **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 2023**	**Gross carrying amount RM'000**	**ECL allowance RM'000**	**Net balance RM'000**
Contract assets			
Current	6,116	-	6,116
Trade receivables			
Current (not past due)	51,774	-	51,774
1 to 30 days past due	847	-	847
31 to 60 days past due	1,531	-	1,531
61 to 90 days past due	7,301	-	7,301
91 to 120 days past due	2,182	-	2,182
More than 120 days past due	11,591	(130)	11,461
Credit impaired			
- individually assessed	19,288	(19,288)	-
	100,630	(19,418)	81,212
At 30 June 2022			
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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. **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 13.

Refer to Note 3.4(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. **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 RM5.639 million (2022: RM41.082 million) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 36(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)

36. **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 2023					
Trade payables	47,493	47,493	-	-	47,493
Other payables, deposits and accruals	28,628	27,880	-	748	28,628
Amounts owing to directors	26,549	26,549	-	-	26,549
Loan and borrowings	19,588	6,282	13,640	12,787	32,709
RCN - liability component	4,799	4,799	-	-	4,799
	127,057	113,003	13,640	13,535	140,178

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. **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 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)

36. **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		
Company	**Carrying amount RM'000**	**On demand or within 1 year RM'000**	**Between 1 and 5 years RM'000**	**Total RM'000**
At 30 June 2023				
Other payables, deposits and accruals	2,454	2,454	-	2,454
Amounts owing to directors	22,496	22,496	-	22,496
RCN - liability component	4,799	4,799	-	4,799
Financial guarantee contracts	-	5,639	-	5,639
	29,749	35,388	-	35,388
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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. 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 overdrafts, hire purchase payables, bridging loan, term loans 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 2023					
Bank overdrafts	7.89 - 8.60	148	-	-	148
Hire purchase payables	2.46 - 7.43	123	379	-	502
Term loans	4.49 - 18.00	3,575	8,935	6,428	18,938
RCN - liability component	8.96	4,799	-	-	4,799
Other payables (non-current)	7.83	-	748	-	748
At 30 June 2022					
Bank overdraft	7.10 - 7.35	992	-	-	992
Hire purchase payables	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 payables (non-current)	7.83	-	2,405	-	2,405
Other payables (non-current)	7.83	-	4,511	-	4,511
Company					
Financial liabilities					
At 30 June 2023					
RCN - liability component	8.96	4,799	-	-	4,799
At 30 June 2022					
RCN - liability component	8.96	4,147	-	-	4,147

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. **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 (2022: 100) basis point higher/lower and all other variables held constant, the Group's profit/(loss) for the financial year ended 30 June 2023 would increase/decrease by RM145,054 (2022: RM312,223) 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)

36. **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 (2022: no transfer in either directions).

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	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
At 30 June 2023					
Financial asset					
Other investments	3	-	-	3	3
Financial liabilities					
Long term payables	-	-	748	748	748
RCN - liability component	-	-	4,799	4,799	4,799
Hire purchase payables	-	-	515	515	515
Term loans	-	-	18,938	18,938	18,938
	-	-	25,000	25,000	25,000
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
Hire purchase payables	-	-	316	316	316
Bridging loan	-	-	34,236	34,236	34,236
Term loans	-	-	5,854	5,854	5,854
	-	-	51,763	51,763	51,469

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. 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 2023					
Financial asset					
Other investments	3	-	-	3	3
Financial liability					
RCN - liability component	-	-	4,799	4,799	4,799
At 30 June 2022					
Financial asset					
Other investments	3	-	-	3	3
Financial liability					
RCN - liability component	-	-	4,147	4,147	4,147

37. 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 High Court had on 19 May 2023 granted an order to transfer the matter to the Kuala Lumpur Sessions Court. The case is now fixed for case management on 11 April 2024, and trial on 6, 7 and 8 August 2024.

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)

38. 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, 14, 22, and 28.

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to subsidiaries as disclosed in Note 36(b)(i).

(c) Compensation of key management personnel

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors				
- fees	150	132	150	132
- salaries and allowance	1,962	1,651	30	30
- defined contribution plans	239	198	-	-
- benefits-in-kind	81	68	3	7
- other emoluments	146	39	-	-
	2,578	2,088	183	169
Other key management personnels				
- salaries and allowances	1,055	668	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

39. 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 2023 and 30 June 2022.

