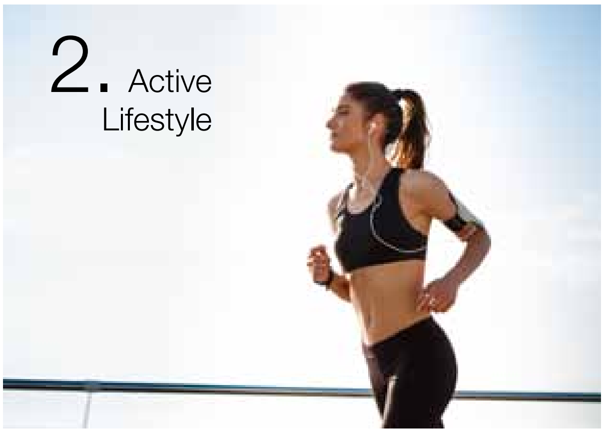
# LANDMARKS

LANDMARKS BERHAD

Registration No. 198901007900 (185202-H)

ANNUAL REPORT 2020

# 9 KEY PILLARS OF




# TREASURE BAY BINTAN


6. Luxurious Living

7. Organic Farm


8. Mangrove Nature Park


9. Yachting Community

## V Integrated Wellness

V Integrated Wellness (V) is a multi-award winning wellness destination devoted to conscious living and personal renewal. Inspired by the 'Tree of Life', an ancient metaphor for the interconnectedness of life, our services go far beyond pampering and indulgence by blending innovation with traditional healing techniques.

This aims to teach people a conscious way of living to attain wellness by living with a sense of purpose in tune with spirit, nature, and community, hence cultivating life force - (CHI).

Remaining true to the 'flower of life' philosophy which represents our interconnectedness and inseparability from nature and community, V celebrates and honors sustainability and fair trade.

# BRINGING YOU HEALT

## Chiva-Som

Chiva-Som is a luxury resort that combines traditional Thai hospitality with international standards to deliver bespoke wellness programmes. Focusing on a holistic approach to health, encompassing mind, body and spirit. Each retreat is curated and aligned with individual personal goals or health concerns.

Incorporating the use of all-natural, certified organic goods, manufactured with renewable energy and packaged using eco-friendly materials. Most of the products used in traditional treatments are harvested fresh and even edible.

'V' is the roman numeric for the number '5' and comprises five elements of holistic wellbeing:

V Botanical Spa, V Fitness, V Retreats, V Saloon and V Healthy Cuisine.

# TH & WELLNESS

## Organic Farm

One of Treasure Bay Bintan's missions is to integrate wellness with sustainable operations which incorporates the experience of clean air, water and food. Organic farming is one of the drivers to provide a safe and high-quality food source for the community living in Treasure Bay Bintan.

## V Healthy Cuisine

Celebrating and honouring sustainability and fair trade, V Healthy Cuisine offers the freshest possible macrobiotic, vegetarian, vegan and gluten free meals to suit guests' health and preference. Ingredients are locally sourced, some even harvested from the herb garden.


# DISCOVER THE WORLD THROUGH FOOD

Organic Farm
Located in
BINTAN INDONESIA

certified by
International Federation of Organic
Agriculture Movements

# PROVIDE PROTECTIVE
# GREENBELTS ALONG COASTLINES

Located within
TREASURE BAY BINTAN

A 60 hectares
Mangrove Forest
to protect and manage

## Mangrove Forest

Mangrove forests provide protective greenbelts along coastlines and are proven effective barriers against tropical storms and strong wave action. Mangrove ecosystems also provide livelihoods for coastal communities that depend on fishing as a source of income.

# OUR **VISION**

To be **a leading player in the Lifestyle Sector** focusing on resorts, hospitality and wellness in the South-East Asian region

## Inside This Report



# CEO's Management Discussion and Analysis

The never ending Covid-19 pandemic with its sporadic waves since end of 2019 are creating an unprecedented stop-and-start disruptions to already faltering economies has severely impacted business initiatives and acumen across the world in 2020. Hospitality and tourism industries were the hardest hit sectors and this has initially led to the cancellation of many tour and hotel bookings leading to a large drop in tourists' arrival. The domino effect to the industry has seen the shutting down of hotels and supporting tourism business concerns including airlines worldwide. The Group has not been spared from the effects of the economic downturn caused by the COVID-19 pandemic. All our three resorts had experienced massive cancellations and drastic drops in occupancies and revenue in year 2020.

On 12 January 2021, we were again hit by another unexpected crisis. Our crown jewel asset, The Andaman, a Luxury Collection Resort ("The Andaman") by Marriott International ("Marriott"), was substantially razed to the ground by fire and we had ceased our operation there since 13 January 2021. We have started planning on site clearance, staff compensation and designing of the new resort. The Andaman is fully covered by the insurance policies for fire and economic loss. We expect The Andaman can only fully restore and resume its operation in approximately 24 months to 30 months from the time of approval granted from the relevant authorities.

The Group has been proactively reviewing its business plan and already streamlining its operating cost just before the onset of the Covid-19 pandemic in April 2020. The Group has implemented and completed a private placement exercise on 5 November 2020 and proceeded with the disposal of 51% stake in Mendol Investments Pte Ltd, which owned the Natra Bintan, A Tribute Portfolio Resort by Marriott. Both exercises have raised a total cash reserve of RM53.48 million. The Group had also entered into a conditional agreement to acquire the Main Entrance building of Treasure Bay Bintan for a purchase consideration of RM29.77 million to be satisfied by way of cash payment of SGD303,750 and the balance by issuance of new ordinary shares in Landmarks to the seller. This purchase exercise will save the Group approximately RM3 million per annum in rental expense. These recent corporate exercises have enhanced and will further strengthen the Group's balance sheet and financial position.

## THE ANDAMAN, A LUXURY COLLECTION RESORT, LANGKAWI MALAYSIA

The Andaman's business operation in 2020 had been severely affected by the Covid-19 pandemic. Revenue had dropped drastically by 62.9% from RM76.10 million in 2019 to RM28.22 million in 2020. The Andaman because of the Movement Control Orders ("MCO") implemented by the Government of Malaysia was temporarily closed from 1 April 2020 to 1 July 2020 and again from 11 November 2020 to 7 December 2020. The Andaman which heavily relied on foreign tourists and with flight cancellations and border closures, had experienced major cancellation of bookings by guests had immediately re-focussed its sales and marketing tactical plan to the domestic market. Various promotional packages were introduced and domestic sales were encouraging especially during the year-end holiday season.

The Andaman's revenue in 2020 is approximately 74.3% of the Group's revenue as compared to 65.3% in 2019. Both The Andaman and V Integrated Wellness contributed RM0.62 million to the Group's operating profit in 2020.

The fire calamity which happened on 12 January 2021 has destroyed a major part of the resort. The serious fire damage made it impossible to continue operations. The resort had to cease operation since then. Fortunately, the resort was adequately insured under fire and fire consequential losses insurance policies coverage. The Management is working with the insurance company on lodging our claims for the losses suffered.

The Group is currently working on the rebuilding plan of The Andaman. We have setup a committee to take charge of our rebuilding plan and it is estimated that the rebuilding and restoration process will take approximately 24 months to 30 months.

## TREASURE BAY BINTAN, KEPULAUAN RIAU, INDONESIA

Treasure Bay Bintan was also significantly affected by the Covid-19 pandemic because of international border closures. All the development plans for 2020 had to be put on hold. The Group has been reviewing its business and development plans and selectively continues with the development plans that are of strategic value to Treasure Bay Bintan.

CEO's Management Discussion and Analysis
(Cont'd)

The Group will continue with its Chiva-Som Wellness resort development plan. Wellness and Environmental, Social & Governance (ECG) remains the key pillar of our development in Treasure Bay Bintan.

The Group is also actively looking for strategic partners to jointly development some of our land and also boutique resorts for sales. A green corridor concept development is being planned now. The Group's aim to practise a sustainable policy in all its resorts means that the installation of solar energy, recycling of grey water and practice of minimum waste output will be incorporated in all our development plans in Treasure Bay Bintan.

**Financial**

The Group reported a profit after tax of RM62.41 million for 2020. This was mainly due to the RM61.71 million gain on disposal of 51% stake in Mendol Investments Pte Ltd and its group of companies, which is inclusive of fair value gain arising from retained interest as a joint venture measured at fair value of RM31.07 million and the tax credit of RM62.83 million derived from the reduction in Indonesia tax rate from 25% to 20%.

The Group experienced major slowdown of business due to disruptive stop-and-start economy encountered during the year caused by the Covid-19 pandemic. Most countries had been implementing lockdown or movement control, travel restriction and border closure measures leading to flight cancellations. All these have resulted in massive reductions on both business and leisure travelling leading to cancellation of resort bookings. The Andaman's occupancy dropped by 45.8% from Average Occupancy Rate ("AOR") of 74.5% in 2019 to 28.7% in 2020. Revenue dropped by 62.9% from RM 76.10 million in 2019 to RM 28.22 million in 2020. The Andaman's Gross Operating Profit decreased by 97.8% from RM28.50 million in 2019 to RM0.62 million in 2020.

Both our resorts located in Bintan island of Indonesia suffered from the disruptive impact of the Covid-19 pandemic. Natra Bintan's AOR dropped from 54.2% in 2019 to 9.7% in 2020. Revenue dropped by 84.2% from RM20.19 million in 2019 to RM3.20 million in 2020. Natra Bintan suffered gross operating loss of RM3.17 million, as compared to gross operating profit of RM4.82 million in 2019.

ANMON resort had just started its business operation in September 2019 and its business was immediately affected by the disruptive impact of the Covid-19 pandemic. ANMON's AOR was at 22.4% in 2020 and recorded a gross operating loss of RM0.49 million.

The management has been diligently preparing and planning measures in handling the worst case scenario arising from the COVID-19 outbreak. Tactical sales focusing on domestic market was immediately launched and on-going cost rationalisation exercise were further reviewed and enhanced to minimise operating losses. The Group has achieved 40% cost saving through various streamlining and rationalisation on the operating cost.

The Covid-19 pandemic remains the prime risk for the Group. Other risks that impact the Group, especially in our Treasure Bay Bintan in Indonesia could arise from the political uncertainties and changes in its country's laws and regulations. However, it appears that the present Indonesian Government under President Jokowi is trying to make Indonesia an attractive place to invest in through his policies and changes of laws. The continuing slowing down of the world economy which is worsened by the Covid-19 pandemic has tightened the banking financing and credit facilities which will delay the implementation of the Group's development plans.

The Group is strictly following the safety and health standard operating procedures (SOPs) implemented by the Government of Malaysia, Indonesia and Singapore on all our resorts and offices. Measures such as temperature monitoring, hygiene, sanitizing and disinfection are in place to safeguard our guests, officers and employees. Constant reminders on personal and environmental hygiene such as washing hands and/or sanitizing the resorts and its surrounding and working area are being carried out frequently including wearing masks, to avoid overly crowded area and other safety measures are in force.

**Summary**

The Group will continue to reposition its business model taking into consideration the pandemic experience and to include more angles into risk management to mitigate any unforeseen circumstances that can potentially impact the Group's balance sheet, profit & loss and cashflow. Cashflow management is of utmost importance for the Group. Constant reviewing and rationalisation on the operating expenses are being conducted to minimise the cash outflow in ensuring that the Group cashflow remains positive. Management is on constant outlook to seek opportunities during and post pandemic and fire crisis while assessing the industry and our segment of business that has been badly impacted by the pandemic and the fire crisis for the way forward to bring back profitability for the Group.

The Group will not be declaring any dividend for 2020 as there is a need to conserve its cash resources. We are optimistic that with the prudence and careful management of our cashflow, the Group will be able to sail through this pandemic crisis.

I would like to record our appreciation to our shareholders, customers, business associates and financiers for their continuing support and confidence towards the Group. I would also like to thank the Board of Directors, the Management and staff for their dedicated hard work and support during this pandemic crisis to achieve the objectives of the Group.

**Mark Wee Liang Yee**
*Executive Deputy Chairman & Chief Executive Officer*

# Corporate Information

## BOARD OF DIRECTORS

**Tan Sri Zakaria bin Abdul Hamid**
Chairman
Non-Independent Non-Executive

**Mark Wee Liang Yee**
Executive Deputy Chairman & CEO

**Robin Tan Wee Hoong**
Executive Director

**Dato' Abdul Malek bin Abdul Hamid**
Non-Independent Non-Executive

**Bernard Chong Lip Tau**
Independent Non-Executive

**John Ko Wai Seng**
Independent Non-Executive

**Dato' Sri Ramli bin Yusuff**
Independent Non-Executive

**Chin Mui Khiong**
Independent Non-Executive

## AUDIT AND RISK MANAGEMENT COMMITTEE

**Bernard Chong Lip Tau**
Chairman
**Dato' Abdul Malek bin Abdul Hamid**
**John Ko Wai Seng**

## NOMINATING COMMITTEE

**Tan Sri Zakaria bin Abdul Hamid**
Chairman
**Bernard Chong Lip Tau**
**John Ko Wai Seng**

## REMUNERATION COMMITTEE

**Tan Sri Zakaria bin Abdul Hamid**
Chairman
**Bernard Chong Lip Tau**
**Chin Mui Khiong**

## REGISTERED OFFICE

20th Floor, Menara Haw Par
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2026 0088
Fax: 03-2026 0099

## COMPANY SECRETARIES

**Tan Ai Ning**
(MAICSA7015852) (SSM PC No.: 202008000067)
**Tai Yit Chan**
(MAICSA 7009143) (SSM PC No. 202008001023)

## SHARE REGISTRAR

**Tricor Investor & Issuing House Services Sdn Bhd**
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel: 03-2783 9299
Fax: 03-2783 9222

## AUDITORS

**KPMG PLT**
Level 10, KPMG Tower
8 First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor, Malaysia
Tel: 03-7721 3388
Fax: 03-7721 3399

## PRINCIPAL BANKERS

Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

## STOCK EXCHANGE LISTING

Bursa Malaysia Main Market
Stock Code: LANDMRK
Stock Number: 1643

## WEBSITE

*www.landmarks.com.my*

# MANAGEMENT TEAM

## Corporate Head Office

**Mark Wee Liang Yee**
Executive Deputy Chairman & CEO

**Robin Tan Wee Hoong**
Executive Director

**Fong Chee Khuen**
Group Chief Operating Officer &
Chief Financial Officer

**Chew Eng Kiong**
General Manager, Risk Management &
Internal Audit

**Jasvinder Kaur**
General Manager, Group Strategic
Communications & Group Head of Wellness

**Lim Kian Guan**
Senior Manager, Finance

## Treasure Bay Bintan

**Jackson Lim Ting Hong**
General Manager, Chill Cove

## Natra Bintan, a Tribute Portfolio Resort

**Ratna Wahyuni**
General Manager

**Cahya Ridiani**
Director of Finance

## ANMON

**Agi Arisetyawan**
Hotel Manager

## The Andaman, a Luxury Collection Resort, Langkawi

**Piotr Madej**
General Manager

# Directors' Profile

**Tan Sri Zakaria Bin Abdul Hamid**
*Chairman, Non-Independent Non-Executive Director*
Malaysian
**Age**: 77
**Appointment Date:** 27 June 2006

**Tan Sri Zakaria bin Abdul Hamid** was appointed to the Board on 27 June 2006 and appointed as the Deputy Chairman on 3 August 2006. He was subsequently appointed as the Chairman of the Board on 24 October 2007. He holds a Bachelor of Arts (Honours) degree in Chinese Studies from the University of Malaya, Malaysia and is also a graduate of the Royal College of Defence Studies, London, United Kingdom.

Tan Sri Zakaria started his career with the Malaysian Civil Service in 1969 as an Assistant Secretary and retired as Director General of the Prime Minister's Department in early 2002.

Tan Sri Zakaria is the Chairman of the Nominating Committee and Remuneration Committee of the Company. He is the Chairman of the Board of Directors of Muhibbah Engineering (M) Berhad. He has no other directorship in public or public-listed companies.

Tan Sri Zakaria has no family relationship with any member of the Board or major shareholder of the Company. He does not have any conflict of interest with the Company, nor any conviction for offences within the past 5 years, nor any public sanction or penalty imposed by any regulatory bodies during the financial year.

**Mark Wee Liang Yee**
*Executive Deputy Chairman & Chief Executive Officer*
*Non-Independent Executive Director*
Malaysian
**Age**: 54
**Appointment Date:** 27 September 2016

**Mr Mark Wee Liang Yee** was appointed to the Board on 27 September 2016 as the Executive Deputy Chairman and was designated as Chief Executive Officer of the Company on 17 November 2016. He graduated with a Senior Three from Chung Hua Middle School No 1, Kuching, Sarawak in 1984.

Mr Mark Wee has been managing companies involved in development of commercial projects as well as numbers forecast operations in Sarawak since the early 1980s. He was appointed a Director of Berjaya Assets Berhad (formerly known as Matrix International Berhad) in 2001, a position he held until 2005.

Mr Mark Wee is a major shareholder of the Company. He is not a member of any Board Committee of the Company. He is a member of the Board of Governors of STEC Kidney Foundation. He has no other directorship in public or public-listed companies.

Mr Mark Wee has no family relationship with any member of the Board or major shareholder of the Company. He does not have any conflict of interest with the Company, nor any conviction for offences within the past 5 years, nor any public sanction or penalty imposed by any regulatory bodies during the financial year.

**Robin Tan Wee Hoong**
*Non-Independent Executive Director*
*Malaysian*
**Age:** 60
**Appointment Date:** 27 September 2016

**Mr Robin Tan Wee Hoong** was appointed to the Board on 27 September 2016 as the Executive Director. He holds a Bachelor of Business (Accounting) degree from Deakin University, Victoria, Australia.

Mr Robin Tan has more than 25 years' experience in capital markets, corporate advisory and finance, particularly in Malaysia and Singapore. He has worked for renowned Malaysian as well as regional securities houses including RHB Bank Berhad and Kay Hian HSBC (now known as UOB Kay Hian). During his stint as the Director of Research at various securities houses, Mr Robin Tan was consistently recognised as among the top equity analysts in Malaysia by respected financial journals such as Asiamoney in the 1990s.

Mr Robin Tan is not a member of any Board Committee of the Company. He is an Independent Non-Executive Director of Omesti Berhad. He has no other directorship in public or public-listed companies.

Mr Robin Tan has no family relationship with any member of the Board or major shareholder of the Company. He does not have any conflict of interest with the Company, nor any conviction for offences within the past 5 years, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**Dato' Abdul Malek Bin Abdul Hamid**
*Non-Independent Non-Executive Director*
Malaysian
**Age:** 72
**Appointment Date:** 22 June 2006

**Dato' Abdul Malek Bin Abdul Hamid** was appointed to the Board as an Independent Non-Executive Director on 22 June 2006. He was re-designated as a Non-Independent Non-Executive Director on 22 June 2015. He holds a Diploma in Mechanical Engineering from Universiti Teknologi Malaysia, Malaysia and a Bachelor of Science in Marine Engineering from the University of Liverpool, United Kingdom.

Throughout Dato' Abdul Malek's career, he had been attached to the police force in several police units until his last appointment as the Deputy Director of Logistics, Bukit Aman, Police Headquarters in 2003. He was then seconded from the police force to the Prime Minister's Department as Head of Logistics at the Malaysian Maritime Enforcement Agency until his retirement in 2004.

Dato' Abdul Malek is a member of the Audit and Risk Management Committee of the Company. He is a member of the Board of Governors of STEC Kidney Foundation. He has no other directorship in public or public-listed companies.

Dato' Abdul Malek has no family relationship with any member of the Board or major shareholder of the Company. He does not have any conflict of interest with the Company, nor any conviction for offences within the past 5 years, nor any public sanction or penalty imposed by any regulatory bodies during the financial year.

Directors' Profile
(Cont'd)

**Bernard Chong Lip Tau**
*Independent Non-Executive Director*
Malaysian
**Age**: 69
**Appointment Date:** 20 October 2008

**Mr Bernard Chong Lip Tau** was appointed to the Board on 20 October 2008. He holds a Master of Business Administration from Durham University, United Kingdom. He is also a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

Mr Bernard Chong has more than 35 years' experience in audit and finance, including as Senior Auditor in Sarawak Shell Berhad, Accountant in UMW Toyota Sdn Bhd, Finance Manager/Company Secretary/General Manager in PDZ Holdings Berhad, Senior Consultant for Corporate Recovery in PricewaterhouseCoopers and Chief Financial Officer in Zalpoint Corporation Sdn Bhd.

Mr Bernard Chong was a member of the Audit and Risk Management Committee ("ARMC") until his appointment as the Chairman of the ARMC on 28 October 2009. He is also a member of the Nominating Committee and Remuneration Committee of the Company. He has no other directorship in public or public-listed companies.

Mr Bernard Chong has no family relationship with any member of the Board or major shareholder of the Company. He does not have any conflict of interest with the Company, nor any conviction for offences within the past 5 years, nor any public sanction or penalty imposed by any regulatory bodies during the financial year.

**John Ko Wai Seng**
*Independent Non-Executive Director*
Malaysian
**Age**: 70
**Appointment Date:** 1 November 2012

**Mr John Ko Wai Seng** was appointed a director of the Company on 25 May 2006 and resigned on 28 October 2009. He was subsequently re-appointed an Independent Non-Executive Director of the Company on 1 November 2012.

Mr John Ko holds a Bachelor of Laws (Honours) and Master of Laws from the London School of Economics and Political Science of University of London, United Kingdom. He was admitted to the Bar of Inner Temple as a Barrister-of-Law and the High Court of Sabah and Sarawak in 1975.

Mr John Ko began his career as a legal assistant in Messrs Battenberg & Talma, Advocates, Kuching in 1975 and was made a partner in the firm in 1985. He retired from the firm in 2009 to take up an appointment as a Judicial Commissioner of the High Court in Sabah and Sarawak. He served as the resident High Court Judge in Tawau and later in Bintulu. He left the judicial service on 27 October 2012. Mr John Ko has resumed legal practice under an associateship with Messrs Battenberg & Talma, Advocates, Kuching on 1 January 2019.

Mr John Ko is a member of the Audit and Risk Management Committee and Nominating Committee of the Company. He is a member of the Board of Governors of STEC Kidney Foundation. He has no other directorship in public or public-listed companies.

Mr John Ko has no family relationship with any member of the Board or major shareholder of the Company. He does not have any conflict of interest with the Company, nor any conviction for offences within the past 5 years, nor any public sanction or penalty imposed by any regulatory bodies during the financial year.

**Dato' Sri Ramli Bin Yusuff**
*Independent Non-Executive Director*
Malaysian
**Age**: 69
**Appointment Date:** 27 October 2017

**Dato' Sri Ramli Bin Yusuff** was appointed to the Board on 27 October 2017 as an Independent Non-Executive Director. He holds a Bachelor of Law (Honours) from International Islamic University, Malaysia and a Master of Laws from University College of London, United Kingdom.

Dato' Sri Ramli has served in various departments of the Royal Malaysian Police for 38 years, including as Officer-in-Charge of Sarawak Criminal Investigation Department ("CID"), Deputy Director of Bukit Aman CID, Sabah Police Commissioner, Pahang Chief Police Officer and Director of Bukit Aman Commercial Crime Investigation Department with the rank of Commissioner of Police. He was appointed the Deputy Chairman/Non-Independent Non-Executive Director and a member of the Audit Committee of Ho Hup Construction Company Berhad in 2010 until his retirement in 2014. He is presently the senior partner in his legal firm, Ramli Yusuff & Co and Executive Chairman of Ramli Security Sdn Bhd. He is also the Chairman of Ho Hup Jaya Sdn. Bhd. He was appointed by the Malaysian Government as one of the Board members of the Prevention of Terrorism Act, Ministry of Home Affairs Malaysia, set up under the Prevention of Terrorism Act 2015.

Dato' Sri Ramli is not a member of any Board Committee of the Company. He is currently the President of the Security Services Association of Malaysia and also the Advisor of the Asia Pacific Security Association (Malaysia Chapter). He has no other directorship in public or public-listed companies.

Dato' Sri Ramli has no family relationship with any member of the Board or major shareholder of the Company. He does not have any conflict of interest with the Company, nor any conviction for offences within the past 5 years, nor any public sanction or penalty imposed by any regulatory bodies during the financial year.

**Chin Mui Khiong**
*Independent Non-Executive Director*
Malaysian
**Age**: 66
**Appointment Date:** 27 October 2017

**Mr Chin Mui Khiong** was appointed to the Board on 27 October 2017 as an Independent Non-Executive Director. He is a Fellow of The Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

Mr Chin has more than 35 years of professional experience in the areas of audit and business advisory services and was a Partner of Ernst & Young from 1997 until his retirement in June 2015. He has served as the Partner-in-charge of a number of companies listed on Bursa Malaysia Securities Berhad, as well as private and quasi-government corporations, which include industries such as manufacturing, plantation, banking, construction, transportation, hotel, hospital, education, stockbroking, unit trust and government agencies.

Mr Chin is a member of the Remuneration Committee of the Company. He is an Independent Non-Executive Director of Cahya Mata Sarawak Berhad, Hubline Berhad, Supreme Consolidated Resources Berhad and Development Bank of Sarawak Berhad. He has no other directorship in public or public-listed companies.

Mr Chin has no family relationship with any member of the Board or major shareholder of the Company. He does not have any conflict of interest with the Company, nor any conviction for offences within the past 5 years, nor any public sanction or penalty imposed by any regulatory bodies during the financial year.

# Key Senior Management

**Fong Chee Khuen**
*Group Chief Operating Officer &*
*Chief Financial Officer*
Malaysian
**Age**: 49
**Appointment Date:** 1 January 2014

**Mr Fong Chee Khuen** was appointed Chief Operating Officer of the Company on 1 January 2014, having been appointed Acting Chief Operating Officer on 7 August 2012. He was concurrently appointed the Chief Financial Officer of the Company on 24 January 2017. He is responsible for the Group's business in destination development, hospitality operations as well as the financial functions of the Group. He holds an honours degree in Accountancy and a Master in Business Administration from Universiti Putra Malaysia. He is a member of the Malaysian Institute of Accountants.

Prior to joining the Company, Mr Fong has worked with an audit firm and public-listed companies in Malaysia and has vast experience in audit, accounting, tax, corporate finance and business strategies. In 2000, he joined Sungei Wang Plaza Sdn Bhd, a former subsidiary of the Company as Finance Manager. He held a number of senior management positions in the Company before he assumed his current position as Chief Operating Officer of the Company on 1 January 2014.