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 2023 and 30 June 2022 are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total loan and borrowings	19,588	41,381	-	-
Trade and other payables	76,121	34,824	2,454	357
Amounts owing to directors	26,549	1,113	22,496	943
Redeemable convertible notes	4,799	4,147	4,799	4,147
Less: Cash and short-term deposits	(8,119)	(6,941)	(2,917)	(3,681)
Net debts	118,938	74,524	26,832	1,766
Total equity	242,469	172,193	245,918	202,429
Total equity plus net debts	361,407	246,717	272,750	204,195
Gearing ratio (%)	33%	30%	10%	1%

40. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

(a) On 21 September 2023, the Company entered into shares sales agreement to acquire 307,968 shares in Herbitec (M) Sdn. Bhd. ("HSB") for a total consideration of RM339,000, representing 21.6% equity interest in HSB. HSB is the existing subsidiary of the Company, consequently shall owned 72.6% of HSB.

(b) On 16 October 2023, the Company subscribed for 7,900 shares in Midports Holdings Sdn. Bhd. ("MHSB") for a total consideration of RM7,900, representing 79% equity interest in MHSB. Consequently, MHSB became a subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

41. 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
- Business consulting services

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)

41. SEGMENT INFORMATION (CONTINUED)

	Note	Property development/ management RM'000	Resorts and club operation/ management RM'000	Construction RM'000	Investment holding RM'000	Business consulting services RM'000	Elimination RM'000	Consolidated RM'000
2023								
Revenue								
External sales		27,833	1,478	53,406	36	11,097	-	93,850
Inter-segment sales	(a)	897	-	456	-	-	(1,353)	-
Total revenue		28,730	1,478	53,862	36	11,097	(1,353)	93,850
Results								
Segment results	(b)	14,815	2,304	(2,123)	(38,615)	6,573	32,441	15,395
Finance costs		(399)	(71)	-	(72)	(68)	135	(475)
Finance income		6,848	1	2	12	1	-	6,864
Tax credit/(expense)		325	272	85	127	(1,671)	-	(862)
Profit/(Loss) for the financial year		21,589	2,506	(2,036)	(38,548)	4,835	32,576	20,922
Assets and liabilities								
Segment assets	(c)	325,395	81,476	35,517	350,894	43,848	(418,170)	418,960
Segment liabilities	(d)	140,800	38,888	26,275	52,355	31,070	(119,769)	169,619

NOTES TO THE FINANCIAL STATEMENTS (Continued)

41. **SEGMENT INFORMATION (CONTINUED)**

	Property development/ management RM'000	Resorts and club operation/ management RM'000	Construction RM'000	Investment holding RM'000	Business consulting services RM'000	Elimination RM'000	Consolidated RM'000
2023							
Other information							
Allowance for impairment loss on:							
- goodwill	-	-	-	380	-	-	380
- property, plant and equipments	-	61	-	-	-	-	61
- trade receivables	1,201	12	2,275	-	-	-	3,488
Depreciation of:							
- investment properties	-	1,177	-	-	-	-	1,177
- property, plant and equipment	293	418	#	15	76	-	802
- right-of-use assets	778	38	-	-	25	(569)	272
Loss on disposal of investment							-
properties	-	-	-	-	15	-	15
Written off of inventories	-	-	-	18	-	-	18
Gain on disposal of property, plant and equipment	(465)	-	-	-	-	-	(465)
Reversal of impairment loss on:							
- inventories	(4,407)	-	-	-	-	-	(4,407)
- investment properties	-	(4,305)	-	-	-	-	(4,305)
- other receivables	(155)	-	-	-	-	-	(155)
- trade receivables	(2,482)	#	-	-	-	-	(2,482)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

41. **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
Tax 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)

41. **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:						
- investment properties	-	1,151	-	-	-	1,151
- property, plant and equipment	285	421	-	15	-	721
- right-of-use assets	796	75	-	-	(599)	272
Net inventories written down	90	-	-	-	-	90
Reversal of impairment loss on:						
- investment properties	-	(1,083)	-	-	-	(1,083)
- other receivables	(7)	-	-	-	-	(7)
- trade receivables	(280)	(1)	-	-	-	(281)

\# *Representing amount less than RM1,000*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

41. **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**

	2023 RM'000	2022 RM'000
Elimination of inter-segment profit/(loss)	32,441	(7,161)

(c) **Reconciliation on assets**

	2023 RM'000	2022 RM'000
Inter-segment assets	(418,170)	(327,246)

(d) **Reconciliation on liabilities**

	2023 RM'000	2022 RM'000
Inter-segment liabilities	(119,769)	137,933

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 87 to 194 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 2023 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: 19 October 2023

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 87 to 194 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 19 October 2023.

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 2023 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 87 to 194.

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 2023, 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 29 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 impact to revenue arising from liquidated and ascertained damages.

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 29 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.

Goodwill (Note 4(f) and Note 10 to the financial statements)

The Group recorded goodwill on business combination amounting to RM18,870,000 arising from the acquisition as disclosed in Note 7 to the financial statements in financial year ended 30 June 2023. The Group is required to assess the recoverable amount of goodwill annually.

We focused on this area because the determination of the recoverable amount of goodwill requires significant judgements by the Group on the discount rate applied and the assumptions supporting the underlying cash flow projections, including forecast growth rates, operating expenses and gross profit margin.

Our response:

Our audit procedures included, among others:

- assessing the appropriateness of the valuation methodology adopted by the Group in accordance to the requirements of *MFRS 136 Impairment of Assets*;
- discussing with the management in assessing key assumptions used in the preparation of cash flow projection;
- testing the mathematical accuracy of the computation of the recoverable amount; and
- performing a sensitivity analysis around the key assumptions that are expected to be most sensitive to the recoverable amount.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TANCO HOLDINGS BERHAD (Continued)

(Incorporated in Malaysia)

Key Audit Matters (Continued)

Trade receivables (Note 4(g) and Note 12 to the financial statements)

The Group has significant trade receivables as at 30 June 2023 which include certain amounts which are long outstanding. We focused on this area because the Group made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the Group selected inputs to the impairment calculation, based on the Group's past history, existing market conditions and forward-looking information at the end of the reporting period.

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring of outstanding receivables and contract assets and impairment calculation;
- developing understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection or legal reports prepared by management;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significantly past due balances; and
- assessing the reasonableness and calculation of expected credit losses as at the end of the reporting period.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TANCO HOLDINGS BERHAD (Continued)

(Incorporated in Malaysia)

Key Audit Matters (Continued)

Inventories (Notes 4(c) and 9 to the financial statements)

The Group held significant balance of inventories amounting to RM167,786,000 as at reporting period. 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TANCO HOLDINGS BERHAD (Continued)

(Incorporated in Malaysia)

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. 03264/04/2025 J
Chartered Accountant

Kuala Lumpur

Date: 19 October 2023

LIST OF PROPERTIES AS AT 30 JUNE 2023

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, 5932-5943, 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 No. 5810 : Geran 75569/M1/3&4/5, Lot No. 5812 : Geran 75567/M1/3&4/6-75567/M1/3&4/5, Lot No. 5813 : Geran 75566/M1/3&4/5, Lot No. 5814 : Geran 75565/M1/2/3-75565/M1/3&4/5-75565/M1/3&4/6-75565/M1/1/1, Lot No. 5815 : Geran 75563/M1/3&4/6-75563/M1/1/1-75563/M1/2/3, Lot No. 5816 : Geran 75562/M1/3&4/5, Lot No. 5817 : Geran 75561/M1/3/5, Lot No. 5821 : Geran 75557/M1/2/3-75557/M1/1/2, Lot No. 5822 : Geran 75556/M1/2/4, Lot No. 5823 : Geran 75555/M1/2/4, Lot No. 5826 : Geran 75552/M1/3&4/5-75552/M1/3&4/6, Lot No. 5827 : Geran 75551/M1/3&4/5-75551/M1/3&4/6, Lot No. 5828 : Geran 75550/M1/2/3-75550/M1/3&4/5-75550/M1/3&4/6-75550/M1/2/4, Lot No. 5829 : Geran 75549/M1/2/3-75549/M1/3&4/5-75549/M1/3&4/6-75549/M1/1/2, Lot 5830 : Geran 82000/M1/1/2-82000/M1/2/4, Lot No. 5831 : Geran 81999/M1/2/4-81999/M1/1/2, 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. 5837 : Geran 81993/M1/2/3-81993/M1/3&4/5, 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&4/6-81990/M1/1/2,	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	349.02	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	-	222,938