Mr Fong does not hold directorship in any public or public-listed company.

Mr Fong does not have any family relationship with any member of the Board or major shareholder of the Company. He does not have any conflict of interest with the Company, nor any conviction for offences within the past 5 years, nor any public sanction or penalty imposed by any regulatory bodies during the financial year.

# Group Financial Highlights

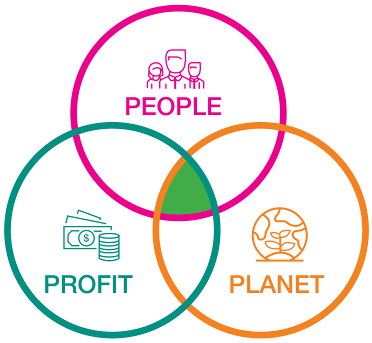
| | 2020 RM'000 | 2019 RM'000 | 2018 RM'000 Restated | 2017 RM'000 Restated | 2016 RM'000 |
|---|---|---|---|---|---|
| **Group Assets** | | | | | |
| Property, Plant & Equipment | **1,436,321** | 1,518,551 | 1,339,136 | 1,326,486 | 1,339,017 |
| Investment Property | **23,512** | - | - | - | - |
| Right-of-use Assets | **18,839** | 21,609 | - | - | - |
| Intangible Asset | **-** | - | - | - | - |
| Inventories/Property Development Cost | **651,759** | 632,832 | 774,059 | 778,772 | 778,900 |
| Investment in Associates | **-** | - | - | - | 70,462 |
| Investment in a Joint Venture | **40,214** | - | - | - | - |
| Other Investments | **2,085** | 2,085 | 2,085 | 2,085 | 1,885 |
| Deferred Tax Assets | **-** | - | 350 | 350 | 350 |
| Net Current Assets | **75,689** | 68,432 | 183,581 | 173,209 | 75,175 |
| | **2,248,419** | 2,243,509 | 2,299,211 | 2,280,902 | 2,265,789 |
| **Financed By** | | | | | |
| Share Capital | **746,384** | 734,812 | 734,812 | 734,812 | 480,810 |
| Share Premium | **-** | - | - | - | 218,272 |
| Fair Value Reserve | **-** | - | - | - | 1,260 |
| Share Option Reserve | **8,066** | 5,615 | 3,781 | 2,349 | 2,249 |
| Translation Reserve | **(12,367)** | (7,008) | (7,257) | 168 | 13,155 |
| Retained Earnings | **1,119,551** | 1,056,390 | 1,156,302 | 1,189,956 | 1,030,093 |
| Non-Controlling Interests | **713** | 713 | 1,373 | 1,373 | 1,373 |
| Loans and Borrowings | **116,250** | 111,500 | 124,016 | 69,222 | 57,430 |
| Lease Liabilities | **8,531** | 11,527 | - | - | - |
| Deferred Tax Liabilities | **255,951** | 326,749 | 283,183 | 280,740 | 461,147 |
| Derivative financial liabilities | **2,000** | - | - | - | - |
| Retirement Benefits | **3,340** | 3,211 | 3,001 | 2,282 | - |
| | **2,248,419** | 2,243,509 | 2,299,211 | 2,280,902 | 2,265,789 |
| **Results** | | | | | |
| Loss Before Tax | **(8,032)** | (55,196) | (32,610) | (26,104) | (30,766) |
| Tax Income/(Expense) | **70,446** | (45,697) | (3,393) | (3,722) | 2,822 |
| Profit/(Loss) for the Year | **62,414** | (100,893) | (36,003) | (29,826) | (27,944) |
| Non-Controlling Interests | **-** | (660) | - | - | - |
| Profit/(Loss) Attributable to Owners of the Company | **62,414** | (100,233) | (36,003) | (29,826) | (27,944) |
| Profit Available for Appropriation | **1,119,551** | 1,056,390 | 1,156,302 | 1,189,956 | 1,030,093 |
| Dividend Paid During the Year | **-** | - | - | - | - |

# Sustainability Statement

The Board of Directors of Landmarks Berhad are committed in promoting the integration of economic, environmental, social and governance ("EESG") matters into the development of the Group's strategy. Our sustainability frameworks founded on sound principles are aligned with our core values and business strategies with a constant push for performance improvements as our business grows and evolves year after year.

The year 2020 was an unprecedented one with planet-wide-pandemic-driven lockdowns. Though Covid-19 pandemic had a profound impact on environment, economical and social factors yet it offered opportunities for the Group to contribute with meaningful, authentic initiatives with all its stakeholders to build stronger, lasting bonds and improving business enterprise to ride its consequential effects that are continuing to stall the recovery of the tourism industry.

Sustainability sits at the heart of everything we do, and is a vital component of our business strategy. Our sustainability journey is an ongoing process that we constantly strive to do better and fulfil our commitment to our various stakeholders. Data for each material topic has been compiled with integrity, summarising the importance, scope, management approach and targets. This Statement has been prepared utilising the Global Reporting Index ("GRI") Standards as a guiding principle while we strive to align our values to 5 of the 17 United Nations Sustainable Development Goals ("SDGs").




Our goal is to provide our customers with world class products and services that exceed their expectations while minimising the harmful impacts on the environment and local communities. The Group's fundamental sustainability framework reflects the triple bottom line ("TBL") approach where we place People, Planet and Profit or Prosperity at the heart of our goal while collaborating with our hotel operators - Marriott International's ("Marriott") "Serve 360: Doing Good in Every direction" in our hotel operations.

**Stakeholders**

As a responsible corporate citizen, the Group's goal is to operate its businesses in a responsible manner whilst advancing the interests of its stakeholders which have primarily been identified as investors, guests, employees, suppliers and the local communities where the Group operates in. The mechanisms that the Group uses to deliver its sustainability strategy include setting up well defined policies, management systems, audits and codes of conduct, amongst others.

**References and Guidelines**

This Statement complies with Sustainability Reporting Guide issued by Bursa Malaysia for Malaysian Companies and where possible. Our fundamental sustainability framework reflects the TBL approach placing People, Planet and Profit/ Prosperity which includes the important practices of 3Rs (Reduce, Reuse and Recycle) that is truly reflective of our vision and mission. The GRI Standards are also instrumental and referred to as a key guideline in determining the sustainability indicators and measure performance. We have also identified 5 of the 17 United Nations SDGs and aligned with our goals with Good Health and Wellbeing, Gender Equality, Decent Work and Economic Growth, Climate Action and Life on Land, implementing these in the way we conduct business.

**Reporting Scope and Coverage**

This Statement covering the Landmarks Group's corporate structure as reflected in the holding company's Annual Report includes all its operating business units in which the Group holds a majority stake and/or has direct managerial control over operations in Malaysia, Singapore and Indonesia. They consist the corporate head office in Kuala Lumpur, administrative office in Singapore, hotel operations in The Andaman, a Luxury Collection Resort in Langkawi ("The Andaman"), and Treasure Bay Bintan ("TBB") - our flagship hospitality and wellness destination that is being developed in Bintan, Indonesia. The activities at TBB comprises Natra Bintan, A Tribute Portfolio Resort, a tented luxury glamping resort operated by Marriott, Chill Cove, an activity hub surrounding the Crystal Lagoon, ANMON- a desert inspired, glamping concept for nomadic communities together with the organic farm and the Marine Life Discovery Park ("MLDP"). There are no other significant business operations of the Group to be included in this Statement.

We also include sustainability initiatives we have undertaken to support directly or in partnership with the local government, communities and vendors in greater detail within this Statement.

**Reporting Period and Reviews**

This report covers the financial year 1 January 2020 and ended 31 December 2020. All information in this Statement corresponds with our Annual Report for the same period.

## GOVERNANCE STRUCTURE AND PRINCIPLES

The Group's sustainability performance and management is under the overall purview of the Chief Executive Officer ("CEO"), reporting to the Board. The Group Chief Operating Officer is responsible on behalf of the CEO for implementing the strategies in the respective business units and in overseeing the progress of the Group's sustainability efforts.

Highest Governance Body - The Board of Directors has ultimate responsibility to ensure that EESG risks and opportunities are evaluated and that internal control policies and procedures are in place to safeguard compliance and to protect the Group's assets.

We continue to work with the corporate sustainability strategy committee that was formed in 2019 to proactively engage with Heads of various departments to obtain environmental-related data and information for recording as well as to identify any policies, standards, guidelines and procedures related to sustainability which may (and may not) be currently implemented yet. The committee who reports to the CEO is also responsible in forming the framework and disclosures, and monitoring the overall progress of the Group's sustainability performance moving forward, providing recommendations for improvement.

We are indeed grateful for the outstanding support received from our teams and subsidiaries who are key to the achievement and future success of our corporate sustainability goals and strategy. We are hopeful that efforts to develop and advance our sustainability agenda will enable us to nurture sustainable practices in our corporate culture, and further strengthen our corporate governance including our position and reputation in the industry.

**Material Issues**

| Sustainable Development Goals | | The Group's Contribution |
|---|---|---|
| SDG 3<br><br>Good Health and Well-being | Ensure healthy lives and promote well-being for all at all ages | Prioritising health and safety in our business operations by adopting international standards of best practices and guidelines<br><br>Promote healthy lifestyles by organising programmes that focus on employee well-being and raising awareness on individual health and fitness. |
| SDG 5<br><br>Gender Equality | Achieve gender equality and empower all females. | Acknowledge female contribution in the workplace and in nation building and declared our commitment to promoting the advancement of females by consciously and promoting and embracing diversity and inclusiveness, fostering fair and equitable workplace conditions. |

| Sustainable Development Goals | | The Group's Contribution |
|---|---|---|
| SDG 8<br><br>Decent Work and Economic Growth | Promote sustained, diverse and inclusive employment opportunities in a safe, progressive environment | Providing safe, nurturing environment for work and upholding equality, fairness and respect in the workplace.<br><br>Increasing the capacity of local communities to pursue sustainable livelihood opportunities by empowering them with employment opportunities and entrepreneurship opportunities thus they are able to contribute to the development of the national economy<br><br>Supporting underprivileged groups through philanthropic activities |
| SDG 13<br><br>Climate Action | Taking proactive actions to combat our carbon footprint and consumption impacts on climate change | Progressive steps taken to reduce energy, water and paper consumption through application of and digitisation of systems, which also improves cross border efficiency.<br><br>Digitalisation to reduces travel costs and carbon footprints<br><br>Efforts to manage solid, toxic and food waste to reduce waste to landfill and methane production |
| SDG 15<br><br>Life on Land | Restoration and conservation of ecosystems and halt the loss of biodiversity, protect and prevent the extinction of threatened species | Mangrove replanting and reforestation efforts.<br><br>Investment into Marine Life Laboratory ("MLL") for research laboratory of marine science in The Andaman.<br><br>Placing great emphasis on education and marine conservation in Bintan through MLDP and investing into rebuilding Turtle sanctuary.<br><br>Promoting organic farming and low carbon food production |

**Material Issues**

The material sustainability issues of the Group have been identified as follows:

| Economic | Environment | Social |
|---|---|---|
| Employment | Water, Energy, Paper Consumption | Occupational Safety & Health |
| Procurement | Biodiversity & Conservation | Diversity & Equal Opportunities |
| Community Investment | Managing Waste & Effluents | Employee Wellbeing |

Reduce, Reuse, Recycle - **Managing Waste and Effluents**

| Paper Waste Recycled | Plastic Waste Reduced | Food Waste Collected | Hazard Waste Collected |
|---|---|---|---|
| 12,500KG | 500KG | 480KG | 150KG |

Waste management is a major concern for the communities and local authorities in the locations where we operate. Last year we reported on reduction in paper usage by 19% through digitalisation and implementation of the 3R Programme – Reduce, Reuse, Recycle throughout all operations -instilling accountable waste minimisation practices. Building on this commitment, the Group is now working towards a long-term initiative to support climate change action by reducing waste to landfill and methane production. The Group plans to enforce a food waste footprint measurement throughout its operations in 2021 by measurable waste segregation and further building an organic composting farm to convert kitchen, food and garden wastes into bio fuels and fertilisers for landscaping and organic farming purposes.

While this composting practice has been ongoing in The Andaman, pilot projects in Bintan have started in July 2020 with the collection of approximately 40KGs of kitchen waste generated by our operations monthly by Bintan Resorts and collectively for the Lagoi area.

Elimination of Single-Use Materials - Plastic and print material pollution is one of the most pressing threats to the environment. One of our primary goals have been to reduce our dependence and usage by replacing these with biodegradable, repurposed material or reliance on digital alternatives throughout all our operations. Contactless experience have become an inevitable change in hygiene and safety post pandemic and have been adopted as part of the new normal in our operations to meet health guidelines. This move has catalysed the Group's plans to reduce print materials and paper usage. To minimise contamination, all menus, brochures and information is now accessible through personal mobile devices by scanning the QR codes. The Group plans to implement this throughout its operations in a more formal way post pandemic through digitalising all systems or operations, using devices for paperless check in, electronic menus and cashless systems.

**Negative listing materials** - The various initiatives in this area include creating a "Negative Listing" of materials to be phased out eventually across all our operations. This includes single use plastics such as drinking bottles, straws, in rooms amenities, brochures, menus, corporate gifts and other office supplies. This also applies to the daily operations in the corporate offices and in all group related events and meetings where responsible use of resources is constantly practiced. Our resort The Andaman, launched its in-house water bottling plant in 2020 where drinking water placed in guestrooms are bottled in reusable glass bottles instead of single-use plastic bottles. With this initiative, the resort is able to reduce at least 6 single-use plastic bottles per room per day and since its inception in July, the resort estimated a reduction of at least 50,000 plastic bottles in 2020, an equivalent to approximately 500 kg of plastic waste.

Moving forward, we aim to track these negative list kitchen waste materials such as plastic bags, bottles, straws, gloves, caps, cotton buds, cling film, pastry piping bags, tapes, coffee capsules, condiments, candies and wrappers to consciously cut down and eliminate or replace with sustainable materials.

**Repurposing and Upcycling** materials such as wood from fallen trees at the resorts to make menu cards, candle stands, side serving stations, place mats and display food trays at the various F&B outlets are some of the creative angles taken. In addition, the used soap from guest rooms are re-caked and used to clean waste materials or areas. Rags and old towels are reused for outdoors cleaning purposes. Our teams have also started using materials made of cans, bottles, corks and food waste to make festive decorations and souvenirs for guest.

**Third Party vendors and Disposal of hazardous waste** - The Group encourages its operations to appoint where possible and available, specialised suppliers and third parties to ensure safe and proper disposal of toxic and chemical wastes. Toner cartridges, Old Computers, Batteries, Oil and machinery parts are disposed in a responsible matter, some with the vendor agreement to offer disposal upon expiry. Cooking oil is also recycled into bio-diesel through a third-party vendor. The Group aims to standardise and account for the hazardous waste by monitoring the disposal amounts monthly.

The Group's emphasises the use of eco-friendly cleaning products for laundry, housekeeping and stewarding throughout all its resort operations. In addition to that, the Group encourages the use of organic products, working with vendors that provide packaging using renewable energy and sourced ethically and where possible-locally. The Group's wellness division, V Integrated Wellness, is one of the first Spa's in South East Asia to incorporate 100% food grade organic products in its offering and for this has been recognised with multiple international awards and accolades and ranking for its green and sustainable products and practices.

## SUSTAINABLE PROCUREMENT

The Covid-19 pandemic has catalysed a renewed interest in this area. While the disruption of the global supply chain has forced consumers towards more responsible and pro-social consumption that has much to do with nationalism and socio-economic impacts, the procurement policies of the Group have always been supportive of the local suppliers as part of our ongoing commitment to a sustainable supply chain. Adopting this policy raises the socio-economic status of the people in local communities as we share the benefits with them by creating jobs, developing skills and encouraging enterprise. As the Group's two major business units, The Andaman and TBB, are located on islands and it also makes economic sense to source for goods and services from local suppliers as far as possible, for cost efficiency and timeliness of deliveries.

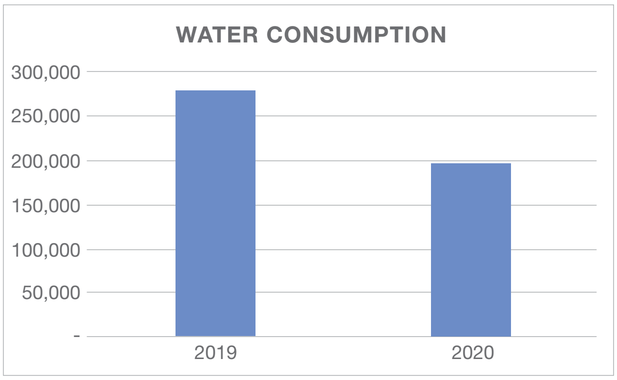
In Bintan procurement of local goods and services amounted to about 65% of supplies, mainly for operational requirements such as fresh food and beverages, hotel amenities, office equipment and stationery, local transport services, staff uniforms, diesel and gas, medical supplies and general store items. A Central Procurement Department has been set up in efforts to increase efficiency and reduce risks associated with purchasing and supply management.

For other capital goods and services for resort development and recreational activities, some items are still being sourced from Singapore, China and other parts of Indonesia for cost efficiencies and the availability of a suitable range of supply. Regional or Group Contracted rates with preferred suppliers and Marriott partners that offer preferred rates, servicing agreement and guarantees are in place to support our sustainable policy.

Procurement functions and processes in the Landmark's Group are managed under several different teams across its operations. The Group is constantly reviewing the processes and seeking better ways to support local economies while lowering its carbon footprint and avoiding imported good.

### Electricity and Water consumption

The Group is committed to protecting water sources and improving efficiency, via good water management and conservation. We are vigilant about our water consumption and make informed decisions based on proven methods and best practices, be it technological enhancements, administrative control measures, or encouraging conscientious and ethical behaviour within the Group, along our supply chains and with our customers. To reduce water usage, a linen and towel reuse programme card is left in all guest rooms to promote awareness and to encourage active participation by the resort guests.



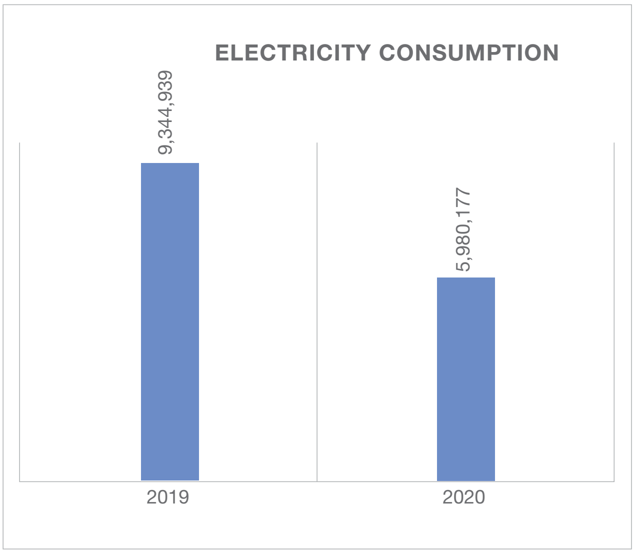
Continuous efforts have been put in our operations such as rain water harvesting for watering plants and washing of public area floors to reduce the dependence of treated water. Efforts have also been put into all our administrative offices this year to reduce the use of water and energy resources. In 2019, these efforts have brought about the reduction of 14% total water usage despite the opening of a new hotel in Bintan. In 2020, we expect a further reduction of 22% due to business closure caused by the pandemic.

The Crystal Lagoon in TBB is 6.3-hectare lagoon, is South East Asia's largest sea water lagoon. Utilising sea water that is pumped from the bay, the innovative eco-friendly technology from Crystal Lagoons® uses 100 times fewer chemical products than conventional swimming pools, is energy efficient and only consumes 2% of the energy needed compared with conventional filtration pools.

The Group has invested in waste water treatment plant in its operations in The Andaman, which cleans sewage and water by removing solids and pollutants, breaks down organic matter and restores the oxygen content before returning it to the environment. After the 4 stages of treatment, the treated water is almost free of harmful substances and chemicals which is then filtered through a bed of sand before being released into the mangrove swamp at the resort. The solid wastes are collected by the vendor of the treatment plant for proper disposal at the designated landfill at Langkawi. This model of water treatment plant is being considered for installation at other operation units.

**Electricity**

Due to business closures and other cost management policies put in place, there has there was a decline of 36% in total electricity consumption at most of our business units. This is due to our commitment towards energy savings programmes such as using energy efficient lighting systems with LED (Light-emitting diodes) bulbs as well as optimisation of natural lights through innovative building designs in the offices, carparks, guest rooms and common areas of our operating units. As we continue to replace fluorescent lights with LEDs, emphasis on responsible usage of electricity is advocated through automated air-conditioning schedules in meeting rooms. The temperatures at guest rooms are also set to a minimum of 22 degrees C for optimum energy usage.




Within the operations of our resorts, environmentally friendly form of transportation such as battery-powered green buggies, electric bikes, and Segways are provided as a recreational activity and to manage logistics to reduce emission. As a resort that does their own laundry, The Andaman switched their laundry machines from electricity to gas supply in 2018 which consequently reduced 8.9% of electricity consumption for the resort.

Lighting in public areas have also been designed using solar power and wind turbines as energy sources. Continuous efforts will be put into improving the utilisation of renewable energy through innovation and smart designs to reduce carbon footprint of our operations.

The Group's hotel operations in The Andaman, Langkawi has been recognised multiple times for its substantive efforts in sustainability and environmental practices.

## Economic

Our guests' experience is our utmost priority in the hospitality business. We aim to provide our guests with excellent service in a safe and secure environment for them to experience our resorts and the activities that we offer. Additionally, our procurement practices and community investment are areas which give the Group opportunities to bring about economic development and benefit the local communities in the locations where we operate.

## Employment

The global impact of the COVID-19 pandemic had a major impact on the travel and hospitality industry. Various incentives were provided by the Government to employers to ensure employment retention despite decline in business causing losses. The main objective is to keep workers on the payroll so as to be ready to restart operations immediately after post pandemic. In Malaysia, the Government rolled out several economic stimulus measures to support businesses and strengthen the ailing economy. The first economic stimulus package of RM20 billion was announced by the previous Government on 27 February 2020. One month later on 27 March 2020, the new Government announced the Prihatin Rakyat Package of RM230 billion. The eligibility criteria have been progressive and intended to ensure different measures were delivered to reach those most in need.

The Group received government financial aid of RM43,200 from Malaysia government for Landmarks Berhad, SGD 244,529 (estimated RM745,660) from Singapore government for Bay Development Services Pte. Ltd. and IDR1.124.296.220 (about RM325,262) and IDR 397.894.232 (estimated RM115,112) for Indonesia (PT Bintan Hotel Utama and PT Fordate Estate Villa). However, in the face of the continued border closures and travel restrictions could not reverse the inevitable consequences of the drastic drop in tourists and business, the Group has had to resort to making some operational restructures as the last option to reduce cost through salary deferments, cuts and including retrenchments were carried out in phases. However, all necessary procedures such as compliance with labour laws of each country, mediation with employees and unions transparently through online town halls ensure inclusiveness when addressing key issues were carried out.

Efforts of the Group were focussed on the safety, health and most importantly mental health of our employees during the lockdowns and especially with the loss of income. In Bintan, a committee was set up in April 2020 consisting of the Human Resources Department and other leaders of the operating units to assist in distributing essential food rations to all existing employees affected by unpaid leave or non-renewal of contracts. Funded by the company and supported by staff, this initiative aimed to provide some relieve to families by supplying necessary food supplies such as rice, oil, sugar, eggs and canned food.

The Group foresees the future of work and hiring policies for the medium to longer term recovery post pandemic will shift to a demand-led employment strategy. That way it will be able to create a stronger and more resilient structure for any future health and economic shocks of this nature.

In mitigating and managing risks, the Group is committed to the health, safety and welfare of our associates, guests, visitors, partners and stakeholders. A structured and coherent approach to Enterprise Risk Management with on-site inspections are in place with regular audits to provide independent unbiased assessments and recommendations. The Audit and Risk Management Committee is updated quarterly with guidance from this audit reports to identify and manage risks with quantitative scorecard which measures preparedness. Mandatory minimum requirements include annual fire safety training, Cardio Pulmonary Resuscitation (CPR) and crisis simulation drill with call free responses.

**Ethnicity for Malaysia companies**

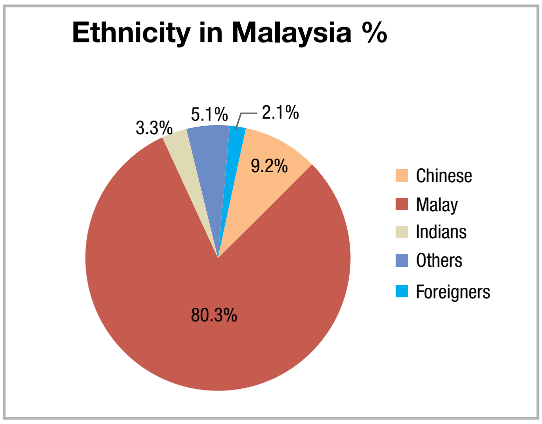
| |
|---|
| Malaysian |
| Other |
| |

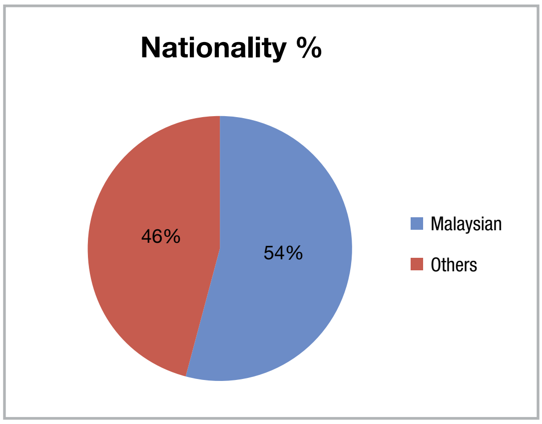
**Ethnicity (Group)**

| % | |
|---|---|
| 54% | 334 |
| 46% | 289 |
| 100% | 623 |

The Group continues to provide employment for a total of 623 people in 2020 compared to 1,091 people in 2019 across its operations. 54% of which are Malaysians who are in its operation in The Andaman, Langkawi and Corporate office in Kuala Lumpur. As the main business operations are in Bintan, Indonesia, 46% of the workforce are made up from Singaporeans and local communities from Indonesia.