LIST OF PROPERTIES AS AT 30 JUNE 2023 (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. 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. 5859 : Geran 81974/M1/3&4/5, Lot No. 5860 : Geran 81973/M1/3&4/6, Lot No. 5861 : Geran 81972/M1/3&4/6-81972/M1/2/3, Lot No. 5862 : Geran 81971/M1/3&4/5, Lot No. 5863 : Geran 81970/M1/3&4/6, Lot No. 5865 : Geran 81968/M1/2/4, Lot No. 5866 : Geran 81967/M1/2/3-81967/M1/3&4/5, Lot No. 5867 : Geran 81966/M1/2/3, Lot No. 5870 : Geran 81963/M1/2/3, Lot No. 5872 : Geran 81961/M1/2/4, Lot No. 5874 : Geran 81959/M1/3&4/6, Lot No. 5877 : Geran 81956/M1/3&4/5-81956/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. 5879 : Geran 81954/M1/2/4-81954/M1/2/3-81954/M1/3&4/5-81954/M1/3&4/6, Lot No. 5880 : Geran 81953/M1/3&4/5-81953/M1/3&4/6, Lot No. 5881 : Geran 81952/M1/3&4/5-81952/M1/3&4/6, Lot No. 5882 : Geran 81951/M1/3&4/5-81951/M1/3&4/6-81951/M1/2/3, Lot No. 5883 : Geran 81950/M1/3&4/5-81950/M1/3&4/6-81950/M1/2/3, Lot No. 5884 : Geran 81949/M1/1/1-Geran 81949/M1/3&4/5-81949/M1/3&4/6, Lot No. 5885 : Geran 81948/M1/2/3-81948/M1/3&4/5-81948/M1/1/2-81948/M1/3&4/6-81948/M1/1/1-81948/M1/2/4, 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/M1/1/2-81946/M1/2/3-81946/M1/2/4, Lot No. 5888 : Geran 81945/M1/1/2-81945/M1/3&4/5-81945/M1/1/1-81945/M1/3&4/6-81945/M1/2/3-81945/M1/2/4,						

LIST OF PROPERTIES AS AT 30 JUNE 2023 (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. 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,						
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	27 years	12,353
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	27 years	7,696

LIST OF PROPERTIES
AS AT 30 JUNE 2023 (Continued)

Location	Tenure	Area (acres)	Description and Existing Use	Year of Acquisition/ Revaluation	Age of Properties	Net Book Value RM'000
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	30 years	3,246
H.S.(M) No. 5580 P.T. No. 8080	Leasehold for 99 years to expire in the year 2117	0.93		2017	-	476
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	30 years	1,783
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
Mukim of Rawang District of Gombak Negeri Selangor Darul Ehsan Lot No. 1037: Geran 44268/M1/5/64&74 Lot No. 18419	Freehold	0.08	Buildings for staff quarter/ accommodation	2023	16 & 17 years	844
Mukim of Bandar Petaling Jaya District of Petaling Negeri Selangor Darul Ehsan Master Title No. PN 100252 Lot No. 72702	Leasehold for 99 years to expire in the year 2089	0.07	Building for office use	2018	13 years	881
Mukim and District of Bandar Kuala Lumpur Wilayah Persekutuan Kuala Lumpur Master Title No. 80739 Lot No. 20002	Freehold	0.05	Buildings held for investments	2019	8 years	2,313

ANALYSIS OF SHAREHOLDINGS
AS AT 5 OCTOBER 2023

SHARE CAPITAL

No. of Issued Shares	:	1,987,659,949
Type of Securities	:	Ordinary Shares
No. of Shareholders	:	7,130
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	1,108	15.54	36,976	0.00
100 – 1,000	1,519	21.31	1,120,875	0.06
1,001 – 10,000	3,260	45.72	14,648,704	0.74
10,001 – 100,000	935	13.11	27,898,708	1.40
100,001 to 99,382,997 *	306	4.29	1,558,954,686	78.43
99,382,998 and above**	2	0.03	385,000,000	19.37
Total	7,130	100.00	1,987,659,949	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.	205,000,000	10.31
2.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd. (ED)	180,000,000	9.06
3.	CGS-CIMB Securities Sdn. Bhd. IVT for EDIA	90,000,000	4.53
4.	HSBC Nominees (Asing) Sdn. Bhd. Societe Generale Paris	76,183,500	3.83
5.	Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd.	74,059,064	3.73
6.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Andrew Tan Jun Suan	72,000,000	3.62
7.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd.	70,000,000	3.52
8.	APEX Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Andrew Tan Jun Suan (Margin)	62,301,200	3.14