**Diversity& Inclusion**

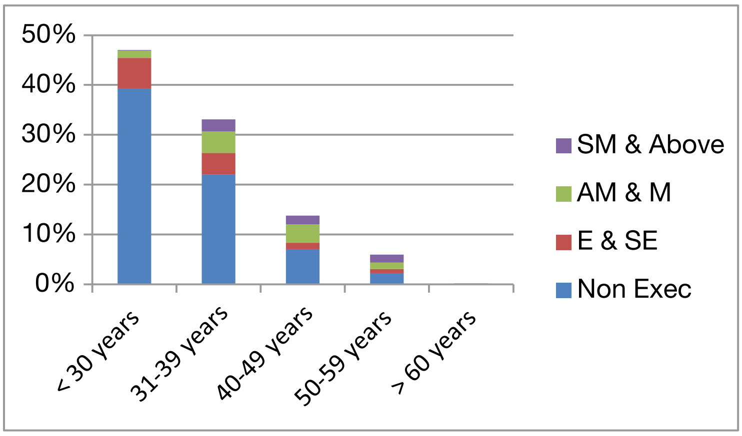



It is vital to manage the differences within the Group's operations across three countries with diverse ethnicities, religions, cultures and customs in addition to managing the complex yet balanced mix of age and gender require us to be alert and sensitive in our approach towards equal opportunities for all. The Group is committed in upholding our commitments to zero tolerance of discrimination on grounds of colour, religion, ethnicity, age, national origin, gender or any other personal characteristics that are physical or verbal are deemed harassment in the workplace with severe disciplinary repercussions. The selection, recruitment, promotion and training of employees are made based on merit and performance ability. In upholding our commitments to human rights and ethics, we ensure that strictly no child labour, forced labour and discrimination issues are allowed in our businesses and supply chains. We believe these policies are crucial in retaining and attracting talent.

**Nurturing, reskilling and training**

Despite the lockdowns, employee training hours averaged at 50.15 hours per employee, 30% higher compared to 2019 where average training hours per employee were 38.67 hours. The Group's KPI is 16 hours per person. This was mainly due to many complimentary conferences, workshops and training offered conducted online during lockdowns. Upon reopening, employees were provided targeted work-based training to operate in the new normal SOPs which included familiarising with Health Ministry's guidelines on health and safety post pandemic as well as handling equipment and various processes of sanitation.




*The Group has a young talent pool with much potential and with the right training plans, can be groomed to become future leaders.*

The Group aims to continue investing in enhancing employability and resilience of the workforce considering changes in the economy and society in the wake of the pandemic crisis. With the aim of leaving no one behind, the Group aims to cultivate talent competencies to meet new normal and business goals. As such training opportunities will include reskilling and upskilling firstly to cope with the forms of work transitions once normal operations resume.

In support of continuous professional development, all employees' performances are appraised during annual appraisal to evaluate and assess strengths and gaps that help us to identify appropriate training and development needs to elevate and enrich careers. Our goal is to ensure each employee meets the minimum training need of 16 hours for employees across all levels to ensure competency is at the highest level.

The Group aims to become a preferred employer by looking into the implementation of HR tech solutions for better decision making in areas like performance management, capability building and retention. It will then be possible to ensure high competency levels and healthy career development. Digitising of some processes and systems has been rolled out in phases. Moving forward, accumulated data in the system can be used to harness accurate performance management of each staff, identifying gaps and re-skilling needs to advance training and succession planning.

**Anti-corruption training**

Corruption is a great challenge that poses major risks to our business goals and operations. The Group adopts a zero-tolerance stance toward corruption and firmly believes that addressing it requires concerted action from all. Employees and partners are required to sign an anti-corruption pledge to emphasize and as a reminder of the Group's anti-corruption policy. A refresher training in house was recently conducted for executive and senior level employees across the Group to enhance governance and integrity. Throughout the year, awareness programmes on integrity, anti-corruption and bribery were conducted for all existing staff through townhalls to raise the overall awareness on integrity, corruption, fraud and bribery. Additionally, all employment contracts now include clauses on anti-corruption and anti-bribery to prevent and eradicate corrupt practices. Awareness training programs for employees are being drawn up to reinforce the Group's anti-corruption policy as part of its T.R.U.S.T. Policy and Anti-Bribery Management System.

**Employee Benefits and Welfare**

In accordance with the Malaysia Employment Act 1955, the Group strives to offer competitive pay and benefits within the sector and the local marketplace with fair rewards to drive high levels of performance with a competitive remuneration and rewards programme encompassing salaries and bonuses, proper leave entitlement, medical coverage and group insurance plans and Employees' Share Option Scheme (ESOS).

Going above and beyond providing fixed fringe benefits, the Group values deserving employees who go the extra mile for the company with the provision of various rewards and celebrating small wins. In November 2019, the V Integrated Team (Wellness Division) was rewarded with cash incentive and certificates of appreciation for winning The 2019 Luxury Travel Guide "Best Spa" and a small celebration was held for being recognised as Trip advisor's Top 10 attractions.

Throughout the operations, the Group encourages and provides regular platforms for employees to interact. "Staff Appreciation days", townhalls and regular communications are held where employees are recognised for outstanding contribution, birthdays and other achievements or events are celebrated.

**Work Place Health, Safety and Wellbeing**

The Group places paramount importance on the health, safety and welfare of its stakeholders: employees, suppliers, contractors and customers in accordance to our Corporate Statement. We are committed to delivering high standards in health and safety across all aspects of our operations that includes corporate offices, hotels, parks and sites in progress all of which adopted various safety measures from fire and emergency procedures to hazard analysis with a target of zero accidents in all our business units. All employees at the Group's operating units receive regular trainings coordinated in-house as part of compliance to local laws to respond effectively to emergencies. This includes Cardio Pulmonary Resuscitation (CPR), first-aid training and practical training on the usage of fire extinguishers, food safety, isolation containment, hygiene and sanitation and fire safety.

Compliance and Safety Managers are responsible to lead and implement procedures and efforts in identifying workplace hazards, reducing accidents and exposure to harmful situations and substances. The Safety and Health Committee has also been formed to lead training of personnel in accident prevention, accident response, emergency preparedness, isolation containment protocols and use of protective tools and equipment.

**Environment**

The Group is conscious of its responsibility to manage the impact that its business activities have on the environment and is committed to continuously improve its environmental performance. As Biodiversity is linked to well-being, we recognise that a polluted environment can produce adverse impacts on the health and quality of life. The effects of climate change and other environmental issues may also impact our business. We continue to work on minimising the impact of our business activities on the environment and human health by striving to integrate conservation efforts SDG 14 Life Below Water and SDG15 Life on Land.

*Coral Rehabilitation and Conservation*

Marine ecosystems cover about 70% of Earth's surface, while the remaining area comprises terrestrial ecosystems. The Andaman is located within an ancient tropical rainforest on the pristine sandy shores of Datai Bay, Langkawi which is home to a diverse variety of marine life and precious fringing reef said to be 6,000 to 8,000 years old. The Andaman continues to restore the coral reef damaged by the tsunami in 2004. Monthly coral cleaning activities and reef walks to educate guests and employees on the coral reef ecosystems have and continues to be a major activity at the resort. A Coral Nursery was launched in 2012 to grow corals for transplantation at Datai Bay to restore and rehabilitate the corals. Corals are grown at the nursery which are later transplanted at the bay.

The Andaman launched the resort's newest initiative for ocean conservation, the Sea Cucumber (Gamat) Regeneration Project, an extension of the resort's coral conservation project. The project aims to repopulate the sea cucumbers that are slowly decreasing due to 'overfishing' to accommodate the high demand of sea cucumber products as they are used widely as a delicacy and for medicinal purposes. To date, the resort has successfully regenerated and deployed over 50 sea cucumbers back into the ocean.

*Organic Farming*

One of the missions of TBB is to integrate wellness with sustainable operations which incorporates the experience of clean air, water and food. Organic farming is one of the drivers to achieve this mission. From time to time, workshops are held with industry experts and chefs to educate visitors on low carbon sourced food and the benefits of "farm to table" dining options that offer fresher and healthier food. The pilot organic farm of TBB started in 2016 and has seen more than 90 species of vegetables, fruits and herbs being planted. Its organic produces to-date is supplied to the resorts, with surplus distributed to staff and local under-privileged communities. The farm was certified to be organic under the International Federation of Organic Agriculture Movements ("IFOAM") (European Union and Australia) on 13 July 2018. The IFOAM is the worldwide umbrella organisation for the organic agriculture movement which maintains an organic farming standard, and an organic accreditation and certification service.

Operational staff for the organic farm was chosen from the local population in Bintan and provided with training and education to introduce new sustainable skills and confidence. A lesson plan has been established and will be part of the standards to train new staff. This project has created awareness and creates jobs locally within the community. There is potential to seed and engage the local community for organic agricultural plots or animal farming outside TBB on Bintan island, which is an attractive proposition for promoting sustainable local entrepreneurship or career alongside TBB's development blueprint. These start-ups can later be a supplier of organic food to TBB.

Sustainable practices have been designed into the operations of the organic farm. The natural pond serves as the collection point for ground water for sustainable irrigation and organic composting is practised to produce different organic fertiliser types from different unwanted harvested materials. Plant wastes are also recycled by shredding to be used as mulch for protective soil cover and dressing.

**Social**

The Board recognises that one of the Group's most important assets is its human capital. As a responsible employer, we are committed to running a safe, efficient and profitable business where honesty, integrity and respect for people govern the way we work and interact with each other within the organisation and externally with our guests and business partners. The standards of behaviour expected of all employees are set out in the Code of Ethics and Conduct ("Code"). Any staff is given an avenue to report any violations of the Code or discriminatory acts as set out in the Whistleblowing Policy without repercussion. These policies together form an integral part of our T.R.U.S.T. policy and are all publicly available on our website at *www.landmarks.com.my*.

This Statement was approved by the Board of Directors on 23 February 2021.

# Corporate Governance Overview Statement

The Board of Directors of Landmarks Berhad ("Company") is firmly committed to ensuring the practice of and subscription to high standards of corporate governance in delivering stakeholders' value. This Statement sets out the summary of corporate governance practices during the financial year ended 31 December 2020, including disclosures required in the Main Market Listing Requirements ("MMLR"). This Statement is supported by the Corporate Governance Report as prescribed in paragraph 15.25(2) of the MMLR which is accessible at *www.landmarks.com.my*.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### *I. Board Responsibilities*

The Board of Directors is collectively responsible for the performance and success of the Company and the Group. The Board sets the strategic direction for the Group whilst maintaining an oversight role of management. The Board Charter sets out the matters specifically reserved for its decision, its duties and responsibilities as well as that of the management, led by the Executive Deputy Chairman of the Board who is also designated as the Chief Executive Officer ("CEO").

There is a clear division of responsibility between the Board, headed by the non-executive Chairman, and the management, led by the CEO.The management is responsible to support the Board on the development of, advising on and implementation of the corporate and business strategies, policies and decisions set by the Board as well as coordinating and overseeing the day-to-day operations. To ensure efficiency in the day-to-day operations of the Group, the Board has delegated some of its authority to certain levels of management as set out in the Limit of Authority.

The CEO is supported by the Executive Director and the Group Chief Operating Officer, in the performance of his duties.

The roles of the Chairman, CEO, Directors and the Independent Directors are clearly set out in the Board Charter which is accessible at the Company's website at *www.landmarks.com.my*.

***Board Committees***

The Board has delegated certain of its responsibilities to three (3) Committees which were constituted with clearly defined terms of reference to assist it in the discharge of its fiduciary duties. These Committees have been accorded the necessary authority to deliberate and decide on relevant issues and where the Committee has no decision-making authority, recommendations would be put forth to the Board for approval. The Chairman of the respective Committee reports on the proceedings and deliberations of each Committee meeting, if any, to the Board.

The Committees constituted by the Board are:

i. Audit and Risk Management Committee

The Audit Committee was established on 22 February 1993 and was subsequently renamed Audit and Risk Management Committee ("ARMC") on 28 November 2007 with the additional responsibility to review and manage key business risks of the Group. The Terms of Reference of the ARMC is accessible at the Company's website at *www.landmarks.com.my*.

The Audit and Risk Management Committee Report for the financial year is set out on pages 42 to 45 of this Annual Report.

ii. Nominating Committee

The Nominating Committee was established on 10 May 2001. It comprises three (3) non-executive directors, a majority of whom are independent as follows:

| | |
|---|---|
| Tan Sri Zakaria bin Abdul Hamid<br>*(Non-Independent Non-Executive Director)* | - Chairman |
| Bernard Chong Lip Tau<br>*(Independent Non-Executive Director)* | - Member |
| John Ko Wai Seng<br>*(Independent Non-Executive Director)* | - Member |

The Terms of Reference of the Nominating Committee is accessible at the Company's website at *www.landmarks.com.my*.

The Nominating Committee is responsible for proposing and recommending candidates for appointment to the Board. In evaluating the appointment of a director to the Board, the general process and procedure used are to: -

i) determine the skills, experience and core competencies that are required by the Board;
ii) seek and evaluate candidate(s) with the required credentials, skills, experience and competencies who has demonstrated integrity and character; and
iii) recommend the proposed appointment of the candidate to the Board for approval.

The Nominating Committee is also responsible for proposing and recommending short listed candidates for appointment to senior management posts in the Company using similar criteria.

The Nominating Committee met once during the financial year 2020 which was attended by all members and had:

i) assessed the performance of the Board with regard to its composition, structure, operations, roles and responsibilities, and the Chairman's role and responsibilities;
ii) assessed each of the Board Committees on its composition, its assistance in providing recommendations for decision-making, the expertise of the members of the Board Committees in fulfilling their roles, the role of the Chairman of the respective Board Committee in discharging their responsibilities and the communications by the Board Committees to the Board with regard to its quality and timeliness;
iii) assessed the independence of the Independent Directors based on their shareholding in the Company, their relationship with the Company and Group, family or business, past or present, their tenure of directorship as well as their independent judgment, and objective and constructive feedback;
iv) evaluated the training programmes undertaken by the Directors;
v) assessed each individual director in terms of fit and properness, their contribution and performance, and calibre and personality; and
vi) considered and recommended the re-election of Directors and retention of Independent Directors for shareholders' approval at the Annual General Meeting.

iii. Remuneration Committee

The Remuneration Committee was established on 10 May 2001 and comprises three (3) non-executive directors as follows:

| | |
|---|---|
| Tan Sri Zakaria bin Abdul Hamid<br>*(Non-Independent Non-Executive Director)* | - Chairman |
| Bernard Chong Lip Tau<br>*(Independent Non-Executive Director)* | - Member |
| Chin Mui Khiong<br>*(Independent Non-Executive Director)* | - Member |

The Terms of Reference of the Remuneration Committee is accessible at the Company's website at *www.landmarks.com.my*.

The Remuneration Committee met twice during the financial year which was attended by all members for the following purposes:

i) considered and recommended for the Board's approval the Directors' fees payable for 2019;
ii) considered and recommended for the Board's approval the remuneration of the senior management;
iii) considered and recommended for the Board's approval the payment of bonuses and salary increment for staff of the Group; and
iv) considered and approved the grant of options to the Eligible Persons under the Landmarks Employees' Share Option Scheme ("ESOS").

***Code of Ethics and Conduct, Policies and Anti Bribery Management System***

The Code of Ethics and Conduct ("Code") sets out the principles and standards of business ethics and conduct expected of the Directors and employees of the Group has been revised on 29 May 2020 and is accessible at the Company's website at *www.landmarks.com.my*. The Anti-Money Laundering Policy is also accessible at the Company's website at *www.landmarks.com.my*.

With the introduction of new corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amended 2018) effective from 1 June 2020, the Board has reviewed and amended our Anti-Bribery and Anti-Corruption Policy in readiness for the Group's implementation of the newly approved T.R.U.S.T. Policy to set up adequate procedures for combating bribery and corruption under our Anti Bribery Management System ("ABMS") on 29 May 2020 which are all accessible at the Company's website at *www.landmarks.com.my*.

Any Director or employee who becomes aware of, or suspects a violation of the Code, policies or ABMS is encouraged to whistle blow or report the concerns through the Whistleblowing Policy, which is accessible at the Company's website at *www.landmarks.com.my*.

***Board Meetings***

During the year under review, the Board met on seven (7) occasions where it deliberated upon and considered a variety of matters including receiving updates on the Group's businesses and its performance, the Group's strategies and policies, corporate governance, risk management, corporate proposals, the Group's financial results, and the business and financial plans and budget, and direction of the Group.

The annual schedule of the Board and Board Committee Meetings are notified in advance to all Directors before the commencement of the financial year to assist Directors in planning their time commitment to the Company. All Directors have devoted reasonable time and effort to attend to the Company's duties required of them by attendance at the Board and Board Committee meetings as well as being available to discuss issues affecting the Group at all other times. The Directors would immediately update the Board via the Company Secretary on their appointment as director in other companies, which would then be tabled to the Board at the next Board of Directors' meeting for notation.

This year because of the Coronavirus Disease ("COVID-19") pandemic, six (6) of the Board Meetings had to be conducted virtually by Zoom meetings due to Movement Control Orders ("MCO") and travel restrictions. Meeting documents were also made available to the Board by shared links and were also displayed electronically in the course of each meeting.

The attendance of Directors at Board meetings held during the financial year is: -

| Director | Attendance |
|---|---|
| Tan Sri Zakaria bin Abdul Hamid | 7 out of 7 |
| Mark Wee Liang Yee | 7 out of 7 |
| Tan Wee Hoong, Robin | 7 out of 7 |
| Dato' Abdul Malek bin Abdul Hamid | 7 out of 7 |
| Bernard Chong Lip Tau | 7 out of 7 |
| John Ko Wai Seng | 7 out of 7 |
| Dato' Sri Ramli bin Yusuff | 6 out of 7 |
| Chin Mui Khiong | 6 out of 7 |

The proceedings of each meeting of the Board and Board Committees are recorded in their minutes. The draft minutes of each meeting are circulated to all participants of a meeting as the case may be by the Company Secretary for review and comments not later than three (3) weeks after the meeting. The minutes are then confirmed at the next meeting of the Board or Board Committee concerned and kept at the Registered Office.

***Supply of Information***

The Board is supplied with appropriate and timely information to enable it to discharge its duties. The CEO, after consultation with the Chairman when necessary, ensures that all Directors have complete and timely access to information. The Directors have direct and individual access to members of the management and staff at all times and to request for any information within the Group from them, whether collectively as a Board or in their individual capacity, in furtherance of their duties.

The CEO keeps the Board informed on a timely basis on all material matters affecting the Group's performance and its major developments. In addition to formal Board meetings, the Chairman, CEO and members of senior management maintain regular contact with all Directors.

***Training and Development of Directors***

In an ever-changing and dynamic business environment, the Directors recognise that they need to continuously equip themselves with relevant professional advancement to fulfil the demands of their role as Directors. All Directors in office during the financial year have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad.

The Directors have undertaken relevant training courses to keep themselves abreast with developments in the capital markets, relevant changes in laws and regulations and on corporate governance matters to enhance their existing and to acquire additional skills and knowledge in the discharge of their responsibilities. The Directors will continue to undergo relevant training programmes to further enhance their skills and knowledge.

The courses attended by the Directors during the financial year are:-

| Name of Directors | Training Course/Programme |
|---|---|
| Tan Sri Zakaria bin Abdul Hamid | • CKM Advisory Sdn Bhd: "Key Disclosure Obligations of a Listed Company - Financial Reporting" |
| Dato' Abdul Malek bin Abdul Hamid | • PwC Consulting Services (M) Sdn Bhd: "Fraud Risk Management Workshop" |
| John Ko Wai Seng | • Malaysian Institute of Accountants ("MIA"): "Practical Accounting Principles and Practices Series - Basic Level"<br>• PwC Consulting Services (M) Sdn Bhd: "Fraud Risk Management Workshop" |
| Chin Mui Khiong | • Malaysian Accounting Standards Board Webinar: "A Change for better Comparability and Transparency of Companies' Performance Reporting"<br>• Cahya Mata Sarawak Berhad / PwC Consultancy Associates (M) Sdn Bhd Webinar: "Anti-Bribery & Anti-Corruption ("ABAC") Master Class for the Board of Directors"<br>• MIA Webinar: "Contemporary issues in complying with IRFS/ MFRS 15 Revenue from Contracts with Customers"<br>• MIA Webinar: "Auditing of Property Developers and Contractors"<br>• Lembaga Hasil Dalam Negeri Malaysia ("LHDNM") Webinar: "National Tax Conference 2020"<br>• Chartered Tax Institute of Malaysia ("CTIM") Webinar: "Tax Audit & Investigation"<br>• LHDNM Webinar: "Annual Budget Seminar"<br>• CTIM Webinar: "Annual Budget Seminar"<br>• CTIM Webinar: "Malaysia Property Taxes"<br>• CTIM Webinar: "Selected Tax Public Rulings & Revenue Guidelines" |

Saved as disclosed above, others Directors of the Company were not able to attend the training programmes during the financial year due to disruption or cancellation of training programmes by the programme organisers in consequence to the MCO because of the COVID-19 pandemic. However, they have constantly been updated with relevant reading materials and technical updates, to enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Company.

The Directors have and will continuously be briefed on the Group's core business and other relevant industries as may become relevant in future to ensure that the Board is well informed on the latest market and industry trends.

***Company Secretaries***

Landmarks' Board is supported by two (2) External Company Secretaries. Both Company Secretaries of Landmarks are qualified to act as Company Secretary under Section 235 of the Companies Act 2016 and are Associate Member of the Malaysian Institute of Chartered Secretaries & Administrator.

The Directors have full and unrestricted access to the advice and dedicated support services of the Company Secretaries, as and when the need arises to enable them to discharge their duties effectively. The Company Secretaries are suitably qualified and experienced, are responsible to advise and update the Board on corporate governance matters, and matters related to procedural and regulatory requirements to ensure the Board adheres to policies, procedures and regulatory requirement to proper function in accordance to the Board charter and best practices, required of their role.

## *II. Board Composition*

The Board had, at all times during the financial year, comprised at least one-third Independent Directors in compliance with the MMLR. During the financial year, the Board comprised eight (8) members, of whom 50% are independent. There were four (4) independent non-executive directors, two (2) non-independent executive directors and two (2) non-independent non–executive directors.

The Board believes that its current size and composition is adequate and appropriate for its purpose. The Board is satisfied that the current composition with half its membership comprising Independent Directors adequately protects the interests of minority shareholders of the Company. The Board opines that its current size allows for active participation and meaningful contribution by each member to ensure its effectiveness in discharging its duties. The Board, in considering appointments, gives due regard to the skills, experience, contribution and commitment that a person would bring to the Board.

The Board had, on 27 February 2018, approved a policy to appoint at least a woman member to the Board within the next three (3) years. This would allow adequate time for the Board to seek out suitable candidates with the relevant skills and experience to contribute to the Group. Recognising that gender diversity is a national agenda to be pursued, the Board has been actively attempting to source for suitable female candidates who meet the skills and experience requirements for appointment as Directors and senior management who will contribute positively and bring further diversity to the Group.

The Directors, with their diverse backgrounds and specialisations from the legal and accounting fraternities, former senior executives in the Malaysian government sector and experience in business management collectively bring considerable knowledge, judgment, expertise and experience to the Board. The breadth and depth of experience and knowledge of the Directors provide the necessary balance of power and authority as well as diverse views, insights and advice on its stewardship role.

### *Independence of Directors*

The Board recognises that independence and objectivity are important elements in the decision-making process and that the Independent Directors play an important role in upholding good corporate governance. The Nominating Committee has undertaken an assessment of the independence of the Independent Directors based on their relationship, whether family, employment, professional or business, with the Company and the Group, and their shareholding in the Company. More importantly, an assessment was also undertaken on the Independent Directors' participation at Board meetings and their demonstration of independent and objective judgment in providing constructive feedback in the Board's deliberations to safeguard the interests of minority shareholders.

Based on the assessment and review, the Board is satisfied that the Independent Directors have remained independent.

In the premise, the Board has consented to obtain annual shareholders' approval at the Annual General Meeting ("AGM") for Independent Directors who have served a cumulative period of more than twelve (12) years to be retained as an Independent Director of the Company.

### *Annual Directors' Evaluation*

The Nominating Committee has undertaken the annual assessment of the Board, the Board Committees as well as each member of the Board, including their fit and properness, contribution and performance, and calibre and personality.

### III. *Remuneration*

The Remuneration Committee is responsible to review and recommend to the Board the fees, allowances and benefits payable to the members of the Board and the Board Committees in accordance with their level of responsibilities. The Committee is also responsible to review and recommend the remuneration of the senior management, including the Executive Directors, to the Board for approval.

The remuneration of each of the Directors of the Company categorised into the appropriate components for the financial year ended 31 December 2020 are set out below:

| *(All figures in RM)* | Salaries & Bonus* | Fees | Allowances | Benefits-in-Kind | Total |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Executive Directors | | | | | |
| - Mark Wee Liang Yee | 1,727,385 | – | – | – | 1,727,385 |
| - Robin Tan Wee Hoong | 559,975 | – | – | – | 559,975 |
| Non-Executive Directors | | | | | |
| - Tan Sri Zakaria bin Abdul Hamid | – | 84,000 | 13,750 | 8,772 | 106,522 |
| - Dato' Abdul Malek bin Abdul Hamid | – | 57,750 | 15,000 | 6,360 | 79,110 |
| - Bernard Chong Lip Tau | – | 69,300 | 18,750 | 4,238 | 92,288 |
| - John Ko Wai Seng | – | 60,900 | 16,250 | 8,489 | 85,639 |
| - Dato' Sri Ramli bin Yusuff | – | 31,500 | 8,750 | 9,200 | 49,450 |
| - Chin Mui Khiong | – | 34,650 | 11,250 | 2,835 | 48,735 |
| **Company** | | | | | |
| Executive Directors | | | | | |
| - Mark Wee Liang Yee | 498,644 | – | – | – | 498,644 |
| - Robin Tan Wee Hoong | 140,385 | – | – | – | 140,385 |
| Non-Executive Directors | | | | | |
| - Tan Sri Zakaria bin Abdul Hamid | – | 73,500 | 13,750 | 8,772 | 96,022 |
| - Dato' Abdul Malek bin Abdul Hamid | – | 57,750 | 15,000 | 6,360 | 79,110 |
| - Bernard Chong Lip Tau | – | 69,300 | 18,750 | 4,238 | 92,288 |
| - John Ko Wai Seng | – | 60,900 | 16,250 | 8,489 | 85,639 |
| - Dato' Sri Ramli bin Yusuff | – | 31,500 | 8,750 | 9,200 | 49,450 |
| - Chin Mui Khiong | – | 34,650 | 11,250 | 2,835 | 48,735 |

* *inclusive employer contributions to provident fund*

The remuneration of the senior management of the Group for the financial year 2020, comprising salary and bonus, inclusive of employer contributions to provident fund, and benefits-in-kindis set out below:

| Name | Remuneration in 2020 |
|---|---|
| Fong Chee Khuen | RM700,001 – 750,000 |

**PRINCIPLE B: EFFECTIVE AUDIT & RISK MANAGEMENT**

***I. ARMC***

The Board is assisted by the ARMC in financial reporting, internal controls, risk management and governance. The ARMC supports the Board in financial reporting to ensure integrity in the quarterly and annual financial statements, compliance with new accounting standards and practices, external audit, review of related party transactions and conflict of interest situations. The ARMC works independently within its defined Terms of Reference approved by the Board which is accessible at *www.landmarks.com.my*.

The Board is satisfied that the ARMC has been independent and has effectively discharged its duties in accordance with its Terms of Reference.

***II. Risk Management and Internal Control Framework***

The Board is responsible for the Group's risk management and internal control systems and reviewing its effectiveness. The ARMC assists the Board in monitoring the principal risks faced by the Group and ensuring that they are managed effectively. This includes monitoring and reviewing the Group's operations in relation to and compliance with the legal requirements in the various jurisdictions that the Group operates particularly in Malaysia, Indonesia and Singapore, approving and monitoring the risk management strategy, internal controls and reporting systems, evaluating their effectiveness, and identifying and rectifying deficiencies.

An overview of the risk management framework and state of internal controls are detailed in the Statement on Risk Management and Internal Control set out on pages 46 to 49 of this Annual Report.

In the performance of its risk management and internal audit functions, the Board is supported by the internal audit function which reports directly to the ARMC. A summary of the activities of the internal audit function during the financial year is presented in the Audit and Risk Management Committee Report set out on pages 42 to 45 of this Annual Report.

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

***I. Communication with Stakeholders***

The Company is committed to ongoing communications with its entire shareholder base, both institutional and private investors. This is achieved through the annual reports, the quarterly announcements and the shareholders' meetings. The Company's website, *www.landmarks.com.my*, provides a comprehensive avenue for up-to-date information dissemination with dedicated sections on corporate and financial information and news on the Group.

***II. Conduct of General Meetings***

The Board has always welcomed attendance at the Company's general meetings. In line with the Malaysian Code on Corporate Governance, a notice period of 28 days was given to shareholders for the Company's AGM held on 15 July 2020. In view of COVID-19 health concerns and to safeguard the wellbeing of Shareholders and also in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission of Malaysia and Clause 15.4 of the Company's Constitution, the Company conducted a fully virtual 31st AGM which enabled shareholders' virtual participation and remote online voting at the virtual AGM. The shareholders could submit their questions prior to and in the course of the meeting for the Company to respond to at the virtual AGM.

At the AGM and other general meetings, where relevant, the Company gathers views of, and answers questions from the shareholders on all issues relevant to the Group. It has always been the practice for the Chairman to provide ample time for the question and answer sessions at the general meetings, and for shareholders to provide suggestions and comments for consideration by the Board and management. Members of the Board would engage with individual shareholders after the general meetings.

## FUTURE PRIORITIES

The Board is satisfied that the Company has applied the principles of the Malaysian Code on Corporate Governance for the financial year ended 31 December 2020 except in the areas as highlighted in the Corporate Governance Report.

Going forward, the Board will, in addition to routine business during the current financial year, continue to review the composition of the Board, with consideration to the experience and skills, giving particular attention to gender diversity.

## OTHER DISCLOSURES

***Directors' Responsibility Statement in Respect of the Preparation of the Annual Audited Financial Statements***

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and the profit or loss and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016 have been applied and complied with. The Board has adopted and consistently applied accepted accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking such reasonable steps to preserve the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement was approved by the Board of Directors on 23 February 2021.

# Audit and Risk Management Committee Report

## CONSTITUTION

The Audit Committee was established by the Board of Directors ("Board") on 22 February 1993 and was re-named the Audit and Risk Management Committee ("Committee") on 28 November 2007, with the additional responsibility to review and manage key business risks of the Group.

## COMPOSITION AND ATTENDANCE

The membership of the Committee and their attendance at meetings, by presence in person and video conferencing, held during the financial year ended 31 December 2020 are as follows:-

| Name | Attendance at Meetings |
|---|---|
| Bernard Chong Lip Tau, Chairman<br>*Independent Non-Executive Director* | 4 out of 4 |
| Dato' Abdul Malek bin Abdul Hamid<br>*Non-Independent Non-Executive Director* | 4 out of 4 |
| John Ko Wai Seng<br>*Independent Non-Executive Director* | 4 out of 4 |

## TERMS OF REFERENCE

The Committee is responsible for ensuring the integrity of the Group's financial accounting and reporting practices as well as the management of risk processes and internal controls.

On behalf of the Board, the Committee ensures the Group policies and procedures are complied with by providing oversight to the internal and external audit functions.

It also considers business risks and the nature of related party transactions that may arise within the Group.

In discharging its duties to investigate any activity within its terms of reference, the Committee is authorised to seek any information it requires from management and all employees are required to cooperate with any request made by it. The Committee can obtain, at the expense of the Company, independent legal or other professional advice if it considers necessary.

To enhance the Group's operational efficiency and internal control system, an in-house internal audit function which reports to the Committee was established in 2014.

The Nominating Committee has conducted an annual review and assessment of the composition, the assistance given by the Committee in Board decision-making, the expertise and skills of Committee members in fulfilling their roles, the role of the chair of the Committee in the discharge of its responsibilities and the process and conduct of meetings of the Committee.

The Board is satisfied that the Committee and its members have effectively discharged its duties in accordance with its Terms of Reference.

The Terms of Reference of the Committee is accessible at the Company's website at *www.landmarks.com.my*.

## SUMMARY OF ACTIVITIES

The Committee monitors internal control policies and procedures designed to safeguard the Group assets and to maintain the integrity of financial reporting. It maintains direct, unfettered access to the Company's external auditors, internal audit and management.

During the financial year ended 31 December 2020, the Committee met four (4) times and their work is summarised as follows:

### Financial Reporting

(a) Reviewed the unaudited quarterly financial results of the Group and the Company including any changes in the Financial Reporting Standards and its impact on the Group. In reviewing the financial statements, the Committee focused and deliberated on any significant changes to budget and preceding quarterly results. The Committee also deliberated on the financial statements including notes thereof to ensure that the financial statements taken as a whole provide a true and fair view of the Company's financial position and performance.

(b) Reviewed the audited financial statements of the Group for compliance with Malaysian Financial Reporting Standards. The Group Chief Operating Officer was invited to all Committee meetings to clarify audit issues and operation related matters that may have a financial impact on the Group and had given assurance to the Committee that the Company's financial statements complied with applicable financial reporting standards.

(c) Reviewed significant matters highlighted by auditors in the financial statements.

(d) Recommended for approval of the unaudited quarterly financial results and audited financial statements by the Board.

### External Audit

(e) Reviewed the external auditor's scope of work and discussed annual audit plan and audit report for financial year ended 31 December 2020 with the external auditors. The Committee also noted that the employees have given full support and assistance to the external auditors to complete their work.

(f) Discussed audit matters raised by external auditors and their evaluation of the system of internal controls and follow up actions by management.

(g) Considered the appropriateness of the level of external audit fees and recommended for Board approval, taking into account the amounts of audit and non-audit fees.

(h) Performed an annual assessment of the suitability, objectivity and independence of the external auditors. The assessment encompasses their resources, quality of process and performance, audit planning and communications, and independence and objectivity. During the assessment the Committee sought feedback from management personnel related to the work and interviewed the external auditors. The Committee members are also required to complete an evaluation form on the performance of external auditors.

The policies and procedures for annual assessment of external auditors are accessible at the Company's website at *www.landmarks.com.my*.

The Committee received assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Having assessed the external auditors' independence and objectivity, the Committee is satisfied with its competence, audit quality and resource capacity of the external auditors in relation to the audit. The Committee is also satisfied with the nature and extent of the non-audit services rendered, the appropriateness of the level of the fees and recommended for the re-appointment of KPMG PLT.

The Committee met with the external auditors on 26 February 2020 without the presence of the members of the management to discuss any matters of concern by the external auditors.

**Internal Audit**

(i) Reviewed and approved the internal auditor's scope of work and audit plans for the Group.

(j) Reviewed the internal audit findings and appropriate remedial actions.

(k) Monitored the actions taken by management to improve the system of internal controls based on recommendations from the internal audits.

(l) Reviewed and approved the quarterly Enterprise Risk Management reports on key risk profiles and risk management activities of the Group.

**Governance**

(m) Reviewed the Statement on Risk Management and Internal Control, and the Audit and Risk Management Committee Report for inclusion in the Annual Report.

(n) Performed a self-evaluation to assess its effectiveness in discharging its duties as set out in the Terms of Reference.

During the financial year, the Committee reviewed the Group's Anti-Bribery Management System ("ABMS") to align with the new T.R.U.S.T. Policy which incorporated the Ministerial guidelines on adequate procedures under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amended 2018) prior to the policy's adoption by the Board. The T.R.U.S.T. Policy can be accessible at the company's website at *www.landmarks.com.my*.

## RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST TRANSACTION

During the financial year, the Committee had reviewed the following Related Party Transaction ("RPT") and Recurrent Related Party Transaction of a Revenue or Trading Nature ("RRPT") respectively involving Mr Mark Wee Liang Yee, Executive Deputy Chairman and Chief Executive Officer, prior to recommendation to the Board for approval and ensured the Main Market Listing Requirements are complied with.

(a) RPT for proposed acquisition (currently on-going and subject to amongst others Bursa Malaysia Securities Bhd's and shareholders' approval) of the Main Entrance Building of Treasure Bay Bintan, Indonesia through purchase of entire equity interest in PT Buana Wisatama for a total consideration of S$9.78 million (equivalent to approximately RM29.77 million) from Mr Mark Wee Liang Yee.

(b) RRPT for a consultancy agreement between Bay Development Services Pte Ltd, a wholly-owned subsidiary of Landmarks Bhd and Pathfinder Collective Pte Ltd, a company related to Mr. Mark Wee Liang Yee.

## INTERNAL CONTROLS

The internal audit is required to conduct assessment of the internal control system pertaining to the process of relevant business units/functional groups to ensure reliability and integrity of the process.

For the year under review, the Committee focused on whether procedures, systems and controls put in place by the Board and management are present and functioning to ensure that the organisation meets its objectives.

The COVID-19 pandemic has significantly disrupted most part of the audit plan for the year. Temporary closure of businesses of The Andaman and Treasure Bay Bintan, and restriction of domestic movement and international travel, have limited the audit work for most part of the year.

A follow up audit on prior year audit findings and procurement cycle audit was carried out on Treasure Bay Bintan prior to the imposition of travel restrictions.

During the course of audit, there were no significant risks discovered that would have significant impact on the Group's business. The critical risk areas were identified and relevant control activities were implemented/improved accordingly.

In discharging its duties with respect to internal audit, the Committee is supported by the in-house internal audit department.

In assessing the scope of work covered in the audit plan, the Committee took into consideration prevailing factors relevant to the Group's business activities and direction.

The Committee reviewed key concerns raised in the audit report and appropriate management's responses including remedial action taken, before reporting and making recommendations to the Board in strengthening the internal control system, where applicable.

The management has also updated the Committee and the Board on the status of the action plans implemented. There were no significant or material findings from the operational audit of the Group during the financial year.

The total cost incurred for the internal audit activities for the financial year ended 31 December 2020 was RM428,555.

**EMPLOYEES' SHARE OPTION SCHEME ("ESOS")**

The Committee had verified that the allocation of options pursuant to the ESOS of the Company for the financial year ended 31 December 2020 was in accordance with the criteria determined by the Remuneration Committee.

This Report was approved by the Board of Directors on 23 February 2021.

# Statement on Risk Management and Internal Control

## BOARD RESPONSIBILITY

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the Group's Risk Management and Internal Control System. The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard financial reporting system, shareholders' investments and the Group's assets and is guided by the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers in making disclosure on the state of Risk Management and Internal Control. The Board affirms its overall responsibility for identifying the principal risks faced by the Group and ensures the system of internal controls is in place to manage and assuage the risks. The Board conducted quarterly reviews of the adequacy and integrity of the Group's internal control system for selected risk areas. The system encompasses financial and operational controls and compliance with applicable laws, regulations, rules and guidelines.

The system of risk management and internal controls covers every operating company in the Group and its management. It is designed to meet the Group's business objectives and to manage the risks to which it is exposed to. The Board acknowledges that internal controls are designed to manage and assuage rather than to eliminate the risks of failure in achieving the business objectives. The system, by its nature, can only provide reasonable, and not absolute assurance against material misstatement, loss or fraud. The risk management and internal control system within the Group are implemented with the assistance of the senior management during the year.

## RISK MANAGEMENT FRAMEWORK

The Enterprise Risk Management ("ERM") framework was approved by the Board in 2008 to maintain a sound system of risk management and internal control. It is designed to identify potential events and/or circumstances that may impede the Group from achieving its business objectives and manage it to be within the risk appetite. It takes into consideration the level of risk deemed acceptable in relation to the environment the business unit operates in, thus providing reasonable assurance on the achievement of its vision and mission.

The key principles embodied in the Group's ERM are as follows:

- full and due consideration to the balance of risk and reward is an essential element of the business strategy;
- relevance, adequacy and integrity of the ERM Framework must be discussed and reviewed during the Board and Audit and Risk Management Committee ("ARMC") meetings, at least once a year;
- discussions on risks, controls and implementation status of response plans must be conducted at management operational/divisional meetings;
- each business unit is responsible for identifying, assessing, responding, monitoring and reporting all risks associated with its vision and mission; and
- performance of all operating units across the Company is monitored closely to ensure risks are managed within the Group's acceptable risk appetite.

## ERM PROCESS

ERM Process encompasses application of management policies, procedures and practices to the activities of the following:

i) Identify the risk;
ii) Assess the risk;
iii) Develop the response strategies for managing and assuaging key risks;
iv) Control activities to ensure that risk response strategies are being carried out;
v) Continuous monitoring of the risks and business environment; and
vi) Report risk exposures and status of agreed upon response strategies to the ARMC and Board.

The Group adopts the matrix risk assessment technique as its main risk assessment tool in identifying, evaluating and improving the effectiveness of the internal control systems of the Group.

The Executive Deputy Chairman and/or Executive Director and/or Group Chief Operating Officer ("COO") identify and assess the present and potential risks that the business units face, any changes to the risk profile, the action plans to manage those risks in respect of the business units and discuss the said plans with the ARMC via ERM Reports.

During the financial year, a review of the risk profile was conducted on a quarterly basis with the respective Head of business units where new risks were identified and existing risks reassessed. Action plans to mitigate such risks were developed and monitored accordingly.

Management is tasked with implementing and complying with the business goals within the risk framework approved by the Board. In respect thereto, the Group COO coordinates and reports to the ARMC on the adequacy and application of risk management systems in the respective business units on a consolidated basis across the Group.

The ARMC was updated and informed quarterly about significant audit issues related to the Company and Group. It evaluates and reviews the ERM Reports from the Group COO on a quarterly basis and thereafter reports the same to the Board (including implementation status of response plans for key risks and key changes to the Group risk profile and confirmation that necessary action was taken to remedy weaknesses identified during previous reviews).

The Board reviews the ERM Reports taking into account the overall risk exposure of the Group to ensure that all areas of risk have been considered and that key risks identified are being responded to appropriately and satisfactorily.

The ERM Process has been in place during the year under review and up to the date of approval of this Statement.

**INTERNAL CONTROL SYSTEM**

Landmarks is committed to the identification, monitoring and management of material risks associated with its business activities across the Group.

The Board recognises that a sound internal control system is fundamental to an effective risk management framework. Hence, embedded in the framework is the Group and divisional structures, reporting lines, and appropriate authorities and responsibilities, including establishment of standard operating procedures, guidelines and limits for approval of all expenditure, including capital expenditure and investments, and contractual commitments.

To enhance the Group's operational efficiency and internal control system, the internal audit function is carried out by an in-house internal audit team, which reports to the ARMC.

In assessing the scope covered in the operational audit as well as internal control findings and recommendations, the ARMC considered internal audit programmes implemented, trends and current factors relevant to the Group and selected business activities and direction.

The internal audit department independently assess the adequacy and compliance of internal controls within the operations of key business units of the Group.

The deliverables for the engagements were operational audit reports outlining the findings of the review, suggested areas for improvement and the management agreed action plans.

The Group COO monitors the implementation progress of the audit recommendations in order to obtain assurance that all major risks and control concerns have been duly addressed by the relevant management. All internal audit reports together with the recommended action plans and their implementation status have been presented to the ARMC and the Board. The ARMC and the Board have reviewed and accepted the audit reports. An updated report in respect of the status of the implementation of action plans has been given to the ARMC and the Board.

# Statement on Risk Management and Internal Control (Cont'd)

## INTERNAL AUDIT

The internal audit function and its activities for the financial year ended 31 December 2020 are set out in the Audit and Risk Management Committee Report on pages [page no] to [page no] of this Annual Report.

Apart thereto, the other key elements of the Group's internal control system are described below:

Board Committees

Specific responsibilities have been delegated to the relevant Board Committees, all of which have written terms of reference. These Committees have the authority to examine all matters within their scope of responsibilities and report to the Board with their recommendations for the Board's consideration.

Management of the Business Units

The management of the various companies within the Group is delegated to the respective Head of the business units, whose roles and responsibilities and authority limits are set by the respective Boards and approved by the Board of Landmarks Berhad.

Policies and Procedures

The standard operating procedures of Landmarks Berhad and the key business units were reviewed by the ARMC and approved by the Board. The Group's procedures and controls are established to ensure accurate and complete financial reporting as well as compliance with laws, regulations, rules and guidelines.

During the financial year, Anti Bribery Management System (ABMS) was revised to align with the new T.R.U.S.T. Policy which incorporated the Ministerial guidelines on adequate procedures under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amended 2018). The objective of T.R.U.S.T. Policy is to inculcate awareness of the Group's anti-bribery and corruption practice to help its employees in dealing with outside business associates. Continuous effort is on-going to monitor and to improve the effectiveness of ABMS.

The Group has in place a Whistleblowing Policy setting out the reporting process by individuals to raise genuine concerns without fear of reprisal. The Group Whistleblowing Policy and T.R.U.S.T. Policy are accessible at the Company's website at *www.landmarks.com.my*.

Performance Monitoring

There is a strategic planning, annual budgeting and target-setting process, which includes forecasts for each area of business with detailed reviews at all levels of operations. A detailed budgetary process is established requiring all key operating companies in the Group to prepare budgets annually. These are then discussed and approved by the Board of Landmarks Berhad. A reporting system on performance against approved budgets is in place and significant variances are explained and followed up by management and reported to the Board. The Executive Deputy Chairman and Executive Director together with the Group COO monitor actual performance, cash flow reports and other pertinent statistics on a monthly basis.

## REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit & Assurance Practice Guide 3 ("AAPG 3"), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants for inclusion in the annual report of the Group for the year ended 31 December 2020 and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared 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, or

(b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

## CONCLUSION

The Board has received assurance from the Executive Deputy Chairman & Chief Executive Officer and Group COO & Chief Financial Officer that the Group's risk management and internal control are operating adequately and effectively in all material aspects, based on the risk management and internal control system put in place. Notwithstanding that, reviews of all control procedures will be continuously carried out to ensure effectiveness of the system. There were no significant or material adverse findings from the operational and financial audit of the Group during the financial year.

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system.

This Statement was approved by the Board of Directors on 19 May 2021.

# Financial Statements

# Directors' Report
for the year ended 31 December 2020

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2020.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 8 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## SUBSIDIARIES

The details of the Group's subsidiaries are disclosed in Note 8 to the financial statements.

## RESULTS

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Profit/(Loss) for the year attributable to owners of the Company | 62,414 | (4,900) |

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

## DIVIDENDS

The Directors do not recommend any dividend to be paid for the year under review.

## DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Tan Sri Zakaria bin Abdul Hamid
Bernard Chong Lip Tau
Dato' Abdul Malek bin Abdul Hamid
John Ko Wai Seng
Mark Wee Liang Yee
Tan Wee Hoong, Robin
Dato' Sri Ramli bin Yusuff
Chin Mui Khiong

Directors' Report
for the year ended 31 December 2020
(Cont'd)

## DIRECTORS' INTERESTS

The interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of a spouse of a Director who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| **Directors' interests in the Company** | **Balance at 1.1.2020** | **Bought** | **Sold** | **Balance at 31.12.2020** |
| Tan Sri Zakaria bin Abdul Hamid | | | | |
| - Direct interest | 3,083,400 | – | – | 3,083,400 |
| Mark Wee Liang Yee | | | | |
| - Indirect interest^ | 70,600,000 | – | – | 70,600,000 |
| - Indirect interest# | 300,000 | – | – | 300,000 |
| Tan Wee Hoong, Robin | | | | |
| - Direct interest | 8,968,000 | – | – | 8,968,000 |

^ *Indirect interest by virtue of interest in Zimulia Sdn Bhd and Top Bridge Assets Management Limited pursuant to Section 8 of the Companies Act 2016 ("Act").*

\# *Interest held by spouse pursuant to the Act.*

The other Directors holding office at 31 December 2020 do not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

| | Number of options over ordinary shares | | | |
|---|---|---|---|---|
| **Company** | **Balance at 1.1.2020** | **Granted** | **Forfeited** | **Balance at 31.12.2020** |
| Tan Sri Zakaria bin Abdul Hamid | 1,000,000 | 1,000,000 | – | 2,000,000 |
| Bernard Chong Lip Tau | 1,000,000 | 1,000,000 | – | 2,000,000 |
| Dato' Abdul Malek bin Abdul Hamid | 1,000,000 | 1,000,000 | – | 2,000,000 |
| John Ko Wai Seng | 1,000,000 | 1,000,000 | – | 2,000,000 |
| Mark Wee Liang Yee | 3,000,000 | 3,000,000 | – | 6,000,000 |
| Tan Wee Hoong, Robin | 3,000,000 | 3,000,000 | – | 6,000,000 |
| Dato' Sri Ramli bin Yusuff | 1,000,000 | 1,000,000 | – | 2,000,000 |
| Chin Mui Khiong | 1,000,000 | 1,000,000 | – | 2,000,000 |

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) 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.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issuance of the Employees' Share Option Scheme ("ESOS").

## ISSUE OF SHARES

During the financial year, the issued share capital of the Company was increased from RM734,812,436 to RM746,383,796 by way of a private placement of 52,889,067 ordinary shares at an issue price of RM0.22 per share for a total net cash consideration of RM11,571,360.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year apart from the grant of options pursuant to the ESOS.

An ESOS was approved by the shareholders at an Extraordinary General Meeting held on 23 May 2018 which became effective on 29 June 2018 for a period of five years to 28 June 2023. The ESOS involved the issuance of not more than 15% of the issued share capital of the Company to eligible Directors and employees of the Group.

Four tranches of options have been granted under the ESOS, i.e., on 29 October 2018, 19 November 2018, 20 November 2019 and 25 September 2020 at an exercise price of RM0.55 per share, RM0.56 per share, RM0.49 per share and RM0.23 per share, respectively.

The salient features of the ESOS are, inter alia, as follows:

i) Eligible employees are those who have been confirmed in writing as employees and have been in continuous employment with the Group for at least one year prior to the date of the offer. Eligible Directors are those who have been appointed to the Board for at least one year prior to the date of the offer.

ii) The option is personal to the grantee and is non-assignable.

iii) The option price shall be determined by the Remuneration Committee who has the discretion to grant a maximum of 10% discount to the weighted average market price of the Company's ordinary shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five trading days preceding the date of the offer in writing to the grantee.

iv) The options granted may be exercised at any time as may be specifically stated in the offer upon giving notice in writing.

v) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 100 shares.

The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

The options offered under the ESOS to take up unissued ordinary shares in the Company and the exercise price are as follows:

| | | | Number of options over ordinary shares | | | |
|---|---|---|---|---|---|---|
| **Date of offer** | **Expiry date** | **Exercise price** | **Balance at 1.1.2020** | **Granted** | **Forfeited** | **Balance at 31.12.2020** |
| 29.10.2018 | 28.06.2023 | RM0.55 | 32,450,000 | – | (3,245,000) | 29,205,000 |
| 19.11.2018 | 28.06.2023 | RM0.56 | 1,605,000 | – | (350,000) | 1,255,000 |
| 20.11.2019 | 28.06.2023 | RM0.49 | 4,300,000 | – | (1,740,000) | 2,560,000 |
| 25.09.2020 | 28.06.2023 | RM0.23 | – | 38,120,000 | (1,725,000) | 36,395,000 |
| | | | 38,355,000 | 38,120,000 | (7,060,000) | 69,415,000 |

Directors' Report
for the year ended 31 December 2020
(Cont'd)

## INDEMNITY AND INSURANCE COSTS

During the financial year, there is no indemnity cost for Directors or officers of the Group. The total sum insured for Directors and officers of the Group is up to RM10 million.

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

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have 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:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) 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, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the year ended 31 December 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## SUBSEQUENT EVENT

The details of such event are disclosed in Note 31 to the financial statements.

## AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 22 to the financial statements.

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

**Mark Wee Liang Yee**
Director

**Tan Wee Hoong, Robin**
Director

Date: 19 May 2021

# Statements of Financial Position
as at 31 December 2020

| | Note | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Property, plant and equipment | 3 | **1,436,321** | 1,518,551 | **132** | 234 |
| Investment property | 4 | **23,512** | – | **–** | – |
| Right-of-use assets | 5 | **18,839** | 21,609 | **1,258** | 1,195 |
| Intangible assets | 6 | **–** | – | **–** | – |
| Inventories | 7 | **651,759** | 632,832 | **–** | – |
| Investments in subsidiaries | 8 | **–** | – | **1,362,850** | 1,336,009 |
| Investment in a joint venture | 9 | **40,214** | – | **–** | – |
| Other investments | 10 | **2,085** | 2,085 | **–** | – |
| **Total non-current assets** | | **2,172,730** | 2,175,077 | **1,364,240** | 1,337,438 |
| Inventories | 7 | **57,114** | 59,306 | **–** | – |
| Trade and other receivables | 11 | **10,489** | 15,222 | **10,857** | 12,696 |
| Prepayments | | **808** | 1,171 | **72** | 75 |
| Current tax assets | | **298** | 246 | **29** | 451 |
| Other investments | 10 | **28** | 9,664 | **28** | 9,664 |
| Cash and cash equivalents | 12 | **54,751** | 27,520 | **4,628** | 8,101 |
| **Total current assets** | | **123,488** | 113,129 | **15,614** | 30,987 |
| **Total assets** | | **2,296,218** | 2,288,206 | **1,379,854** | 1,368,425 |

# Statements of Financial Position
as at 31 December 2020
(Cont'd)

| | Note | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|---|
| **Equity** | | | | | |
| Share capital | 13 | **746,384** | 734,812 | **746,384** | 734,812 |
| Reserves | | **(4,301)** | (1,393) | **29,779** | 27,328 |
| Retained earnings | | **1,119,551** | 1,056,390 | **472,200** | 476,353 |
| **Equity attributable to owners of the Company** | | **1,861,634** | 1,789,809 | **1,248,363** | 1,238,493 |
| **Non-controlling interests** | | **713** | 713 | **–** | – |
| **Total equity** | | **1,862,347** | 1,790,522 | **1,248,363** | 1,238,493 |
| **Liabilities** | | | | | |
| Loans and borrowings | 14 | **116,250** | 111,500 | **–** | – |
| Lease liabilities | | **8,531** | 11,527 | **927** | 898 |
| Deferred tax liabilities | 15 | **255,951** | 326,749 | **–** | – |
| Derivative financial liabilities | 17 | **2,000** | – | **–** | – |
| Retirement benefits | 18 | **3,340** | 3,211 | **–** | – |
| **Total non-current liabilities** | | **386,072** | 452,987 | **927** | 898 |
| Loans and borrowings | 14 | **9,526** | 9,911 | **–** | – |
| Trade and other payables | 16 | **33,415** | 30,401 | **130,136** | 128,768 |
| Lease liabilities | | **3,069** | 2,499 | **331** | 266 |
| Current tax liabilities | | **1,789** | 1,886 | **97** | – |
| **Total current liabilities** | | **47,799** | 44,697 | **130,564** | 129,034 |
| **Total liabilities** | | **433,871** | 497,684 | **131,491** | 129,932 |
| **Total equity and liabilities** | | **2,296,218** | 2,288,206 | **1,379,854** | 1,368,425 |

The notes set out on pages 67 to 154 are an integral part of these financial statements.

# Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2020

| | Note | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|---|
| **Revenue** | 19 | **37,965** | 116,601 | **3,253** | 5,545 |
| Cost of sales | | **(26,354)** | (45,991) | **–** | – |
| **Gross profit** | | **11,611** | 70,610 | **3,253** | 5,545 |
| Administrative expenses | | **(42,281)** | (69,466) | **(9,022)** | (10,267) |
| Net (impairment loss)/reversal of impairment loss on trade receivables | 22 | **(4)** | 73 | **–** | – |
| Other operating expenses | | **(38,530)** | (41,357) | **(467)** | (440) |
| Other income/(expenses) | | **67,243** | 1,320 | **1,502** | (235) |
| **Results from operating activities** | | **(1,961)** | (38,820) | **(4,734)** | (5,397) |
| Finance costs | 20 | **(6,236)** | (16,598) | **(77)** | (13) |
| Finance income | 21 | **165** | 222 | **7** | 2 |
| **Net finance costs** | | **(6,071)** | (16,376) | **(70)** | (11) |
| **Loss before tax** | 22 | **(8,032)** | (55,196) | **(4,804)** | (5,408) |
| Tax income/(expense) | 24 | **70,446** | (45,697) | **(96)** | (350) |
| **Profit/(Loss) for the year** | | **62,414** | (100,893) | **(4,900)** | (5,758) |
| **Other comprehensive (expense)/income** | | | | | |
| **Items that are or may be reclassified subsequently to profit or loss** | | | | | |
| Foreign currency translation differences for foreign operations | | **(5,359)** | 249 | **–** | – |
| **Other comprehensive (expense)/income for the year** | | **(5,359)** | 249 | **–** | – |
| **Total comprehensive income/(expense) for the year** | | **57,055** | (100,644) | **(4,900)** | (5,758) |
| **Profit/(Loss) attributable to:** | | | | | |
| Owners of the Company | | **62,414** | (100,233) | **(4,900)** | (5,758) |
| Non-controlling interests | | **–** | (660) | **–** | – |
| **Profit/(Loss) for the year** | | **62,414** | (100,893) | **(4,900)** | (5,758) |

Statements of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2020
(Cont'd)

| | Note | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|---|
| **Total comprehensive income/ (expense) attributable to:** | | | | | |
| Owners of the Company | | **57,055** | (99,984) | **(4,900)** | (5,758) |
| Non-controlling interests | | **–** | (660) | **–** | – |
| **Total comprehensive income/ expense for the year** | | **57,055** | (100,644) | **(4,900)** | (5,758) |
| **Basic earnings/(loss) per ordinary share (sen)** | 25 | **11.61** | (18.95) | | |
| **Diluted earnings/(loss) per ordinary share (sen)** | 25 | **11.57** | (18.95) | | |

The notes set out on pages 67 to 154 are an integral part of these financial statements.

# Statements of Changes in Equity

for the year ended 31 December 2020

| | | ← Attributable to owners of the Company → | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | ← Non-distributable → | | | Distributable | | | |
| Group | Note | Share capital RM'000 | Translation reserve RM'000 | Share option reserve RM'000 | Retained earnings RM'000 | Total RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
| **At 1 January 2019** | | 734,812 | (7,257) | 3,781 | 1,156,302 | 1,887,638 | 1,373 | 1,889,011 |
| Foreign currency translation differences for foreign operations | | – | 249 | – | – | 249 | – | 249 |
| Total other comprehensive income for the year | | – | 249 | – | – | 249 | – | 249 |
| Loss for the year | | – | – | – | (100,233) | (100,233) | (660) | (100,893) |
| **Total comprehensive income/ (expense) for the year** | | – | 249 | – | (100,233) | (99,984) | (660) | (100,644) |
| Share-based payment transactions | 18 | – | – | 2,155 | – | 2,155 | – | 2,155 |
| Share options forfeited | | – | – | (321) | 321 | – | – | – |
| **Total contribution from owners** | | – | – | 1,834 | 321 | 2,155 | – | 2,155 |
| **At 31 December 2019** | | 734,812 | (7,008) | 5,615 | 1,056,390 | 1,789,809 | 713 | 1,790,522 |

Statements of Changes in Equity
for the year ended 31 December 2020
(Cont'd)

| Group | Note | Share capital RM'000 | Translation reserve RM'000 | Share option reserve RM'000 | Retained earnings RM'000 | Total RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
|---|---|---|---|---|---|---|---|---|
| | | ← Attributable to owners of the Company → | | | | | | |
| | | ← Non-distributable → | | | Distributable | | | |
| **At 1 January 2020** | | 734,812 | (7,008) | 5,615 | 1,056,390 | 1,789,809 | 713 | 1,790,522 |
| Foreign currency translation differences for foreign operations | | – | (5,359) | – | – | (5,359) | – | (5,359) |
| Total other comprehensive expense for the year | | – | (5,359) | – | – | (5,359) | – | (5,359) |
| Profit for the year | | – | – | – | 62,414 | 62,414 | – | 62,414 |
| **Total comprehensive (expense)/income for the year** | | – | (5,359) | – | 62,414 | 57,055 | – | 57,055 |
| Issue of new ordinary shares | 13 | 11,636 | – | – | – | 11,636 | – | 11,636 |
| Share issue expenses | | (64) | – | – | | (64) | – | (64) |
| Share-based payment transactions | 18 | – | – | 3,198 | – | 3,198 | – | 3,198 |
| Share options forfeited | | - | – | (747) | 747 | – | – | – |
| **Total contribution from owners** | | 11,572 | – | 2,451 | 747 | 14,770 | – | 14,770 |
| **At 31 December 2020** | | 746,384 | (12,367) | 8,066 | 1,119,551 | 1,861,634 | 713 | 1,862,347 |

# Statements of Changes in Equity for the year ended 31 December 2020 (Cont'd)

| | | Attributable to owners of the Company | | | | |
|---|---|---|---|---|---|---|
| | | Non-distributable | | | Distributable | |
| Company | Note | Share capital RM'000 | Capital reserve RM'000 | Share option reserve RM'000 | Retained earnings RM'000 | Total equity RM'000 |
| **At 1 January 2019** | | 734,812 | 21,713 | 3,781 | 481,790 | 1,242,096 |
| **Loss/Total comprehensive expenses for the year** | | – | – | – | (5,758) | (5,758) |
| Share-based payment transactions | 18 | – | – | 2,155 | – | 2,155 |
| Share options forfeited | | – | – | (321) | 321 | – |
| **Total contribution from owners** | | – | – | 1,834 | 321 | 2,155 |
| **At 31 December 2019/1 January 2020** | | **734,812** | **21,713** | **5,615** | **476,353** | **1,238,493** |
| **Loss/Total comprehensive expenses for the year** | | **–** | **–** | **–** | **(4,900)** | **(4,900)** |
| Issue of new ordinary shares | 13 | **11,636** | **–** | **–** | **–** | **11,636** |
| Share issue expenses | | **(64)** | **–** | **–** | **–** | **(64)** |
| Share-based payment transactions | 18 | **–** | **–** | **3,198** | **–** | **3,198** |
| Share options forfeited | | **–** | **–** | **(747)** | **747** | **–** |
| **Total contribution from owners** | | **11,572** | **–** | **2,451** | **747** | **14,770** |
| **At 31 December 2020** | | **746,384** | **21,713** | **8,066** | **472,200** | **1,248,363** |

The notes set out on pages 67 to 154 are an integral part of these financial statements.

# Statements of Cash Flows

for the year ended 31 December 2020

| | Note | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Loss before tax | | **(8,032)** | (55,196) | **(4,804)** | (5,408) |
| *Adjustments for:* | | | | | |
| Depreciation of property, plant and equipment | 3 | **21,639** | 19,545 | **114** | 110 |
| Depreciation of right-of-use assets | 5 | **3,141** | 3,135 | **353** | 352 |
| Dividend income from other investments | | **(106)** | (1,691) | **(106)** | (1,691) |
| Fair value (gain)/loss in other investments | | **(1)** | 63 | **(1)** | 63 |
| Finance costs | 20 | **6,236** | 16,598 | **77** | 13 |
| Finance income | 21 | **(165)** | (222) | **(7)** | (2) |
| Gain on disposal of other investments | | **(8)** | (26) | **(8)** | (26) |
| Impairment loss on investment property | | **6,250** | – | **–** | – |
| Total gain on disposal of subsidiaries | 8.3 | **(61,712)** | – | **–** | – |
| Loss on disposal of property, plant and equipment | | **230** | 8 | **–** | 1 |
| Property, plant and equipment written off | | **–** | 714 | **–** | – |
| Share-based payment transactions | 18 | **3,198** | 2,155 | **3,198** | 2,155 |
| **Operating loss before changes in working capital** | | **(29,330)** | (14,917) | **(1,184)** | (4,433) |
| Changes in working capital | | | | | |
| Retirement benefits | | **262** | 210 | **–** | – |
| Inventories | | **242** | (1,393) | **–** | – |
| Trade and other receivables | | **4,644** | (934) | **3** | 57 |
| Trade and other payables and other financial liabilities | | **(3,260)** | (2,400) | **486** | 96 |
| **Cash used in operations** | | **(27,442)** | (19,434) | **(695)** | (4,280) |
| Income tax paid | | **(931)** | (1,681) | **(102)** | (21) |
| Income tax refunded | | **430** | 729 | **430** | 288 |
| **Net cash used in operating activities** | | **(27,943)** | (20,386) | **(367)** | (4,013) |

# Statements of Cash Flows
for the year ended 31 December 2020
(Cont'd)

| | Note | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|---|
| **Cash flows from investing activities** | | | | | |
| Acquisition of other investments | | **(3,305)** | (1,702) | **(3,305)** | (1,702) |
| Acquisition of property, plant and equipment | (iv) | **(6,595)** | (29,744) | **(13)** | (40) |
| Advances to subsidiaries | | **–** | – | **(24,027)** | (67,787) |
| Increase in pledge deposits placed with licensed bank | | **(105)** | (989) | **–** | – |
| Interest received | | **165** | 222 | **7** | 2 |
| Proceeds from disposal of other investments | | **12,950** | 77,300 | **12,950** | 77,300 |
| Proceeds from disposal of property, plant and equipment | | **59** | 235 | **1** | 9 |
| Proceeds from disposal of subsidiaries, net of cash and cash equivalents disposed off | 8.3 | **41,841** | – | **–** | – |
| Dividend received from other investments | | **106** | 1,691 | **106** | 1,691 |
| **Net cash generated from/ (used in) investing activities** | | **45,116** | 47,013 | **(14,281)** | 9,473 |
| **Cash flows from financing activities** | | | | | |
| Interest paid | | **(3,024)** | (8,460) | **–** | – |
| Interest paid on lease liabilities | | **(827)** | (733) | **(77)** | (13) |
| Net proceeds from issue of new ordinary shares | 13 | **11,572** | – | **11,572** | – |
| Net proceeds from/ (Repayment of) loans and borrowings | | **4,750** | (19,043) | **–** | – |
| Payment of lease liabilities | | **(2,518)** | (2,794) | **(320)** | (383) |
| **Net cash generated from/ (used in) financing activities** | | **9,953** | (31,030) | **11,175** | (396) |
| **Net increase/(decrease) in cash and cash equivalents** | | **27,126** | (4,403) | **(3,473)** | 5,064 |
| Cash and cash equivalents at 1 January | (i) | **24,001** | 28,404 | **8,101** | 3,037 |
| **Cash and cash equivalents at 31 December** | (i) | **51,127** | 24,001 | **4,628** | 8,101 |

### (i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

| | Note | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|---|
| Cash and bank balances | 12 | **47,565** | 24,001 | **1,066** | 8,101 |
| Deposits with licensed banks | 12 | **7,186** | 3,519 | **3,562** | – |
| | | **54,751** | 27,520 | **4,628** | 8,101 |
| Less: Deposits pledged | | **(3,624)** | (3,519) | **–** | – |
| | | **51,127** | 24,001 | **4,628** | 8,101 |

### (ii) Cash outflow for leases as a lessee

| | Note | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|---|
| **Included in net cash from operating activities:** | | | | | |
| Payment relating to leases of low-value assets | 22 | **629** | 611 | **36** | 34 |
| **Included in net cash from financing activities:** | | | | | |
| Interest paid on lease liabilities | 20 | **827** | 733 | **77** | 13 |
| Payment of lease liabilities | | **2,518** | 2,794 | **320** | 383 |
| **Total cash outflow for leases** | | **3,974** | 4,138 | **433** | 430 |

# Statements of Cash Flows
for the year ended 31 December 2020
(Cont'd)

**(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities**

| Group | At 1 January 2019 RM'000 | Net changes from financing cash flows RM'000 | Loss on early settlement of loan RM'000 | Interest expenses RM'000 | Other changes RM'000 | At 31 December 2019 RM'000 |
|---|---|---|---|---|---|---|
| Secured term loan | 133,154 | (19,043) | 7,404 | – | (104) | 121,411 |
| Lease liabilities | 16,460 | (3,527) | – | 733 | 360 | 14,026 |
| Total liabilities from financing activities | 149,614 | (22,570) | 7,404 | 733 | 256 | 135,437 |

| Group | At 1 January 2020 RM'000 | Net changes from financing cash flows RM'000 | Interest expenses RM'000 | Other changes RM'000 | At 31 December 2020 RM'000 |
|---|---|---|---|---|---|
| Secured term loan | **121,411** | **4,750** | **–** | **(385)** | **125,776** |
| Lease liabilities | **14,026** | **(3,345)** | **827** | **92** | **11,600** |
| Total liabilities from financing activities | **135,437** | **1,405** | **827** | **(293)** | **137,376** |

| Company | At 1 January 2019 RM'000 | Net changes from financing cash flows RM'000 | Interest expenses RM'000 | Other changes RM'000 | At 31 December 2019 RM'000 |
|---|---|---|---|---|---|
| Lease liabilities | 1,547 | (396) | 13 | – | 1,164 |

| Company | At 1 January 2020 RM'000 | Net changes from financing cash flows RM'000 | Interest expenses RM'000 | Other changes RM'000 | At 31 December 2020 RM'000 |
|---|---|---|---|---|---|
| Lease liabilities | **1,164** | **(397)** | **77** | **414** | **1,258** |

**(iv) Acquisition of property, plant and equipment**

The Group acquired property, plant and equipment with an aggregate cost of RM8,629,000 of which RM2,034,000 (2019: Nil) remained unpaid as of year end.

# Notes to the Financial Statements

Landmarks Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The address of its registered office which is also its principal place of business is as follows:

**Registered office and principal place of business**
20th Floor, Menara Haw Par
Jalan Sultan Ismail
50250 Kuala Lumpur

The consolidated financial statements of the Company as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in joint ventures. The financial statements of the Company as at and for the year ended 31 December 2020 do not include other entities.

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 8.

The financial statements were authorised for issue by the Board of Directors on 19 May 2021.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

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

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021***

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures,* MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021***

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

## 1. BASIS OF PREPARATION (CONTINUED)

### (a) Statement of compliance (continued)

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

***MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2021 for the amendments that are effective for annual periods beginning on or after 1 January 2021.

- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022, except for MFRS 1 and MFRS 141 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 which is not applicable to the Group and the Company.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than those disclosed in Note 2 and on the assumption that the Group and the Company will continue as going concerns.

The Group and the Company report the following:

i) The outbreak of the COVID-19 since January 2020 led to a significant disruption of travel volumes and hotel occupancies throughout Malaysia and Indonesia due to travel restrictions and closure of international borders. The Group had also temporarily closed their operations in Malaysia and Indonesia from April 2020 to July 2020. These have resulted the Group and the Company to register loss before tax for the year ended 31 December 2020 of RM8.03million and RM4.80million respectively from its operations. As at that date, the Company is in net current liabilities of RM114.95million.

## 1. BASIS OF PREPARATION (CONTINUED)

### (b) Basis of measurement (continued)

The Group and the Company report the following: (continued)

ii) On 12 January 2021, a major fire incident occurred at The Andaman, a Luxury Collection Resort, Langkawi ("The Andaman"), a property owned by its wholly-owned subsidiary, Andaman Resort Sdn Bhd ("ARSB"). The Directors have formed a committee to evaluate a rebuilding and repositioning plan for The Andaman. The financial impact of the fire has yet to be fully ascertained but any property and financial losses arising from this incident are covered by insurance policies taken up by ARSB. The fire incident at The Andaman constitutes an Event of Default ("EOD") which resulted in the total term loan amounted to RM125.78million to be repayable on demand. The bank has granted an indulgence not to declare an EOD up to 31 May 2021 and for such extended time at the bank's sole discretion (Note 31).

Pursuant to the loan agreement, ARSB has assigned all the proceeds from the insurance claim to the bank.

In the preparation of the financial statements on a going concern basis, the Directors considered the following:

i) The continued financial support from the bank and the low probability of the bank will declare an EOD because the Directors, after consulted an insurance broker and reviewed the status of the insurance claim, are confident that the insurance claim will sufficiently cover the total term loan outstanding and to sustain its operations.

ii) The ability of the Group and the Company to raise additional financing, if required, to revive The Andaman since the Group and the Company are lowly geared.

iii) The availability of cash and cash equivalents and liquid assets to enable the Group and the Company to fulfil their obligations as and when they fall due and to sustain their operations.

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## 1. BASIS OF PREPARATION (CONTINUED)

### (d) Use of estimates and judgements (continued)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 1(b) - Going Concern – there are significant judgements made by Directors in preparing the financial statements on a going concern basis
- Note 3.3 – Impairment testing of land
- Note 3.4 – Impairment testing of property, plant and equipment
- Note 3.5 – Land in Treasure Bay Bintan, Indonesia
- Note 5.2 – Extension options and incremental borrowing rate in relation to leases
- Note 8.2 – Significant judgements and assumptions in relation to impairment assessment of cost of investment in a subsidiary

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

#### (ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of consolidation (continued)

#### (ii) Business combinations (continued)

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

For each business combination, the Group elects whether it measures the 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.

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.

#### (iii) Acquisitions of non-controlling interest

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

#### (iv) Loss of control

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 surplus or deficit 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 equity accounted investee or as a financial asset depending on the level of influence retained.

#### (v) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation' when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of consolidation (continued)

#### (vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

#### (vii) 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 are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### (b) Foreign currency

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

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

**(b) Foreign currency (continued)**

**(ii) Operations denominated in functional currencies other than Ringgit Malaysia**

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

**(c) Financial instruments**

**(i) Recognition and initial measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

**(ii) Financial instrument categories and subsequent measurement**

***Financial assets***

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

***(a) Amortised cost***

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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

**(c) Financial instruments (continued)**

**(ii) Financial instrument categories and subsequent measurement (continued)**

***Financial assets (continued)***

***(a) Amortised cost (continued)***

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(j)(i)) where the effective interest rate is applied to the amortised cost.

***(b) Fair value through profit or loss***

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss are subject to impairment assessment (see Note 2(j)(i)).

***Financial liabilities***

The categories of financial liabilities at initial recognition are as follows:

***(a) Fair value through profit or loss***

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

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

**(c) Financial instruments (continued)**

**(ii) Financial instrument categories and subsequent measurement (continued)**

***Financial liabilities (continued)***

***(a) Fair value through profit or loss (continued)***

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

***(b) Amortised cost***

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

***(iii) Regular way purchase or sale of financial assets***

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(b) 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.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company; and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### *(iv) Derecognition*

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of 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 expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### (d) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that are directly attributable to the acquisition of the asset and any other costs 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 the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Property, plant and equipment (continued)

#### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| Land * | – |
| Buildings | 10 - 50 years |
| Hotel properties ** | 10 - 41 years |
| Plant and machinery | 10 years |
| Hotel equipment and operating equipment | 10 years |
| Office equipment, furniture and fittings | 3 - 10 years |
| Motor vehicles | 4 - 5 years |
| Lagoon | 50 years |

* Land comprises of land in Indonesia. No depreciation is required as it has an indefinite useful life. Management anticipates the usage rights granted under this land will be renewable indefinitely at minimal cost.

** Hotel properties comprise hotel buildings and integral plant and machinery.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Leases

#### (i) Definition of leases

A contract is, or contains, a lease if the contract conveys a 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 assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

#### (ii) Recognition and initial measurement

##### (a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured 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 lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

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

**(e) Leases (continued)**

**(ii) Recognition and initial measurement (continued)**

**(a) As a lessee (continued)**

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

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**(iii) Subsequent measurement**

**(a) As a lessee**

The right-of-use asset is subsequently 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.

The amortisation period for the current and comparative periods is as follow:

- Leasehold land 82 to 99 years

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Intangible assets

#### (i) Purchased software

Purchased softwares that are acquired by the Group and the Company, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

#### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

#### (iii) Amortisation

Amortisation is based on the cost of an asset less its residual value. Intangible assets are amortised from the date they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life for software is 5 years. Amortisation method, useful lives and residual value are reviewed at the end of each reporting period and adjusted, if appropriate.

### (g) Investment property

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

### (h) Inventories

#### (i) Land held for development

Land held for development consists of cost of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Land is classified as inventory under non-current asset and is measured at the lower of cost and net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Inventories (continued)

#### (ii) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs are measured at the lower of cost and net realisable value and are recognised as an expense to profit or loss when the control of the inventory is transferred to the customer.

#### (iii) Other inventories

Consumables and saleable merchandise are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

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.

### (i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits.

### (j) Impairment

#### (i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

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 historical experience and informed credit assessment and including forward-looking information, where available.

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

**(j) Impairment (continued)**

**(i) Financial assets (continued)**

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events 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.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

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 the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources 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 or the Company's procedures for recovery amounts due.

**(ii) Other assets**

The carrying amounts of other assets (except for inventories 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, then the asset's recoverable amount is estimated.

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 other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 cash-generating unit.

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

**(j) Impairment (continued)**

**(ii) Other assets (continued)**

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

**(k) Equity instrument**

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

**(i) Issue expense**

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

**(ii) Ordinary shares**

Ordinary shares are classified as equity.

**(iii) Preference share capital**

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Employee benefits

#### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (ii) State plans

The Group's contribution to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

#### (iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

#### (iv) Defined benefit plans

The Group operates an unfunded plan for the eligible employees. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Employee benefits (continued)

#### (iv) Defined benefit plans (continued)

The calculation of defined benefit obligations is performed once every one to four years by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### (v) Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

### (m) Revenue and other income

#### (i) Revenue from contracts with customers

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Revenue and other income (continued)

#### (i) Revenue from contracts with customers (continued)

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

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

#### (ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

#### (iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

### (n) Borrowing costs

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.

General and specific borrowing costs 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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation.

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

**(o) Income tax**

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

**(p) Earnings per ordinary share**

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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

**(q) 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. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (r) 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 absence of a principal market, in the most advantageous market.