ANALYSIS OF SHAREHOLDINGS
AS AT 5 OCTOBER 2023 (Continued)

TOP THIRTY (30) SECURITIES ACCOUNTS HOLDERS (Continued)

No.	Name of Shareholders	No. of Ordinary Shares Held	Percentage (%) of Ordinary Shares
9.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd. (M1868A)	60,000,000	3.02
10.	TJN Capital Sdn. Bhd.	60,000,000	3.02
11.	HSBC Nominees (Asing) Sdn. Bhd. BNP Paribas Arbitrage SNC	51,297,200	2.58
12.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd.	50,000,000	2.52
13.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account – AMBANK (M) Berhad for Dato' Ong Choo Meng (SMART)	49,173,500	2.47
14.	HSBC Nominees (Asing) Sdn. Bhd. J.P. Morgan Securities PLC	42,220,100	2.12
15.	Alliance Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd. (7005751)	42,000,000	2.11
16.	Tee Tiam Lee	35,000,000	1.76
17.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Andrew Tan Jun Suan (MY1868)	27,374,600	1.38
18.	Ajiya Berhad	25,000,000	1.26
19.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd.	25,000,000	1.26
20.	CitiGroup Nominees (Asing) Sdn. Bhd. UBS AG	20,311,000	1.02
21.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd.	19,000,000	0.96
22.	M & A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Andrew Tan Jun Suan (M&A)	16,000,000	0.81
23.	Salcon Berhad	15,000,000	0.76
24.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Ong Choo Meng (MGN-OCM0001M)	14,500,000	0.73
25.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Liang Tian Kiat	13,773,300	0.69
26.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Googolplex Holdings Berhad (MGN-CMS0035M)	13,000,000	0.65

ANALYSIS OF SHAREHOLDINGS
AS AT 5 OCTOBER 2023 (Continued)

TOP THIRTY (30) SECURITIES ACCOUNTS HOLDERS (Continued)

No.	Name of Shareholders	No. of Ordinary Shares Held	Percentage (%) of Ordinary Shares
27.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Googolplex Holdings Berhad (MGN-LTK0006M)	13,000,000	0.65
28.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Soon Khean (MGN-LSK0015M)	12,010,000	0.60
29.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Wee Terk (E-TJJ)	12,008,900	0.60
30.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Sheng Yih (MGN-GSY0001M)	11,900,000	0.60
		1,457,112,364	73.31

SUBSTANTIAL SHAREHOLDERS
AS AT 5 OCTOBER 2023

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 5 OCTOBER 2023

	No. of Ordinary Shares Held			
Name of Shareholders	**Direct**	**Percentage (%)**	**Indirect**	**Percentage (%)**
Dato' Sri Andrew Tan Jun Suan	210,975,800[(1)]	10.61	785,059,064[(2)]	39.50
TJN Capital Sdn. Bhd.	785,059,064 [(3)]	39.50	-	-

Notes:

(1) Of the 210,975,800 ordinary shares, 72,000,000 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., 27,374,600 ordinary shares are held through CGS-CIMB Nominees (Tempatan) Sdn. Bhd., 5,700,000 ordinary shares are held through Maybank Nominees (Tempatan) Sdn. Bhd., 62,301,200 ordinary shares are held through Apex Nominees (Tempatan) Sdn. Bhd., 11,900,000 ordinary shares are held through TA Nominees (Tempatan) Sdn. Bhd., 8,000,000 ordinary shares are held through Alliancegroup Nominees (Tempatan) Sdn. Bhd. and 7,700,000 ordinary shares are held through Bimsec 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 785,059,064 ordinary shares, 74,059,064 ordinary shares are held through Mercsec Nominees (Tempatan) Sdn. Bhd., 50,000,000 ordinary shares are held through Maybank Nominees (Tempatan) Sdn. Bhd., 240,000,000 ordinary shares are held through CGS-CIMB Nominees (Tempatan) Sdn. Bhd., 70,000,000 ordinary shares are held through Affin Hwang Nominees (Tempatan) Sdn. Bhd., 19,000,000 ordinary shares are held through Kenanga Nominees (Tempatan) Sdn. Bhd., 42,000,000 ordinary shares are held through Alliancegroup Nominees (Tempatan) Sdn. Bhd., 25,000,000 ordinary shares are held through RHB Nominees (Tempatan) Sdn. Bhd. and 265,000,000 ordinary shares are held under its own name.