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

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

Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within 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 recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## 3. PROPERTY, PLANT AND EQUIPMENT

| Group | Note | Land RM'000 | Buildings RM'000 | Hotel properties RM'000 | Plant and machinery RM'000 | Hotel equipment and operating equipment RM'000 | Office equipment, furniture and fittings RM'000 | Motor vehicles RM'000 | Lagoon RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ***Cost*** | | | | | | | | | | | |
| At 1 January 2019 | | 1,086,514 | 12,200 | 157,714 | 38,563 | 32,432 | 27,773 | 3,746 | 47,465 | 26,743 | 1,433,150 |
| Additions | | – | 5,464 | 393 | 875 | 4,201 | 4,541 | 376 | – | 13,894 | 29,744 |
| Disposals | | – | – | – | – | (123) | (299) | (57) | – | – | (479) |
| Written off | | – | – | – | (146) | (423) | (2,205) | (225) | – | – | (2,999) |
| Transfer from inventories - land held for development | 3.2 | 170,022 | – | – | – | – | – | – | – | – | 170,022 |
| Transfer from inventories - property development costs | 7 | – | – | – | – | – | – | – | – | 5,193 | 5,193 |
| Foreign currency translation differences | | – | 140 | 340 | 1,070 | (4) | 567 | 58 | 1,124 | 779 | 4,074 |
| Reclassification | | – | 14,350 | 6,453 | 6,055 | 3,631 | (486) | – | – | (30,003) | – |
| At 31 December 2019 | | 1,256,536 | 32,154 | 164,900 | 46,417 | 39,714 | 29,891 | 3,898 | 48,589 | 16,606 | 1,638,705 |
| At 1 January 2020 | | **1,256,536** | **32,154** | **164,900** | **46,417** | **39,714** | **29,891** | **3,898** | **48,589** | **16,606** | **1,638,705** |
| Additions | | **–** | **1,941** | **50** | **4** | **1,411** | **1,036** | **8** | **–** | **4,179** | **8,629** |
| Disposals | | **–** | **–** | **–** | **(272)** | **(1,819)** | **(1,698)** | **(335)** | **–** | **–** | **(4,124)** |
| Disposal of subsidiaries | 8.3 | **–** | **(6,536)** | **(10,224)** | **(7,177)** | **(1,259)** | **(7,500)** | **(458)** | **–** | **–** | **(33,154)** |
| Written off | | **–** | **–** | **–** | **–** | **–** | **(1)** | **(5)** | **–** | **–** | **(6)** |
| Transfer to inventories - land held for development | 3.2 | **(18,927)** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(18,927)** |
| Transfer to investment property | 4 | **(29,762)** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(29,762)** |
| Transfer from inventories - property development costs | 7 | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **1,607** | **1,607** |
| Foreign currency translation differences | | **–** | **(747)** | **(557)** | **(1,313)** | **(144)** | **(638)** | **(64)** | **(1,151)** | **(386)** | **(5,000)** |
| Reclassification | | **–** | **3,490** | **839** | **(3)** | **312** | **570** | **–** | **–** | **(5,208)** | **–** |
| **At 31 December 2020** | | **1,207,847** | **30,302** | **155,008** | **37,656** | **38,215** | **21,660** | **3,044** | **47,438** | **16,798** | **1,557,968** |

Notes to the Financial Statements (Cont'd)

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Group | Note | Land RM'000 | Buildings RM'000 | Hotel properties RM'000 | Plant and machinery RM'000 | Hotel equipment and operating equipment RM'000 | Office equipment, furniture and fittings RM'000 | Motor vehicles RM'000 | Lagoon RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Depreciation and impairment loss** | | | | | | | | | | | |
| At 1 January 2019 | | | | | | | | | | | |
| Accumulated depreciation | | – | 4,110 | 44,916 | 13,767 | 19,324 | 12,937 | 2,499 | 3,223 | – | 100,776 |
| Accumulated impairment loss | | – | – | – | 1,446 | – | – | – | – | – | 1,446 |
| | | – | 4,110 | 44,916 | 15,213 | 19,324 | 12,937 | 2,499 | 3,223 | – | 102,222 |
| Depreciation for the year | | – | 1,115 | 5,321 | 4,431 | 2,908 | 4,354 | 449 | 967 | – | 19,545 |
| Disposals | | – | – | – | – | (16) | (213) | (7) | – | – | (236) |
| Written off | | – | – | – | (122) | (255) | (1,722) | (186) | – | – | (2,285) |
| Foreign currency translation differences | | – | 41 | 111 | 421 | 4 | 215 | 35 | 81 | – | 908 |
| Reclassification | | – | 1,310 | (270) | (190) | 1,069 | (1,919) | – | – | – | – |
| At 31 December 2019 | | | | | | | | | | | |
| Accumulated depreciation | | – | 6,576 | 50,078 | 18,307 | 23,034 | 13,652 | 2,790 | 4,271 | – | 118,708 |
| Accumulated impairment loss | | – | – | – | 1,446 | – | – | – | – | – | 1,446 |
| | | – | 6,576 | 50,078 | 19,753 | 23,034 | 13,652 | 2,790 | 4,271 | – | 120,154 |

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Group | Note | Land RM'000 | Buildings RM'000 | Hotel properties RM'000 | Plant and machinery RM'000 | Hotel equipment and operating equipment RM'000 | Office equipment, furniture and fittings RM'000 | Motor vehicles RM'000 | Lagoon RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Depreciation and impairment loss (continued)** | | | | | | | | | | | |
| At 31 December 2019 | | | | | | | | | | | |
| Accumulated depreciation | | – | 6,576 | 50,078 | 18,307 | 23,034 | 13,652 | 2,790 | 4,271 | – | 118,708 |
| Accumulated impairment loss | | – | – | – | 1,446 | – | – | – | – | – | 1,446 |
| | | – | 6,576 | 50,078 | 19,753 | 23,034 | 13,652 | 2,790 | 4,271 | – | 120,154 |
| Depreciation for the year | | – | 3,051 | 5,182 | 4,272 | 3,116 | 4,671 | 394 | 953 | – | 21,639 |
| Disposals | | – | – | – | (170) | (1,752) | (1,578) | (335) | – | – | (3,835) |
| Disposal of subsidiaries | 8.3 | – | (3,001) | (4,729) | (2,762) | (473) | (3,714) | (333) | – | – | (15,012) |
| Written off | | – | – | – | – | – | (1) | (5) | – | – | (6) |
| Foreign currency translation differences | | – | (125) | (157) | (552) | (56) | (256) | (41) | (106) | – | (1,293) |
| Reclassification | | – | – | – | – | 6 | (6) | – | – | – | – |
| **At 31 December 2020** | | | | | | | | | | | |
| Accumulated depreciation | | **–** | **6,501** | **50,374** | **19,095** | **23,875** | **12,768** | **2,470** | **5,118** | **–** | **120,201** |
| Accumulated impairment loss | | **–** | **–** | **–** | **1,446** | **–** | **–** | **–** | **–** | **–** | **1,446** |
| | | **–** | **6,501** | **50,374** | **20,541** | **23,875** | **12,768** | **2,470** | **5,118** | **–** | **121,647** |
| **Carrying amounts** | | | | | | | | | | | |
| At 1 January 2019 | | 1,094,722 | 8,090 | 112,798 | 23,350 | 13,108 | 14,836 | 1,247 | 44,242 | 26,743 | 1,339,136 |
| At 31 December 2019/ 1 January 2020 | | 1,256,536 | 25,578 | 114,822 | 26,664 | 16,680 | 16,239 | 1,108 | 44,318 | 16,606 | 1,518,551 |
| **At 31 December 2020** | | **1,207,847** | **23,801** | **104,634** | **17,115** | **14,340** | **8,892** | **574** | **42,320** | **16,798** | **1,436,321** |

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Company | Office equipment, furniture and fittings RM'000 |
|---|---|
| ***Cost*** | |
| At 1 January 2019 | 2,587 |
| Additions | 40 |
| Disposals | (14) |
| Written off | (552) |
| At 31 December 2019/1 January 2020 | **2,061** |
| Additions | **13** |
| Disposals | **(7)** |
| **At 31 December 2020** | **2,067** |
| ***Accumulated depreciation*** | |
| At 1 January 2019 | 2,273 |
| Depreciation for the year | 110 |
| Disposals | (4) |
| Written off | (552) |
| At 31 December 2019/1 January 2020 | **1,827** |
| Depreciation for the year | **114** |
| Disposals | **(6)** |
| **At 31 December 2020** | **1,935** |
| ***Carrying amounts*** | |
| At 1 January 2019 | 314 |
| At 31 December 2019 / 1 January 2020 | 234 |
| **At 31 December 2020** | **132** |

### 3.1 Security

Property, plant and equipment of the Group with carrying amounts of RM97,368,000 (2019: RM100,822,000) are charged to a financial institution to secure the term loan of the Group (Note 14).

### 3.2 Land transferred from/(to) inventories

Land is transferred from inventories when the Group intends to develop the land for own use while land is transferred to inventories when the Group intends to hold them for property development.

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### 3.3 Impairment testing of land

During the financial year, the Group has evaluated that the recoverable amount of the land in Treasure Bay Bintan, Indonesia, is stated in excess of their carrying amount. The Group has applied the fair value less costs to sell, which was determined with the assistance of an independent valuer. Based on the latest available valuation reports, the valuation was determined using both the Income and Market Approach.

### 3.4 Impairment testing of property, plant and equipment

During the financial year, the Group has evaluated that the recoverable amounts of the property, plant and equipment in Treasure Bay Bintan, Indonesia, are stated in excess of their carrying amounts. The Group has estimated the recoverable amounts based on the value in use approach by discounting the future cash flows generated from their operations.

The values assigned to the key assumptions are based on historical data from both external sources and internal sources as well as management's assessment of future trends in the industry.

### 3.5 Land in Treasure Bay Bintan, Indonesia

Land relates to land in Treasure Bay Bintan, Indonesia which is regulated under Hak Guna Bangunan ("HGB"). Under HGB, the land can be renewed indefinitely with minimal cost if the land meets the conditions stipulated below:

- it continues to be used for the same purpose as it was originally intended to when the rights was granted; and
- the holder continues to be a legal entity established and domiciled in Indonesia; and
- the land continues to be zoned for the same usage within relevant Spatial Planning.

The Group has assessed the conditions above and concludes that the possibility of non-renewal of the usage rights of the land is remote.

The Group also exercised significant judgment and concluded that the land is in substance a purchase of rights which meets the definition of property, plant and equipment regardless of whether the legal title transfers.

## 4. INVESTMENT PROPERTY

| Group | Note | Land RM'000 |
|---|---|---|
| At 1 January 2020 | | – |
| Transfer from property, plant and equipment | 4.1 | 29,762 |
| Impairment loss | 4.2 | (6,250) |
| **At 31 December 2020** | | **23,512** |

The lease runs for a period of 17 years, with two options to renew the lease after that date. Lease payments are charged at the rate of 2% of gross operating revenue of the joint venture. No lease income generated during the financial year as the land was only transferred at the end of the year.

## 4. INVESTMENT PROPERTY (CONTINUED)

### 4.1 Transfer from property, plant and equipment

During the financial year, a piece of land in Bintan Island, Indonesia has been transferred from property, plant and equipment to investment property as it has now been leased to its investment in a joint venture.

### 4.2 Impairment loss

Following the disposal of a hotel operation to a Joint Venture and entering into a lease arrangement where the lease rate is at 2% of gross operating revenue, the Group has evaluated that the carrying amount of the investment property is stated in excess of its recoverable amount. Consequently, an impairment loss has been recognised. The recoverable amount of the investment property is the fair value less costs of disposal of the investment property, of which is determined using the income approach (Note 4.3).

### 4.3 Fair value information

Fair value of investment property is categorised as follows:

| | Land<br>Level 3<br>RM'000 |
|---|---|
| **Group** | |
| Land | 23,512 |

The following table shows the valuation technique used in the determination of fair value within Level 3, as well as the significant unobservable inputs used in the valuation model.

| Description of valuation technique and inputs used | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|
| Income Approach (Discounted cash flows): The valuation method considers the forecasts of revenue of the joint venture, taking into account land lease period, average room rate and average occupancy rate, and terminal value of the land at the end of the lease period of the joint venture.<br><br>The cash flow is projected over 28 years starting 2020 until 2047 (until the land lease expiry with the joint venture). | • The average room rate is assumed at SGD109 for year 1 with an expected growth rate ranges from 3% to 39% within year 1 to year 10 and remains constant at 3% from year 11 onwards.<br>• The average occupancy rate (AOR) in year 1 to year 10 ranges from 11.89% to 74.40% and remain constant at 73.13% from year 11 onwards.<br>• Terminal value is determined using current value of land with a 2% annual growth rate.<br>• Discount rate used is 7% to 9.92% | The estimated fair value would increase (decrease) if:<br><br>• average room rate was higher (lower);<br>• occupancy rate was higher (lower);<br>• expected growth rate was higher (lower);<br>• terminal value was higher (lower);<br>• risk-adjusted discount rates were lower (higher). |

## 5. RIGHT-OF-USE ASSETS

| Group | Land RM'000 | Buildings RM'000 | Total RM'000 |
|---|---|---|---|
| ***Cost*** | | | |
| At 1 January 2019 | 10,175 | 16,195 | 26,370 |
| Foreign currency translation differences | – | 355 | 355 |
| At 31 December 2019/1 January 2020 | **10,175** | **16,550** | **26,725** |
| Addition | **–** | **648** | **648** |
| Foreign currency translation differences | **–** | **(364)** | **(364)** |
| **At 31 December 2020** | **10,175** | **16,834** | **27,009** |
| ***Accumulated depreciation*** | | | |
| At 1 January 2019 | 1,967 | – | 1,967 |
| Depreciation | 110 | 3,025 | 3,135 |
| Foreign currency translation differences | – | 14 | 14 |
| At 31 December 2019/1 January 2020 | **2,077** | **3,039** | **5,116** |
| Depreciation | **110** | **3,031** | **3,141** |
| Foreign currency translation differences | **–** | **(87)** | **(87)** |
| **At 31 December 2020** | **2,187** | **5,983** | **8,170** |
| ***Carrying amounts*** | | | |
| At 1 January 2019 | 8,208 | 16,195 | 24,403 |
| At 31 December 2019/1 January 2020 | 8,098 | 13,511 | 21,609 |
| **At 31 December 2020** | **7,988** | **10,851** | **18,839** |

## 5. RIGHT-OF-USE ASSETS (CONTINUED)

| **Company** | **Buildings RM'000** |
|---|---|
| ***Cost*** | |
| At 1 January 2019 | 1,547 |
| Addition | – |
| At 31 December 2019/1 January 2020 | **1,547** |
| Addition | **416** |
| **At 31 December 2020** | **1,963** |
| ***Accumulated depreciation*** | |
| At 1 January 2019 | – |
| Depreciation | 352 |
| At 31 December 2019/1 January 2020 | **352** |
| Depreciation | **353** |
| **At 31 December 2020** | **705** |
| ***Carrying amounts*** | |
| At 1 January 2019 | 1,547 |
| At 31 December 2019/1 January 2020 | 1,195 |
| **At 31 December 2020** | **1,258** |

The Group leases a number of office buildings that run between 1 year and 5 years, with an option to renew the lease after that date. Lease payments are based on the prevailing market rent for renewal upon expiry of the lease term.

### 5.1 Security

Right-of-use assets of the Group with carrying amounts of RM1,821,000 (2019: RM1,857,000) are charged to a financial institution to secure the term loan of the Group (Note 14).

### 5.2 Extension options and incremental borrowing rate in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

## 6. INTANGIBLE ASSETS

| Group and Company | Computer and software RM'000 |
|---|---|
| ***Cost*** | |
| At 1 January 2019/31 December 2019/1 January 2020/ 31 December 2020 | **944** |
| ***Accumulated amortisation*** | |
| At 1 January 2019/31 December 2019/1 January 2020/ 31 December 2020 | **944** |
| ***Carrying amounts*** | |
| At 1 January 2019/31 December 2019/1 January 2020/ 31 December 2020 | **–** |

## 7. INVENTORIES

| | Group | |
|---|---|---|
| | **2020 RM'000** | **2019 RM'000** |
| **Non-current** | | |
| **Land held for development** | | |
| Balance as at 1 January | **632,832** | 774,059 |
| Costs transferred from/(to) property, plant and equipment (Note 3) | **18,927** | (141,227) |
| Balance as at 31 December | **651,759** | 632,832 |
| **Current** | | |
| **Land held for development** | | |
| Balance as at 1 January | **43,995** | 72,790 |
| Costs transferred to property, plant and equipment (Note 3) | **–** | (28,795) |
| Balance as at 31 December | **43,995** | 43,995 |
| **Property development costs** | | |
| Balance as at 1 January | **14,208** | 18,031 |
| Costs incurred during the year^ | **25** | 1,570 |
| Costs transferred to property, plant and equipment (Note 3) | **(1,607)** | (5,193) |
| Foreign currency translation differences | **(272)** | (200) |
| Balance as at 31 December | **12,354** | 14,208 |
| **Other inventories** | | |
| Spares and consumables | **623** | 931 |
| Saleable merchandise | **142** | 172 |
| | **765** | 1,103 |
| **Total current inventories** | **57,114** | 59,306 |

## 7. INVENTORIES (CONTINUED)

| | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| Recognised in profit or loss: | | |
| Other inventories recognised as cost of sales | **4,532** | 12,170 |

^ Included in cost incurred during the previous financial year was interest capitalised of RM370,000 (Note 20).

### 7.1 Inventories - Land held for development

During the financial year, the Group has evaluated that the net realisable value of the land in Treasure Bay Bintan, Indonesia, is stated in excess of their carrying amount. The net realisable value was determined with the assistance of an independent valuer. Based on the latest available valuation reports, the valuation was determined using the Income Approach.

## 8. INVESTMENTS IN SUBSIDIARIES

| | Note | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|
| Unquoted shares | | | |
| - Ordinary shares | | **123,345** | 123,345 |
| Less: Accumulated impairment losses | | **(6,000)** | (6,000) |
| | | **117,345** | 117,345 |
| - Redeemable preference shares ("RPS") | | **985,001** | 985,001 |
| | | **1,102,346** | 1,102,346 |
| Amount due from a subsidiary | 8.1 | **260,504** | 233,663 |
| | | **1,362,850** | 1,336,009 |

***Conditions of RPS***

a) The holders of the RPS shall be entitled to dividends at a rate to be determined by the Directors of the subsidiaries.

b) The RPS holders shall, on winding up, be entitled to repayment in priority to ordinary shareholders.

c) The subsidiaries may redeem all or any of the RPS subject to the provisions of the Companies Act 2016 at par together with any premium payable on redemption.

### 8.1 Amount due from a subsidiary

Amount due from a subsidiary is non-trade in nature, unsecured and interest free. The settlement of the amount is at the discretion of the subsidiary.

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest 2020 % | 2019 % |
|---|---|---|---|---|
| Landmarks Hotels & Realty Sdn Bhd | Malaysia | Investment holding | **100** | 100 |
| Landmarks Engineering & Development Sdn Bhd [φ] | Malaysia | Property development and civil engineering works | **100** | 100 |
| Ikatan Perkasa Sdn Bhd [φ] | Malaysia | Investment holding | **100** | 100 |
| Fokus Asas Sdn Bhd [φ] | Malaysia | Investment holding | **100** | 100 |
| Primary Gateway Sdn Bhd | Malaysia | Investment holding | **100** | 100 |
| Capaian Tinggi Sdn Bhd [φ] | Malaysia | Dormant | **100** | 100 |
| Tender Years Sdn Bhd [φ] | Malaysia | Dormant | **100** | 100 |
| VIW Management Private Limited * | Singapore | Dormant | **100** | 100 |
| **Subsidiaries of Landmarks Hotels & Realty Sdn Bhd** | | | | |
| Andaman Resort Sdn Bhd | Malaysia | Ownership and management of a hotel | **100** | 100 |
| Kuala Lumpur Suburban Centre Sdn Bhd [φ] | Malaysia | Investment holding | **100** | 100 |
| Impian Makmur Sdn Bhd [φ] | Malaysia | Investment holding | **100** | 100 |
| Maya Wilayah Sdn Bhd [φ] | Malaysia | Investment holding | **100** | 100 |
| Wilayah Ehsan Sdn Bhd [φ] | Malaysia | Investment holding | **100** | 100 |
| Success Sphere Sdn Bhd [φ] | Malaysia | Investment holding | **100** | 100 |
| Escalibur Sdn Bhd [φ] | Malaysia | Investment holding | **100** | 100 |
| Nustulin Sdn Bhd [φ] | Malaysia | Investment holding | **100** | 100 |
| Landmarks Hotel & Resort Management Sdn Bhd [φ] | Malaysia | Dormant | **100** | 100 |

Notes to the Financial Statements
(Cont'd)

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest 2020 % | Effective ownership interest 2019 % |
|---|---|---|---|---|
| **Subsidiaries of Landmarks Hotels & Realty Sdn Bhd (continued)** | | | | |
| Sungei Wang REIT Manager Sdn Bhd φ | Malaysia | Dormant | **100** | 100 |
| Tumbuk Estate Sdn Bhd φ | Malaysia | Dormant | **100** | 100 |
| Landmarks Healthcare Sdn Bhd φ | Malaysia | Dormant | **100** | 100 |
| Web Age Sdn Bhd φ | Malaysia | Dormant | **100** | 100 |
| **Subsidiary of Landmarks Healthcare Sdn Bhd** | | | | |
| AHC Consolidated Sdn Bhd φ | Malaysia | Dormant | **100** | 100 |
| **Subsidiaries of AHC Consolidated Sdn Bhd** | | | | |
| AHC Enterprise Sdn Bhd φ | Malaysia | Dormant | **100** | 100 |
| Landmarks Healthcare Management Sdn Bhd φ | Malaysia | Dormant | **100** | 100 |
| **Subsidiary of Web Age Sdn Bhd** | | | | |
| Web Portal Technologies Sdn Bhd φ | Malaysia | Dormant | **100** | 100 |
| **Subsidiary of Web Portal Technologies Sdn Bhd** | | | | |
| Besetter Pty Ltd φ | Australia | Dormant | **75** | 75 |
| **Subsidiary of Besetter Pty Ltd** | | | | |
| PT Sarana Logistik Medika Nusantara φ | Indonesia | Dormant | **75** | 75 |

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest 2020 % | 2019 % |
|---|---|---|---|---|
| **Subsidiaries of PT Sarana Logistik Medika Nusantara** | | | | |
| PT Jasa Bersama Rumah Sakit Nusantara φ | Indonesia | Dormant | **67.5** | 67.5 |
| PT Jasa Logistik Kesehatan Nusantara φ | Indonesia | Dormant | **66** | 66 |
| **Subsidiaries of Primary Gateway Sdn Bhd** | | | | |
| BTB Corporate Services Sdn Bhd | Malaysia | Provision of management services | **100** | 100 |
| Bintan Treasure Bay Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Tiara Gateway Pte Ltd * | Singapore | Investment holding | **100** | 100 |
| PG Construction Holdings Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| **Subsidiaries of Bintan Treasure Bay Pte Ltd** | | | | |
| Pioneer Investments Limited φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Premier Investment Holding Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| PT Treasure Development Services * | Indonesia | Construction, maintenance and rental of buildings | **100** | 100 |
| Bay Development Services Pte Ltd * | Singapore | Provision of management and consultancy services | **100** | 100 |
| **Subsidiary of Pioneer Investments Limited** | | | | |
| PT Pelangi Bintan Indah φ | Indonesia | Development of tourism complex and management of resort hotels | **100** | 100 |

Notes to the Financial Statements (Cont'd)

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest 2020 % | 2019 % |
|---|---|---|---|---|
| **Subsidiaries of Tiara Gateway Pte Ltd** | | | | |
| Prime Holdings Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Bintan Resorts Holdings Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Bintan Land Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Bintan Resort Enterprise Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Bintan Leisure Resort Ventures Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Bangkaru Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Benuwa Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Boana Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Enggano Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Fordate Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Gersik Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Hinako Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Kemaro Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Lasia Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Legundi Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest 2020 % | 2019 % |
|---|---|---|---|---|
| **Subsidiaries of Tiara Gateway Pte Ltd (continued)** | | | | |
| Manawoka Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Manipa Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Mapor Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Marsela Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Mendol Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **–** | 100 |
| Mesawak Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Midai Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Mubur Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Musala Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Nias Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Penasi Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Propos Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Raiba Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Rondo Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest 2020 % | 2019 % |
|---|---|---|---|---|
| **Subsidiaries of Tiara Gateway Pte Ltd (continued)** | | | | |
| Samosir Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Senua Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Serasan Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Sinabol Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Subi Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Tambelan Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Tanabala Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Tarempa Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Tayandu Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Temiyang Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Tinopo Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Watubela Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| Wetan Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest 2020 % | Effective ownership interest 2019 % |
|---|---|---|---|---|
| **Subsidiaries of PG Construction Holdings Pte Ltd** | | | | |
| PG Builders Pte Ltd φ | Republic of Seychelles | Property construction works | **100** | 100 |
| PG Contracts Pte Ltd φ | Republic of Seychelles | Property construction works | **100** | 100 |
| Bintan Beach Resorts Investments Pte Ltd φ | Republic of Seychelles | Investment holding | **100** | 100 |
| **Subsidiaries of Prime Holdings Pte Ltd** | | | | |
| Prime Lagoon Pte Ltd * | Singapore | Investment holding | **100** | 100 |
| Prime Villa Pte Ltd * | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Bintan Resorts Holdings Pte Ltd** | | | | |
| Bintan Resorts Holdings (Singapore) Pte Ltd * | Singapore | Investment holding | **100** | 100 |
| Bintan Hotel Holdings Pte Ltd * | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Bintan Land Pte Ltd** | | | | |
| Bintan Land (Singapore) Pte Ltd * | Singapore | Investment holding | **100** | 100 |
| Bintan Hotel Utama Pte Ltd * | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Bintan Resort Enterprise Pte Ltd** | | | | |
| Bintan Resort Enterprise (Singapore) Pte Ltd * | Singapore | Investment holding | **100** | 100 |
| Bintan Hotel Development Pte Ltd * | Singapore | Investment holding | **100** | 100 |

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**8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest 2020 % | 2019 % |
|---|---|---|---|---|
| **Subsidiaries of Bintan Leisure Resort Ventures Pte Ltd** | | | | |
| Bintan Leisure Resort Ventures (Singapore) Pte Ltd * | Singapore | Investment holding | **100** | 100 |
| Bintan Hotel Ventures Pte Ltd * | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Bintan Beach Resorts Investments Pte Ltd** | | | | |
| Bintan Beach Resorts Investments (Singapore) Pte Ltd * | Singapore | Investment holding | **100** | 100 |
| Bintan Hotel Management Pte Ltd * | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Bangkaru Investments Pte Ltd** | | | | |
| Bangkaru Alpha Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| Bangkaru Beta Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Benuwa Investments Pte Ltd** | | | | |
| Benuwa Alpha Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| Benuwa Beta Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Boana Investments Pte Ltd** | | | | |
| Boana Alpha Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| Boana Beta Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Enggano Investments Pte Ltd** | | | | |
| Enggano Alpha Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| Enggano Beta Pte Ltd φ | Singapore | Investment holding | **100** | 100 |

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest 2020 % | Effective ownership interest 2019 % |
|---|---|---|---|---|
| **Subsidiaries of Fordate Investments Pte Ltd** | | | | |
| Fordate Alpha Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| Fordate Beta Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Gersik Investments Pte Ltd** | | | | |
| Gersik Alpha Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| Gersik Beta Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Hinako Investments Pte Ltd** | | | | |
| Hinako Alpha Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| Hinako Beta Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Kemaro Investments Pte Ltd** | | | | |
| Kemaro Alpha Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| Kemaro Beta Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Lasia Investments Pte Ltd** | | | | |
| Lasia Alpha Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| Lasia Beta Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Legundi Investments Pte Ltd** | | | | |
| Legundi Alpha Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| Legundi Beta Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Manawoka Investments Pte Ltd** | | | | |
| Manawoka Alpha Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| Manawoka Beta Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |

Notes to the Financial Statements
(Cont'd)

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest | |
|---|---|---|---|---|
| | | | 2020 % | 2019 % |
| **Subsidiaries of Manipa Investments Pte Ltd** | | | | |
| Manipa Alpha Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| Manipa Beta Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Mapor Investments Pte Ltd** | | | | |
| Mapor Alpha Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| Mapor Beta Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Marsela Investments Pte Ltd** | | | | |
| Marsela Alpha Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| Marsela Beta Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Mendol Investments Pte Ltd** | | | | |
| Mendol Alpha Pte Ltd [φ] | Singapore | Investment holding | **–** | 100 |
| Mendol Beta Pte Ltd [φ] | Singapore | Investment holding | **–** | 100 |
| **Subsidiaries of Mesawak Investments Pte Ltd** | | | | |
| Mesawak Alpha Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| Mesawak Beta Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Midai Investments Pte Ltd** | | | | |
| Midai Alpha Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| Midai Beta Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Mubur Investments Pte Ltd** | | | | |
| Mubur A Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| Mubur B Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest 2020 % | 2019 % |
|---|---|---|---|---|
| **Subsidiaries of Musala Investments Pte Ltd** | | | | |
| Musala Alpha Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| Musala Beta Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Nias Investments Pte Ltd** | | | | |
| Nias Alpha Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| Nias Beta Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Penasi Investments Pte Ltd** | | | | |
| Penasi Alpha Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| Penasi Beta Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Propos Investments Pte Ltd** | | | | |
| Propos Alpha Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| Propos Beta Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Raiba Investments Pte Ltd** | | | | |
| Raiba Alpha Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| Raiba Beta Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Rondo Investments Pte Ltd** | | | | |
| Rondo Alpha Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| Rondo Beta Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Samosir Investments Pte Ltd** | | | | |
| Samosir Alpha Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| Samosir Beta Pte Ltd φ | Singapore | Investment holding | **100** | 100 |

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest 2020 % | Effective ownership interest 2019 % |
|---|---|---|---|---|
| **Subsidiaries of Senua Investments Pte Ltd** | | | | |
| Senua Alpha Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| Senua Beta Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Serasan Investments Pte Ltd** | | | | |
| Serasan Alpha Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| Serasan Beta Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Sinabol Investments Pte Ltd** | | | | |
| Sinabol Alpha Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| Sinabol Beta Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Subi Investments Pte Ltd** | | | | |
| Subi Alpha Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| Subi Beta Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Tambelan Investments Pte Ltd** | | | | |
| Tambelan Alpha Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| Tambelan Beta Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Tanabala Investments Pte Ltd** | | | | |
| Tanabala Alpha Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| Tanabala Beta Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Tarempa Investments Pte Ltd** | | | | |
| Tarempa Alpha Pte Ltd φ | Singapore | Investment holding | **100** | 100 |
| Tarempa Beta Pte Ltd φ | Singapore | Investment holding | **100** | 100 |

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest 2020 % | Effective ownership interest 2019 % |
|---|---|---|---|---|
| **Subsidiaries of Tayandu Investments Pte Ltd** | | | | |
| Tayandu Alpha Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| Tayandu Beta Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Temiyang Investments Pte Ltd** | | | | |
| Temiyang Alpha Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| Temiyang Beta Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Tinopo Investments Pte Ltd** | | | | |
| Tinopo Alpha Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| Tinopo Beta Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Watubela Investments Pte Ltd** | | | | |
| Watubela Alpha Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| Watubela Beta Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Wetan Investments Pte Ltd** | | | | |
| Wetan Alpha Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| Wetan Beta Pte Ltd [φ] | Singapore | Investment holding | **100** | 100 |
| **Subsidiaries of Prime Lagoon Pte Ltd** | | | | |
| PT Treasure Bay Attractions* | Indonesia | Operation and management of a recreational park | **100** | 100 |
| PT Marine Life Discovery Park* | Indonesia | Operation and management of a recreational park | **100** | 100 |

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest 2020 % | Effective ownership interest 2019 % |
|---|---|---|---|---|
| **Subsidiary of Bintan Resorts Holdings (Singapore) Pte Ltd** | | | | |
| PT Resort Kirana Bintan φ | Indonesia | Development and management of resort hotels, and commercial and residential properties | **100** | 100 |
| **Subsidiary of Bintan Land (Singapore) Pte Ltd** | | | | |
| PT Bintan Hotel Utama * | Indonesia | Development and management of resort hotels, and commercial and residential properties | **100** | 100 |
| **Subsidiary of Bintan Resort Enterprise (Singapore) Pte Ltd** | | | | |
| PT Resorts Development and Management Bintan * | Indonesia | Development and management of resort hotels, and commercial and residential properties | **100** | 100 |
| **Subsidiary of Bintan Leisure Resort Ventures (Singapore) Pte Ltd** | | | | |
| PT Bintan Leisure Resort Ventures φ | Indonesia | Development and management of resort hotels, and commercial and residential properties | **100** | 100 |
| **Subsidiary of Bintan Beach Resorts Investments (Singapore) Pte Ltd** | | | | |
| PT Hotel Management Bintan φ | Indonesia | Development and management of resort hotels, and commercial and residential properties | **100** | 100 |

**8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest 2020 % | Effective ownership interest 2019 % |
|---|---|---|---|---|
| **Subsidiary of Bangkaru Alpha Pte Ltd** | | | | |
| PT Bangkaru Estate $^{\varphi}$ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Boana Alpha Pte Ltd** | | | | |
| PT Boana Estate Villa $^{\varphi}$ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Enggano Alpha Pte Ltd** | | | | |
| PT Enggano Estate $^{\varphi}$ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Fordate Alpha Pte Ltd** | | | | |
| PT Fordate Estate Villa* | Indonesia | Development and management of resort hotels, and commercial and residential properties | **100** | 100 |
| **Subsidiary of Gersik Alpha Pte Ltd** | | | | |
| PT Gersik Estate $^{\varphi}$ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Hinako Alpha Pte Ltd** | | | | |
| PT Hinako Estate $^{\varphi}$ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Kemaro Alpha Pte Ltd** | | | | |
| PT Kemaro Estate $^{\varphi}$ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Lasia Alpha Pte Ltd** | | | | |
| PT Lasia Estate $^{\varphi}$ | Indonesia | Provision of accommodation services | **100** | 100 |

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest 2020 % | 2019 % |
|---|---|---|---|---|
| **Subsidiary of Legundi Alpha Pte Ltd** | | | | |
| PT Legundi Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Manawoka Alpha Pte Ltd** | | | | |
| PT Manawoka Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Manipa Alpha Pte Ltd** | | | | |
| PT Manipa Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Mapor Alpha Pte Ltd** | | | | |
| PT Mapor Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Marsela Alpha Pte Ltd** | | | | |
| PT Marsela Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Mendol Alpha Pte Ltd** | | | | |
| PT Mendol Estate φ | Indonesia | Provision of accommodation services | **–** | 100 |
| **Subsidiary of Mesawak Alpha Pte Ltd** | | | | |
| PT Mesawak Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Musala Alpha Pte Ltd** | | | | |
| PT Musala Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest 2020 % | Effective ownership interest 2019 % |
|---|---|---|---|---|
| **Subsidiary of Nias Alpha Pte Ltd** | | | | |
| PT Nias Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Penasi Alpha Pte Ltd** | | | | |
| PT Penasi Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Propos Alpha Pte Ltd** | | | | |
| PT Propos Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Raiba Alpha Pte Ltd** | | | | |
| PT Raiba Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Rondo Alpha Pte Ltd** | | | | |
| PT Rondo Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Samosir Alpha Pte Ltd** | | | | |
| PT Samosir Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Senua Alpha Pte Ltd** | | | | |
| PT Senua Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Sinabol Alpha Pte Ltd** | | | | |
| PT Sinabol Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |

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## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest 2020 % | Effective ownership interest 2019 % |
|---|---|---|---|---|
| **Subsidiary of Subi Alpha Pte Ltd** | | | | |
| PT Subi Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Tambelan Alpha Pte Ltd** | | | | |
| PT Tambelan Estate Villa φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Tanabala Alpha Pte Ltd** | | | | |
| PT Tanabala Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Tarempa Alpha Pte Ltd** | | | | |
| PT Tarempa Estate Villa φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Tayandu Alpha Pte Ltd** | | | | |
| PT Tayandu Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Temiyang Alpha Pte Ltd** | | | | |
| PT Temiyang Estate Villa φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Tinopo Alpha Pte Ltd** | | | | |
| PT Tinopo Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of Watubela Alpha Pte Ltd** | | | | |
| PT Watubela Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest 2020 % | 2019 % |
|---|---|---|---|---|
| **Subsidiary of Wetan Alpha Pte Ltd** | | | | |
| PT Wetan Estate φ | Indonesia | Provision of accommodation services | **100** | 100 |
| **Subsidiary of PT Treasure Development Services** | | | | |
| PT Pesona Lagoi Mandiri φ | Indonesia | Dormant | **51** | 51 |

φ *Not audited by KPMG PLT*
* *Audited by other member firms of KPMG International*

### 8.2 Significant judgements and assumptions in relation to impairment assessment of cost of investment in a subsidiary

The Company applied significant judgements and assumptions in performing impairment testing which require management to estimate their recoverable amount of the investment in a subsidiary and to provide impairment loss when required. The Company considered the external valuation report and the Group's cash flow projections in determining the recoverable amount of the investment in a subsidiary.

### 8.3 Disposal of subsidiaries

On 2 December 2020, Tiara Gateway Pte Ltd, a wholly-owned subsidiary of the Group entered into shares sale and purchase agreement with third parties to dispose off 2,482,880 ordinary shares in Mendol Investments Pte Ltd ("MIPL"), which in turn owned the Natra Bintan, representing 51.0% of its equity interest in MIPL for a total cash consideration of SGD13.87million (RM42.17million) ("Disposal"). The Group has recorded a gain on disposal of RM61.71million.

MIPL is the holding company of Mendol Alpha Pte Ltd, Mendol Beta Pte Ltd and PT Mendol Estate.

The Disposal was completed on 23 December 2020 and accordingly, MIPL ceased to be an indirect subsidiary of the Group. The Group now holds 49.0% equity interest in MIPL as an investment in a joint venture (Note 9).

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### 8.3 Disposal of subsidiaries (continued)

The effect of the disposal on the financial position as at 31 December 2020 of the Group:

| | Group RM'000 |
|---|---|
| Property, plant and equipment | 18,142 |
| Inventories | 71 |
| Trade and other receivables | 452 |
| Cash and cash equivalents | 327 |
| Trade and other payables | (30) |
| Retirement benefits | (133) |
| Net assets | 18,829 |
| Total gain on disposal of subsidiaries (Note 22) | 61,712 |
| Foreign currency translation differences | (159) |
| Retained interest as a joint venture measured at fair value (Note 9) | (40,214) |
| Derivative financial liabilities recognised (Note 17) | 2,000 |
| Consideration received, satisfied in cash | 42,168 |
| Cash and cash equivalents disposed off | (327) |
| Net cash inflow | 41,841 |

**Retained interest of investment in a joint venture measured at fair value**

The Directors obtained the fair value of the joint venture by determining the fair value of the underlying assets and liabilities of the joint venture. The most significant underlying asset consists of Natra Bintan, of which its Level 3 fair value is determined by an independent valuer based on Income Approach as described in the following page:

| Description of valuation technique and inputs used | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|
| Income Approach (Discounted cash flows): The valuation method considers the forecasts of income, expenses and changes in occupancy rate and capital expenditure over the projection period, terminal value, taking into account land lease period, average room rate and average occupancy rate.<br><br>The cash flow is projected in 28 years starting 2020 until 2047 (until the land lease expiry with the Group). | • The average room rate is assumed at SGD109 for year 1 with an expected growth rate ranges from 3% to 39% within year 1 to year 10 and remains constant at 3% from year 11 onwards.<br>• The average occupancy rate (AOR) in year 1 to year 10 ranges from 11.89% to 74.40% and remain constant at 73.13% from year 11 onwards.<br>• Discount rates used is 9.92% for year 1 to year 3 and 9.22% for year 4 onwards. | The estimated fair value would increase (decrease) if:<br>• average room rate was higher (lower);<br>• occupancy rate was higher (lower);<br>• expected growth rate was higher (lower);<br>• risk-adjusted discount rates were lower (higher). |

## 9. INVESTMENT IN A JOINT VENTURE

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| Unquoted shares | **40,214** | – |
| Share of post-acquisition reserves* | **–** | – |
| | **40,214** | – |

* There is no share of post-acquisition reserves in the current year as the disposal was completed on 23 December 2020.

This investment in a joint venture arising from the Group's disposal of 51.0% equity interest in MIPL (Note 8.3), which the Group is now holding 49.0% equity interest in MIPL.

Details of material joint venture are as follows:

| Name of entities | Principal place of business/Country of incorporation | Nature of the relationship | Effective ownership interest 2020 % | Effective ownership interest 2019 % |
|---|---|---|---|---|
| Mendol Investments Pte Ltd | Republic of Seychelles | Investment holding | **49** | – |
| **Subsidiaries of Mendol Investments Pte Ltd** | | | | |
| Mendol Alpha Pte Ltd | Singapore | Investment holding | **49** | – |
| Mendol Beta Pte Ltd | Singapore | Investment holding | **49** | – |
| **Subsidiary of Mendol Alpha Pte Ltd** | | | | |
| PT Mendol Estate | Indonesia | Development and management of resort hotels | **49** | – |

## 9. INVESTMENT IN A JOINT VENTURE (CONTINUED)

The following table summarises the information of the Group's material joint venture, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the joint venture.

| | Group | |
|---|---|---|
| | **2020 RM'000** | **2019 RM'000** |
| **Summarised financial information** | | |
| **As at 31 December** | | |
| Non-current assets | **93,595** | – |
| Current assets | **851** | – |
| Non-current liabilities | **(15,224)** | – |
| Current liabilities | **(30)** | – |
| Net assets | **79,192** | – |
| **Reconciliation of net assets to carrying amount as at 31 December** | | |
| Group's share of fair value of the net assets | **38,804** | – |
| Goodwill | **1,487** | – |
| Foreign exchange difference | **(77)** | – |
| Carrying amount in the statements of financial position | **40,214** | – |

## 10. OTHER INVESTMENTS

| Group | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| **Non-current** | | |
| **Fair value through profit or loss** | | |
| Unquoted shares | **1,885** | 1,885 |
| Unquoted redeemable preference shares | **200** | 200 |
| | **2,085** | 2,085 |
| **Current** | | |
| **Fair value through profit or loss** | | |
| Quoted local cash funds, at fair value * | **28** | 9,664 |
| | **2,113** | 11,749 |
| **Company** | | |
| **Current** | | |
| **Fair value through profit or loss** | | |
| Quoted local cash funds, at fair value * | **28** | 9,664 |

* *The Group and the Company's investment in quoted local cash funds consist of funds invested in cash/ deposits or Islamic deposits with financial institutions/ Islamic money market instruments.*

## 11. TRADE AND OTHER RECEIVABLES

| | Note | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|---|
| **Current** | | | | | |
| **Trade** | | | | | |
| Trade receivables | | **1,845** | 5,901 | **–** | – |
| Less: Loss allowance | | **(41)** | (37) | **–** | – |
| | | **1,804** | 5,864 | **–** | – |
| **Non-trade** | | | | | |
| Other receivables | | **7,243** | 7,598 | **42** | 42 |
| Deposits | | **1,442** | 1,760 | **125** | 125 |
| Amount due from subsidiaries | 11.1 | **–** | – | **10,690** | 12,529 |
| | | **8,685** | 9,358 | **10,857** | 12,696 |
| | | **10,489** | 15,222 | **10,857** | 12,696 |

### 11.1 Amount due from subsidiaries

Amount due from subsidiaries is unsecured, interest free and repayable on demand.

## 12. CASH AND CASH EQUIVALENTS

| | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|
| Cash and bank balances | **47,565** | 24,001 | **1,066** | 8,101 |
| Deposits with licensed banks | **7,186** | 3,519 | **3,562** | – |
| | **54,751** | 27,520 | **4,628** | 8,101 |

The Group's deposits with licensed banks of RM3,624,000 (2019: RM3,519,000) is under the designated accounts of which the utilisation is subject to the terms and conditions of the term loan of the Group (Note 14) and banking facilities granted to the Group.

## 13. CAPITAL AND RESERVES

### 13.1 Share capital

| | Group and Company | | | |
|---|---|---|---|---|
| | **Amount 2020 RM'000** | **Number of shares 2020 '000** | **Amount 2019 RM'000** | **Number of shares 2019 '000** |
| *Issued Ordinary Shares:* | | | | |
| At 1 January | **734,812** | **528,891** | 734,812 | 528,891 |
| Issuance of new ordinary shares* | **11,636** | **52,889** | – | – |
| Share issue expenses | **(64)** | **–** | – | – |
| At 31 December | **746,384** | **581,780** | 734,812 | 528,891 |

* This is in respect of a private placement of 52,889,067 ordinary shares at an issue price of RM0.22 per share.

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 and rank equally with regard to the Company's residual assets.

### 13.2 Capital reserve

**Company**

The Company's capital reserve relates to issuance of ordinary shares to take over the assets, liabilities and business of Landmarks Holdings Berhad in 1989.

### 13.3 Translation reserve

**Group**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

## 13. CAPITAL AND RESERVES (CONTINUED)

### 13.4 Share option reserve

**Group and Company**

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire or are forfeited, the amount from the share option reserve is transferred to retained earnings.

## 14. LOANS AND BORROWINGS

| | Group | |
|---|---|---|
| | **2020 RM'000** | **2019 RM'000** |
| **Non-current** | | |
| Secured term loan | **116,250** | 111,500 |
| **Current** | | |
| Secured term loan | **9,526** | 9,911 |
| | **125,776** | 121,411 |

**Securities**

The Group's term loan is secured by:

i) First party legal charge over leasehold land and hotel properties of a subsidiary.

ii) First priority charge over Reserve Account of a subsidiary.

iii) A debenture by way of fixed and floating charge over all present and future assets of a subsidiary.

iv) Assignment of subsidiary's rights, titles and beneficiaries arising from fire and peril and consequential loss insurance policies taken by the subsidiary whereby the bank is to be endorsed as the loss payee.

## 15. DEFERRED TAX LIABILITIES

**Recognised deferred tax assets/(liabilities)**

Deferred tax assets and liabilities are attributable to the following:

| Group | Assets 2020 RM'000 | Assets 2019 RM'000 | Liabilities 2020 RM'000 | Liabilities 2019 RM'000 | Net 2020 RM'000 | Net 2019 RM'000 |
|---|---|---|---|---|---|---|
| Property, plant and equipment | – | – | (256,537) | (329,142) | (256,537) | (329,142) |
| Investment property | – | – | (4,702) | – | (4,702) | – |
| Unabsorbed capital allowances | 1,618 | – | – | – | 1,618 | – |
| Unabsorbed business losses | 1,111 | – | – | – | 1,111 | – |
| Others | 2,559 | 2,393 | – | – | 2,559 | 2,393 |
| Tax assets/ (liabilities) | 5,288 | 2,393 | (261,239) | (329,142) | (255,951) | (326,749) |
| Set off of tax | (5,288) | (2,393) | 5,288 | 2,393 | – | – |
| Net tax assets/ (liabilities) | – | – | (255,951) | (326,749) | (255,951) | (326,749) |

Movement in temporary differences during the financial year are as follow:

| Group | Note | Property, plant and equipment RM'000 | Investment property RM'000 | Unabsorbed capital allowances RM'000 | Unabsorbed business losses RM'000 | Others RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| At 1 January 2019 | | (286,096) | – | 349 | – | 2,914 | (282,833) |
| Recognised in profit or loss | 24 | (43,046) | – | (349) | – | (521) | (43,916) |
| At 31 December 2019/ 1 January 2020 | | (329,142) | – | – | – | 2,393 | (326,749) |
| Recognised in profit or loss | 24 | 72,605 | (4,702) | 1,618 | 1,111 | 166 | 70,798 |
| **At 31 December 2020** | | (256,537) | (4,702) | 1,618 | 1,111 | 2,559 | (255,951) |

## 15. DEFERRED TAX LIABILITIES (CONTINUED)

**Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following temporary differences (stated at gross):

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 RM'000** | **2019 RM'000** | **2020 RM'000** | **2019 RM'000** |
| Other deductible temporary differences | **4,057** | 4,622 | **2,493** | 3,058 |
| Tax losses carried-forward | **169,443** | 138,693 | **15,863** | 14,218 |
| | **173,500** | 143,315 | **18,356** | 17,276 |

The abovementioned deferred tax assets do not expire under the current tax legislation except for the unutilised tax losses (subject to Income Tax Act 1967 and Indonesia Income Tax Law) as shown below:

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 RM'000** | **2019 RM'000** | **2020 RM'000** | **2019 RM'000** |
| Year of assessment in which unutilised tax losses will expire: | | | | |
| - 2021 | **15,685** | 15,685 | **–** | – |
| - 2022 | **20,135** | 20,135 | **–** | – |
| - 2023 | **15,059** | 15,059 | **–** | – |
| - 2024 | **25,950** | 25,950 | **–** | – |
| - 2025 | **85,529** | 56,930 | **10,359** | 10,359 |
| - 2026 | **4,934** | 4,934 | **3,859** | 3,859 |
| - 2027 | **2,151** | – | **1,645** | – |
| | **169,443** | 138,693 | **15,863** | 14,218 |

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and Company can utilise the benefits therefrom.

## 16. TRADE AND OTHER PAYABLES

| | Note | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|---|
| **Trade** | | | | | |
| Trade payables | | **8,678** | 6,687 | **–** | – |
| **Non-trade** | | | | | |
| Other payables | | **1,103** | 4,375 | **27** | – |
| Accrued expenses | | **23,634** | 19,339 | **1,830** | 1,466 |
| Amount due to subsidiaries | 16.1 | **–** | – | **128,279** | 127,302 |
| | | **24,737** | 23,714 | **130,136** | 128,768 |
| | | **33,415** | 30,401 | **130,136** | 128,768 |

### 16.1 Amount due to subsidiaries

Amount due to subsidiaries is unsecured, interest free and repayable on demand.

## 17. DERIVATIVE FINANCIAL LIABILITIES

**Put option**

On disposal of the 51.0% equity interest in MIPL (Note 8.3), a put option was granted to the purchasers to sell the 51.0% interest in MIPL to TG, a wholly-owned subsidiary of the Group for SGD13.87million (RM42.17million), if the Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") of Natra Bintan is less than IDR9,602million (approximately RM2.74million) for the financial year ending 31 December 2021.

On 23 April 2021, the put option holders have agreed to extend the period of assessment to exercise the put option, whereby the put option can only be exercised if the EBITDA of Natra Bintan is less than IDR9,602million (approximately RM2.74million) for the financial year ending 31 December 2022.

## 18. EMPLOYEE BENEFITS

### 18.1 Share-based payments

On 29 June 2018, the Group established a share option programme that entitles the Directors, key management and all employees to purchase shares in the Company. First, second and third tranche were granted and vested on 29 October 2018, 19 November 2018 and 20 November 2019 respectively. On 25 September 2020, fourth tranche options were granted to employees of the Group to subscribe for 38,120,000 shares under the ESOS.

The options will vest in the following manner:

| Period | % of Options |
|---|---|
| Immediately after acceptance of offer | 50 |
| 29 June 2019 - 28 June 2020 | 12.5 |
| 29 June 2020 - 28 June 2021 | 12.5 |
| 29 June 2021 - 28 June 2022 | 12.5 |
| 29 June 2022 - 28 June 2023 | 12.5 |

## 18. EMPLOYEE BENEFITS (CONTINUED)

### 18.1 Share-based payments (continued)

In accordance with this programme, options are exercisable at the 5 days weighted average market price of the shares at the date of grant.

| | | | Movement during the year Number of options over ordinary shares | | | | |
|---|---|---|---|---|---|---|---|
| Grant Date | Remaining life of options | Weighted average exercise price | Outstanding at 1.1.2020 | Granted | Forfeited | Outstanding at 31.12.2020 | Exercisable at 31.12.2020 |
| 29.10.2018 | 3 years | RM0.55 | 32,450,000 | – | (3,245,000) | 29,205,000 | 21,903,750 |
| 19.11.2018 | 3 years | RM0.56 | 1,605,000 | – | (350,000) | 1,255,000 | 941,250 |
| 20.11.2019 | 3 years | RM0.49 | 4,300,000 | – | (1,740,000) | 2,560,000 | 1,920,000 |
| 25.09.2020 | 3 years | RM0.23 | – | 38,120,000 | (1,725,000) | 36,395,000 | 27,296,250 |
| | | | 38,355,000 | 38,120,000 | (7,060,000) | 69,415,000 | 52,061,250 |

The fair value of services received in return for share options extended was estimated based on the fair value of share options, measured using Black Scholes model, with the following inputs:

| | Key management personnel and other employees |
|---|---|
| **Fair value of share options** | |
| - Options granted on 29.10.2018, 19.11.2018 and 20.11.2019 | RM0.18 |
| - Options granted on 25.09.2020 | RM0.08 |
| **Key assumptions** | |
| Expected volatility | 40.8% |
| Risk-free interest rate (based on Malaysian government bonds) | 3.3% |

| | Group and Company 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| Share options granted on 29.10.2018 and 19.11.2018 | 721 | 1,639 |
| Share options granted on 20.11.2019 | 110 | 516 |
| Share options granted on 25.09.2020 | 2,367 | – |
| Total expenses recognised as share-based payments | 3,198 | 2,155 |

## 18. EMPLOYEE BENEFITS (CONTINUED)

### 18.2 Retirement benefits

| Group | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| Net defined benefit liability | **3,340** | 3,211 |

The Group operates the defined benefit plans that provide pension for employees upon retirement for certain subsidiaries. The plans entitle a retired employee to receive a lump sum payment of final salary for each year of service that the employee provided.