ANALYSIS OF WARRANT HOLDINGS
AS AT 5 OCTOBER 2023

Total No. of Unexercised Warrants	:	763,220,457
Type of Securities	:	Warrants 2022/2025 ("Warrants")
No. of Warrant Holders	:	6,465

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	1,435	22.20	37,452	0.01
100 – 10,000	2,166	33.50	1,402,829	0.18
10,001 – 100,000	2,230	34.49	8,093,441	1.06
100,001 – 1,000,000	451	6.98	13,946,689	1.83
1,000,001 to 37,906,172*	181	2.80	623,876,696	81.74
37,906,173 and above**	2	0.03	115,863,350	15.18
Total	6,465	100.00	763,220,457	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.	ECYY Trading Sdn. Bhd.	74,163,350	9.72
2.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Andrew Tan Jun Suan	41,700,000	5.46
3.	APEX Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Chow Tee (Margin)	38,108,000	4.99
4.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Sri Gan Chow Tee	32,000,000	4.19
5.	Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd.	30,529,532	4.00
6.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Andrew Tan Jun Suan	30,000,000	3.93
7.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chia Yoong Yoong	24,000,000	3.14
8.	Edwin Tan Kium Suan	23,577,228	3.09
9.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd. (M1868A)	20,000,000	2.62
10.	APEX Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chong Li Ping (Margin)	18,248,200	2.39

ANALYSIS OF WARRANT HOLDINGS
AS AT 5 OCTOBER 2023 (Continued)

TOP THIRTY (30) WARRANT HOLDERS (Continued)

No.	Name of Warrant Holders	No. of Warrants held	Percentage (%) of Warrants
11.	Chay Wee Hwang	16,797,800	2.20
12.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yi-Lai Industry Berhad	16,000,000	2.10
13.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account - Ambank (M) Berhad for Honsin Apparel Sdn. Bhd. (Smart)	15,500,000	2.03
14.	APEX Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Liang Tiang Kiat (Margin)	15,256,900	2.00
15.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TJN Capital Sdn. Bhd.	15,000,000	1.96
16.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Kah Wei (E-SKN/KJG)	13,374,300	1.75
17.	Gan Bee Leng	12,900,000	1.69
18.	Chia Yoong Yoong	12,798,050	1.68
19.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Ong Choo Meng	12,270,000	1.61
20.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account - Ambank (M) Berhad for Divine Inventions Sdn. Bhd. (Smart)	11,500,000	1.51
21.	Chan Kin Keong	11,500,000	1.51
22.	Tee Tiam Lee	10,000,000	1.31
23.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Choo Meng (Dato')	8,000,000	1.05
24.	M & A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Andrew Tan Jun Suan (M&A)	8,000,000	1.05
25.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lo Ngen Loi	7,752,000	1.01
26.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yong Bee Bee	7,200,000	0.94
27.	Chong Ah Suan	6,000,000	0.79
28.	Carolina Lau Jin Erh	5,710,000	0.75
29.	Tee Leong Yong	5,395,000	0.71
30.	Chay Wee Lee	5,390,000	0.71
		548,670,360	71.89

STATEMENT OF DIRECTORS' INTERESTS
IN THE COMPANY AND ITS RELATED CORPORATIONS AS AT 5 OCTOBER 2023 (AS PER THE REGISTER OF DIRECTORS' SECURITIES HOLDINGS)

Directors' Shareholdings in the Holding Company:-
- TJN Capital Sdn. Bhd.

Ordinary Shares

	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:-

Ordinary Shares

	No. of Ordinary Shares Held			
Name of Director	**Direct**	**%**	**Indirect**	**%**
Dato' Sri Andrew Tan Jun Suan	210,975,800[(1)]	10.61	785,059,064[(2)]	39.50

Directors' Warrant Holdings in the Company:-

Warrants 2022/2025

	No. of Warrants 2022/2025 Held			
Name of Director	**Direct**	**%**	**Indirect**	**%**
Dato' Sri Andrew Tan Jun Suan	92,450,000[(3)]	12.11	66,452,304[(4)]	8.71

Notes:

(1) Of the 210,975,800 ordinary shares, 72,000,000 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., 27,374,600 ordinary shares are held through CGS-CIMB Nominees (Tempatan) Sdn. Bhd., 5,700,000 ordinary shares are held through Maybank Nominees (Tempatan) Sdn. Bhd., 62,301,200 ordinary shares are held through Apex Nominees (Tempatan) Sdn. Bhd., 11,900,000 ordinary shares are held through TA Nominees (Tempatan) Sdn. Bhd., 8,000,000 ordinary shares are held through Alliancegroup Nominees (Tempatan) Sdn. Bhd. and 7,700,000 ordinary shares are held through Bimsec 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 785,059,064 ordinary shares, 74,059,064 ordinary shares are held through Mercsec Nominees (Tempatan) Sdn. Bhd., 50,000,000 ordinary shares are held through Maybank Nominees (Tempatan) Sdn. Bhd., 240,000,000 ordinary shares are held through CGS-CIMB Nominees (Tempatan) Sdn. Bhd., 70,000,000 ordinary shares are held through Affin Hwang Nominees (Tempatan) Sdn. Bhd., 19,000,000 ordinary shares are held through Kenanga Nominees (Tempatan) Sdn. Bhd., 42,000,000 ordinary shares are held through Alliancegroup Nominees (Tempatan) Sdn. Bhd., 25,000,000 ordinary shares are held through RHB Nominees (Tempatan) Sdn. Bhd. and 265,000,000 ordinary shares are held under TJN.

(3) Of the 92,450,000 warrants, 41,700,000 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., 30,000,000 warrants are held through TA Nominees (Tempatan) Sdn. Bhd., 2,750,000 warrants are held through Maybank Nominees (Tempatan) Sdn. Bhd. and 5,000,000 warrants are held through Apex 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 66,452,304 warrants, 30,529,532 are held through Mercsec Nominees (Tempatan) Sdn. Bhd., 15,000,000 warrants are held through Affin Hwang Nominees (Tempatan) Sdn. Bhd., 20,000,000 warrants are held through CGS-CIMB Nominees (Tempatan) Sdn. Bhd. and 922,772 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 5 October 2023.

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-Fourth (64th) 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 Wednesday, 20 December 2023 at 10.30 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of 64th AGM. My/our proxy is to vote as indicated below:-

No.	Resolutions		For	Against
1.	Re-elect Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse as Director	Resolution 1		
2.	Re-elect Datuk Rashidi bin Hasbullah as Director	Resolution 2		
3.	Re-elect Mr. Wong Jee Seng as Director	Resolution 3		
4.	Re-elect Madam Syafinaz Merican binti Isahak Merican as Director	Resolution 4		
5.	Payment of Director's fee for the period from 29 March 2023 up to the forthcoming 64th AGM of the Company for Mr. Wong Jee Seng	Resolution 5		
6.	Payment of Director's fee for the period from 29 March 2023 up to the forthcoming 64th AGM of the Company for Madam Syafinaz Merican binti Isahak Merican	Resolution 6		
7.	Payment of Directors' fees for the period from 21 December 2023 until the next AGM of the Company to be held in 2024 for the Non-Executive Directors of the Company	Resolution 7		
8.	Payment of benefits payable (excluding Directors' fees) for the period from 21 December 2023 until the next AGM of the Company to be held in 2024 for the Non-Executive Directors of the Company	Resolution 8		
9.	Re-appointment of Auditors and authorise the Directors to fix their remuneration	Resolution 9		
10.	Approval for issuance of new ordinary shares pursuant to Section 75 and Section 76 of the Companies Act 2016	Resolution 10		
11.	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature	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______________________ 2023.

* *Strike out whichever not applicable*

Signature(s) of Member(s) / Common Seal

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NOTES:

(i) The 64th 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 64th 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 64th 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 13 December 2023 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 64th AGM dated 30 October 2023.

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The Company Secretary
TANCO HOLDINGS BERHAD
Registration No. 195801000190 (3326-K)
No. 1, Jalan Bandar 1,
Pusat Bandar Puchong,
47160 Puchong,
Selangor Darul Ehsan

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No.1, Jalan Bandar 1, Pusat Bandar Puchong,
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