The defined benefit plans expose the Group to financial risks such as change in discount rates and demographic risk such as turnover rate not being borne out.

**Movement in net defined benefit liability**

The following table shows a reconciliation from the opening balance to the closing balance for net defined benefit liability and its components.

| Group | Defined benefit obligation RM'000 | Net defined benefit liability RM'000 |
|---|---|---|
| **2020** | | |
| Balance at 1 January | **3,211** | **3,211** |
| **Included in profit or loss** | | |
| Current service cost | **483** | **483** |
| Interest cost | **182** | **182** |
| | **665** | **665** |
| **Included in other comprehensive income** | | |
| Foreign currency translation differences | **(19)** | **(19)** |
| **Other** | | |
| Disposal of subsidiaries | **(133)** | **(133)** |
| Benefits paid | **(384)** | **(384)** |
| Balance at 31 December | **3,340** | **3,340** |
| **2019** | | |
| Balance at 1 January | 3,001 | 3,001 |
| **Included in profit or loss** | | |
| Current service cost | 178 | 178 |
| Interest cost | 141 | 141 |
| | 319 | 319 |
| **Included in other comprehensive income** | | |
| Foreign currency translation differences | 15 | 15 |
| **Other** | | |
| Benefits paid | (124) | (124) |
| Balance at 31 December | 3,211 | 3,211 |

## 18. EMPLOYEE BENEFITS (CONTINUED)

### 18.2 Retirement benefits (continued)

**Defined benefit obligation**

**Actuarial assumptions**

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

| | 2020 Malaysia | 2020 Indonesia | 2019 Malaysia | 2019 Indonesia |
|---|---|---|---|---|
| Discount rate | **6%** | **8%** | 6% | 8% |
| Future salary growth | **7%** | **8%** | 7% | 8% |

**Sensitivity analysis**

The Company's exposure to relevant actuarial assumptions is not significant, hence sensitivity analysis is not disclosed.

## 19. REVENUE

| | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|
| **Revenue from contract with customer** | | | | |
| Hospitality and wellness | **35,849** | 106,159 | **–** | – |
| Resort and destination development | **2,010** | 8,751 | **–** | – |
| Management fees | **–** | – | **2,712** | 3,327 |
| Royalty fees | **–** | – | **435** | 527 |
| | **37,859** | 114,910 | **3,147** | 3,854 |
| **Other revenue** | | | | |
| Dividend income from other investments | **106** | 1,691 | **106** | 1,691 |
| **Total revenue** | **37,965** | 116,601 | **3,253** | 5,545 |

## 19. REVENUE (CONTINUED)

### 19.1 Disaggregation of revenue

| Group | Hospitality and wellness 2020 RM'000 | Hospitality and wellness 2019 RM'000 | Resort and destination development 2020 RM'000 | Resort and destination development 2019 RM'000 | All other segments 2020 RM'000 | All other segments 2019 RM'000 | Total 2020 RM'000 | Total 2019 RM'000 |
|---|---|---|---|---|---|---|---|---|
| **Primary geographical market** | | | | | | | | |
| Malaysia | **28,217** | 76,100 | **–** | – | **–** | – | **28,217** | 76,100 |
| Indonesia | **7,632** | 30,059 | **2,010** | 8,751 | **–** | – | **9,642** | 38,810 |
| | **35,849** | 106,159 | **2,010** | 8,751 | **–** | – | **37,859** | 114,910 |
| **Major service lines** | | | | | | | | |
| Room revenue | **23,075** | 69,873 | **–** | – | **–** | – | **23,075** | 69,873 |
| Attractions revenue | **–** | – | **2,010** | 8,751 | **–** | – | **2,010** | 8,751 |
| Food and beverages revenue | **12,774** | 36,286 | **–** | – | **–** | – | **12,774** | 36,286 |
| | **35,849** | 106,159 | **2,010** | 8,751 | **–** | – | **37,859** | 114,910 |
| **Timing and recognition** | | | | | | | | |
| Over time | **23,075** | 69,873 | **2,010** | 8,751 | **–** | – | **25,085** | 78,624 |
| At a point in time | **12,774** | 36,286 | **–** | – | **–** | – | **12,774** | 36,286 |
| | **35,849** | 106,159 | **2,010** | 8,751 | **–** | – | **37,859** | 114,910 |
| **Revenue from contract with customer** | **35,849** | 106,159 | **2,010** | 8,751 | **–** | – | **37,859** | 114,910 |
| **Other revenue** | **–** | – | **–** | – | **106** | 1,691 | **106** | 1,691 |
| **Total revenue** | **35,849** | 106,159 | **2,010** | 8,751 | **106** | 1,691 | **37,965** | 116,601 |
| **Company** | | | | | | | | |
| **Timing and recognition** | | | | | | | | |
| Over time | **–** | – | **–** | – | **3,147** | 3,854 | **3,147** | 3,854 |
| **Revenue from contract with customer** | **–** | – | **–** | – | **3,147** | 3,854 | **3,147** | 3,854 |
| **Other revenue** | **–** | – | **–** | – | **106** | 1,691 | **106** | 1,691 |
| **Total revenue** | **–** | – | **–** | – | **3,253** | 5,545 | **3,253** | 5,545 |

## 19. REVENUE (CONTINUED)

### 19.2 Nature of goods and services

**Room revenue**

Room revenue generally relates to contracts with customers in which performance obligations are to provide accommodations to hotel guests. As compensation for such services, the Group is typically entitled to a fixed nightly fee for an agreed upon period. These fees are generally payable at the time hotel guests check out from the hotel. The Group generally satisfies its performance obligations over time, and recognise the revenue from room sales on a daily basis, as the rooms are occupied and the services are rendered.

The Group has a range of credit terms which are typically short term, in line with market practice, and without any financing component. The customers will notify the hotel in writing of any cancellation to the confirmed reservations at least 30 days (Malaysia) or 7 days (Indonesia) before arrival.

**Food and beverages revenue**

Food and beverages revenue primarily relates to ancillary services that are provided to hotel guests for the period of stay. These fees are generally payable at the time hotel guests consume the service or upon check out from the hotel. The Group generally satisfies its performance obligations at a point in time, and recognise the revenue from food and beverages on a daily basis as the services are performed.

The Group has a range of credit terms which are typically short term, in line with market practice, and without any financing component. There are no variable considerations, and no obligations for returns or refunds or warranties for hotel guests.

**Attractions revenue**

Attractions revenue primarily consists of recreational fees in which the performance obligations are to provide rights of enjoyment of facilities to hotel guests. These fees are generally payable upon check out from the hotel. The Group generally satisfies its performance obligations over time, and recognise the revenue from attraction sales on a daily basis, as the services are rendered.

The Group has a range of credit terms which are typically short term, in line with market practice, and without any financing component. There are no variable considerations, and no obligations for returns or refunds or warranties for hotel guests.

**Management fee**

Revenue is recognised overtime using the cost-plus method. There is no obligation for returns or refunds and no warranty is given to customer. There are also no variable elements in considerations and no significant judgement or assumption involved in determining the amount and timing of revenue recognised from contract with customers. Payment term is within 30 days from invoice date.

**Royalty Fee**

Revenue derived from royalty fee generally relates to contracts with customers in which performance obligation is to provide operators a license to the Company's intellectual property for the use of certain trademarks owned by the Company. As compensation for such services, the Company is typically entitled to ongoing royalty fee. The ongoing royalty fee represent variable consideration that is recognised based on a percentage of gross operating revenue. Royalty fee is recognised on a monthly basis over the term of the agreement as those amounts become payable. Payment term is within 30 days from invoice date.

Notes to the Financial Statements
(Cont'd)

## 20. FINANCE COSTS

| | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|
| Interest expense on lease liabilities | **827** | 733 | **77** | 13 |
| Interest expense on term loan | **5,409** | 16,235 | **–** | – |
| | **6,236** | 16,968 | **77** | 13 |
| Recognised in profit or loss | **6,236** | 16,598 | **77** | 13 |
| Interest expense capitalised into inventories - property development cost | **–** | 370 | **–** | – |
| | **6,236** | 16,968 | **77** | 13 |

## 21. FINANCE INCOME

| | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|
| Interest income of financial assets calculated using the effective interest method that are: | | | | |
| - at amortised cost | **165** | 222 | **7** | 2 |

## 22. LOSS BEFORE TAX

| | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|
| **Loss before tax is arrived at after charging:** | | | | |
| Auditors' remuneration: | | | | |
| Statutory audit | | | | |
| - KPMG PLT Malaysia | **296** | 306 | **90** | 90 |
| - Overseas affiliates of KPMG PLT Malaysia | **541** | 536 | **–** | – |
| - Other auditors | **231** | 230 | **–** | – |
| Other services | | | | |
| - KPMG PLT Malaysia | **30** | 15 | **15** | 15 |
| - Local affiliates of KPMG PLT Malaysia | **44** | 40 | **13** | 12 |
| - Overseas affiliates of KPMG PLT Malaysia | **147** | 147 | **–** | – |
| - Other auditors | **117** | 117 | **–** | – |
| **Material expenses/(incomes)** | | | | |
| Depreciation of property, plant and equipment | **21,639** | 19,545 | **114** | 110 |
| Depreciation of right-of-use assets | **3,141** | 3,135 | **353** | 352 |
| Loss on disposal of property, plant and equipment | **230** | 8 | **1** | 1 |
| Gain on disposal of subsidiaries | **(30,647)** | – | **–** | – |
| Fair value gain arising from retained interest as a joint venture measured at fair value | **(31,065)** | – | **–** | – |
| Total gain on disposal of subsidiaries | **(61,712)** | – | **–** | – |
| Net impairment loss/(reversal of impairment loss) on trade receivables | **4** | (73) | **–** | – |
| Impairment loss on investment property | **6,250** | – | – | – |
| Personnel expenses (including key management personnel): | | | | |
| - Contributions to Employees Provident Fund | **2,027** | 2,555 | **571** | 650 |
| - Wages, salaries and others | **35,124** | 57,839 | **4,312** | 5,434 |
| - Share-based payments | **3,198** | 2,155 | **3,198** | 2,155 |
| Property, plant and equipment written off | **–** | 714 | **–** | – |
| Dividend income from other investments | **(106)** | (1,691) | **(106)** | (1,691) |
| Expenses relating to leases of low-value assets | **629** | 611 | **36** | 34 |

## 23. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 RM'000** | **2019 RM'000** | **2020 RM'000** | **2019 RM'000** |
| Executive Directors | | | | |
| - Salaries | **2,204** | 3,520 | **556** | 890 |
| - Contributions to Employees Provident Fund | **83** | 134 | **83** | 134 |
| Other short-term employee benefits (including estimated monetary value of benefits-in-kind) | **–** | 83 | **–** | 72 |
| Share-based payments | **532** | 288 | **532** | 288 |
| | **2,819** | 4,025 | **1,171** | 1,384 |
| Non-Executive Directors | | | | |
| - Fees | **338** | 338 | **328** | 328 |
| - Allowance | **84** | 69 | **84** | 69 |
| Other short-term employee benefits (including estimated monetary value of benefits-in-kind) | **39** | 51 | **39** | 51 |
| Share-based payments | **532** | 288 | **532** | 288 |
| | **993** | 746 | **983** | 736 |
| | **3,812** | 4,771 | **2,154** | 2,120 |

## 24. TAX (INCOME)/EXPENSE

***Recognised in profit or loss***

| | Note | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|---|
| **Current tax expense** | | | | | |
| - Current | | **109** | 2,023 | **96** | – |
| - Prior year | | **243** | (242) | **–** | – |
| Total current tax recognised in profit or loss | | **352** | 1,781 | **96** | – |
| **Deferred tax expense** | | | | | |
| - Reversal and origination of temporary differences | | **(70,525)** | 43,635 | **–** | – |
| - Prior year | | **(273)** | 281 | **–** | 350 |
| Total deferred tax recognised in profit or loss | 15 | **(70,798)** | 43,916 | **–** | 350 |
| Total tax (income)/expense | | **(70,446)** | 45,697 | **96** | 350 |
| ***Reconciliation of tax expense*** | | | | | |
| Profit/(Loss) for the year | | **62,414** | (100,893) | **(4,900)** | (5,758) |
| Total tax (income)/expense | | **(70,446)** | 45,697 | **96** | 350 |
| Loss excluding tax | | **(8,032)** | (55,196) | **(4,804)** | (5,408) |
| Tax calculated using Malaysian tax rate of 24% (2019:24%) | | **(1,928)** | (13,247) | **(1,153)** | (1,298) |
| Effect of tax rate in foreign jurisdictions * | | **(2,905)** | 755 | **–** | – |
| Non-deductible expenses | | **4,469** | 7,533 | **1,015** | 785 |
| Non-taxable income | | **(10,686)** | (815) | **(25)** | (412) |
| Current year losses of which no deferred tax asset is recognised | | **7,244** | 8,927 | **259** | 925 |
| Reversal of deferred tax on land held as property, plant and equipment due to change of tax rate $^{\alpha}$ | | **(62,825)** | – | **–** | – |
| (Reversal)/Recognition of deferred tax on land reclassified (to)/from inventories (from)/to property, plant and equipment $^{\phi}$ | | **(3,785)** | 42,505 | **–** | – |
| | | **(70,416)** | 45,658 | **96** | – |
| (Over)/Under provision in prior year | | **(30)** | 39 | **–** | 350 |
| | | **(70,446)** | 45,697 | **96** | 350 |

## 24. TAX (INCOME)/EXPENSE (CONTINUED)

* Subsidiaries operate in a tax jurisdiction with different tax rate.

ϕ In the previous year, due to changes in the master plan of Treasure Bay Bintan, Indonesia, additional deferred tax liabilities were recognised based on Indonesia corporate tax rate on the land reclassified from inventories to property, plant and equipment as the Group expects to recover the amount through own use. When the land is classified as inventories which will be recovered through sale, there is no deferred tax liabilities recognised as it is subject to a tax that levied on the sale proceeds.

During the financial year, the Group reclassified certain part of the land in Treasure Bay Bintan from property, plant and equipment to inventories, hence this resulted in the reversal of the deferred tax liabilities.

α During the financial year, the Indonesia corporate tax has been enacted wherein the corporate tax rate will be revised from 25% to 22% in year 2020/2021 and 20% starting from year 2022. Hence, the deferred tax liabilities provided on land classified in property, plant and equipment has been reversed in accordance to the reduction in Indonesia corporate tax rate.

## 25. EARNINGS/(LOSS) PER ORDINARY SHARE

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

The calculation of basic earnings/(loss) per share was based on the profit/(loss) attributable to ordinary equity holders and a weighted average number of ordinary shares outstanding calculated as follows:

| | Group | |
|---|---|---|
| | **2020 RM'000** | **2019 RM'000** |
| Profit/(Loss) for the year attributable to owners | **62,414** | (100,233) |

| | Group | |
|---|---|---|
| | **2020 '000** | **2019 '000** |
| Weighted average number of ordinary shares at 1 January | **528,891** | 528,891 |
| Effect of issue of new ordinary shares | **8,526** | – |
| Weighted average number of ordinary shares at 31 December | **537,417** | 528,891 |

| | Group | |
|---|---|---|
| | **2020 Sen** | **2019 Sen** |
| Basic earnings/(loss) per ordinary share | **11.61** | (18.95) |

## 25. EARNINGS/(LOSS) PER ORDINARY SHARE (CONTINUED)

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

The calculation of diluted earnings/(loss) per share was based on the profit/(loss) attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| Profit/(Loss) for the year attributable to owners | **62,414** | (100,233) |

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **'000** | **'000** |
| Weighted average number of ordinary shares at 31 December (basic) | **537,417** | 528,891 |
| Effect of share options on issue | **2,067** | – |
| Weighted average number of ordinary shares at 31 December (dilutive) | **539,484** | 528,891 |

The average market value of the Company's shares for purpose of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **Sen** | **Sen** |
| Diluted earnings/(loss) per ordinary share | **11.57** | (18.95) |

## 26. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Board of Directors (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

| | |
|---|---|
| Hospitality and wellness | Provision of hotel management and wellness services |
| Resort and destination development | Development of resorts, properties and attractions |

Performance is measured based on segment results from operating activities and segment revenue as included in the internal management reports that are reviewed by the Board of Directors (the chief operating decision maker). Segment results from operating activities (excluding finance cost, finance income, share of associate's profit and tax expense) are 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 operate within these industries.

## 26. OPERATING SEGMENTS (CONTINUED)

**Segment assets**

The total of segment assets is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Board of Directors. Segment total assets are used to measure the return of assets of each segment.

**Segment liabilities**

Information on segment liabilities is neither included in the internal management reports nor provided regularly to the Board of Directors. Hence, no disclosure is made on segment liabilities.

| | Hospitality and wellness RM'000 | Resort and destination development RM'000 | Total RM'000 |
|---|---|---|---|
| **2020** | | | |
| Total segment revenue | 35,849 | 2,010 | 37,859 |
| Results from operating activities | 33,219 | (27,185) | 6,034 |

Included in the measure of segment results from operating activities are:

| | | | |
|---|---|---|---|
| **2020** | | | |
| Gain on disposal of subsidiaries | 61,712 | – | 61,712 |
| Depreciation | (14,962) | (9,351) | (24,313) |

Not included in the measurement of results from operating activities but provided to the Board of Directors:

| | | | |
|---|---|---|---|
| **2020** | | | |
| Finance costs | (5,413) | (747) | (6,160) |
| Tax income | 2,692 | 67,850 | 70,542 |
| **Segment assets** | 229,704 | 2,058,004 | 2,287,708 |

Included in the measure of segment assets are:

| | | | |
|---|---|---|---|
| Additions to non-current assets other than financial instruments and deferred tax assets | 4,184 | 4,432 | 8,616 |

## 26. OPERATING SEGMENTS (CONTINUED)

| | Hospitality and wellness RM'000 | Resort and destination development RM'000 | Total RM'000 |
|---|---|---|---|
| **2019** | | | |
| Total segment revenue | 106,159 | 8,751 | 114,910 |
| Results from operating activities | 103 | (29,938) | (29,835) |
| Included in the measure of segment results from operating activities are: | | | |
| Depreciation | (14,597) | (7,620) | (22,217) |
| Not included in the measurement of results from operating activities but provided to the Board of Directors: | | | |
| **2019** | | | |
| Finance costs | (6,990) | (9,595) | (16,585) |
| Tax expense | (2,990) | (42,587) | (45,577) |
| **Segment assets** | 253,153 | 2,012,878 | 2,266,031 |
| Included in the measure of segment assets are: | | | |
| Additions to non-current assets other than financial instruments and deferred tax assets | 23,699 | 6,005 | 29,704 |

**Reconciliations of reportable segment revenue, results from operating activities, segment assets and other material items**

| Segment results from operating activities | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| Total results from operating activities for reportable segment | **6,034** | (29,835) |
| Other non-reportable segments | **(7,995)** | (8,985) |
| Finance costs | **(6,236)** | (16,598) |
| Finance income | **165** | 222 |
| Tax income/(expense) | **70,446** | (45,697) |
| Consolidated loss after tax | **62,414** | (100,893) |

## 26. OPERATING SEGMENTS (CONTINUED)

**Reconciliations of reportable segment revenue, results from operating activities, segment assets and other material items (continued)**

| 2020 | Revenue RM'000 | Depreciation RM'000 | Tax income/ (expense) RM'000 | Segment assets RM'000 | Additions to non-current assets RM'000 |
|---|---|---|---|---|---|
| Total reportable segment | **37,859** | **(24,313)** | **70,542** | **2,287,708** | **8,616** |
| Other non-reportable segments | **106** | **(467)** | **(96)** | **8,510** | **13** |
| Consolidated total | **37,965** | **(24,780)** | **70,446** | **2,296,218** | **8,629** |
| **2019** | | | | | |
| Total reportable segment | 114,910 | (22,217) | (45,577) | 2,266,031 | 29,704 |
| Other non-reportable segments | 1,691 | (463) | (120) | 22,175 | 40 |
| Consolidated total | 116,601 | (22,680) | (45,697) | 2,288,206 | 29,744 |

**Geographical segments**

The hospitality and wellness and resort and destination development operate in Malaysia and Indonesia respectively. In presenting information on the basis of geographical segments, segment assets are based on the operation of the segment and the amount does not include financial instruments, investment in a joint venture, and deferred tax assets.

| | Non-current assets 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| Malaysia | **125,020** | 130,188 |
| Indonesia | **2,001,222** | 2,038,260 |
| Other countries | **4,189** | 4,544 |
| | **2,130,431** | 2,172,992 |

## 27. FINANCIAL INSTRUMENTS

### 27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Amortised cost ("AC")
(b) Fair value through profit or loss ("FVTPL")

| | Carrying amount RM'000 | AC RM'000 | FVTPL RM'000 |
|---|---|---|---|
| **2020** | | | |
| **Financial assets** | | | |
| **Group** | | | |
| Other investments | 2,113 | – | 2,113 |
| Trade and other receivables | 10,489 | 10,489 | – |
| Cash and cash equivalents | 54,751 | 54,751 | – |
| | 67,353 | 65,240 | 2,113 |
| **Company** | | | |
| Other investments | 28 | – | 28 |
| Trade and other receivables | 10,857 | 10,857 | – |
| Cash and cash equivalents | 4,628 | 4,628 | – |
| | 15,513 | 15,485 | 28 |
| **Financial liabilities** | | | |
| **Group** | | | |
| Loans and borrowings | (125,776) | (125,776) | – |
| Trade and other payables | (33,415) | (33,415) | – |
| Derivatives financial liabilities | (2,000) | – | (2,000) |
| | (161,191) | (159,191) | (2,000) |
| **Company** | | | |
| Other payables | (130,136) | (130,136) | – |

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### 27.1 Categories of financial instruments (continued)

| | Carrying amount RM'000 | AC RM'000 | FVTPL RM'000 |
|---|---|---|---|
| **2019** | | | |
| **Financial assets** | | | |
| **Group** | | | |
| Other investments | 11,749 | – | 11,749 |
| Trade and other receivables | 15,222 | 15,222 | – |
| Cash and cash equivalents | 27,520 | 27,520 | – |
| | 54,491 | 42,742 | 11,749 |
| **Company** | | | |
| Other investments | 9,664 | – | 9,664 |
| Trade and other receivables | 12,696 | 12,696 | – |
| Cash and cash equivalents | 8,101 | 8,101 | – |
| | 30,461 | 20,797 | 9,664 |
| **Financial liabilities** | | | |
| **Group** | | | |
| Loans and borrowings | (121,411) | (121,411) | – |
| Trade and other payables | (30,401) | (30,401) | – |
| | (151,812) | (151,812) | – |
| **Company** | | | |
| Other payables | (128,768) | (128,768) | – |

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### 27.2 Net (losses)/gains arising from financial instruments

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** **RM'000** | **2019** **RM'000** | **2020** **RM'000** | **2019** **RM'000** |
| Net (losses)/gains arising on: | | | | |
| Financial assets at fair value through profit or loss | **114** | 1,654 | **114** | 1,654 |
| Financial liabilities at fair value through profit or loss | **(2,000)** | – | **–** | – |
| | **(1,886)** | 1,654 | **114** | 1,654 |
| Financial assets at amortised cost | **630** | 709 | **(151)** | (180) |
| Financial liabilities at amortised cost | **(5,409)** | (15,865) | **–** | – |
| | **(4,779)** | (15,156) | **(151)** | (180) |
| | **(6,665)** | (13,502) | **(37)** | 1,474 |

### 27.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 27.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer and balances and deposits with banks. The Company's exposure to credit risk arises principally from balances and deposits with banks and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

**27. FINANCIAL INSTRUMENTS (CONTINUED)**

**27.4 Credit risk (continued)**

**Trade receivables**

***Risk management objectives, policies and processes for managing the risk***

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of customers are obtained and credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group or the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

***Exposure to credit risk, credit quality and collateral***

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

***Recognition and measurement of impairment loss***

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 60 days. The Group's debt recovery process is above 60 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team.

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### 27.4 Credit risk (continued)

**Trade receivables (continued)**

***Recognition and measurement of impairment loss (continued)***

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2020 and 31 December 2019.

| Group | Gross carrying amount RM'000 | Loss allowance RM'000 | Net balance RM'000 |
|---|---|---|---|
| **2020** | | | |
| Current (not past due) | **1,342** | **–** | **1,342** |
| 1 – 60 days past due | **75** | **–** | **75** |
| | **1,417** | **–** | **1,417** |
| **Credit impaired** | | | |
| More than 60 days past due | **402** | **(17)** | **385** |
| Individually impaired | **26** | **(24)** | **2** |
| | **428** | **(41)** | **387** |
| **Total receivables** | **1,845** | **(41)** | **1,804** |
| **2019** | | | |
| Current (not past due) | 4,426 | – | 4,426 |
| 1 – 60 days past due | 1,139 | (28) | 1,111 |
| | 5,565 | (28) | 5,537 |
| **Credit impaired** | | | |
| More than 60 days past due | 328 | (1) | 327 |
| Individually impaired | 8 | (8) | – |
| | 336 | (9) | 327 |
| **Total receivables** | 5,901 | (37) | 5,864 |

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### 27.4 Credit risk (continued)

**Trade receivables (continued)**

***Recognition and measurement of impairment loss (continued)***

The movements in the allowance for impairment in respect of trade receivables during the financial year are shown below:

| | Lifetime ECL RM'000 | Credit impaired RM'000 | Total RM'000 |
|---|---|---|---|
| Balance at 1 January 2019 | – | 110 | 110 |
| Net remeasurement of loss allowance | – | (73) | (73) |
| Balance at 31 December 2019/ 1 January 2020 | **–** | **37** | **37** |
| Net remeasurement of loss allowance | **–** | **4** | **4** |
| **Balance at 31 December 2020** | **–** | **41** | **41** |

**Financial guarantees**

***Risk management objectives, policies and processes for managing the risk***

The Company provides unsecured financial guarantee to a bank in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

***Exposure to credit risk and credit quality***

The maximum exposure to credit risk amounts to RM126,750,000 (2019: RM122,000,000) representing the outstanding financial guarantees granted to a subsidiary as at the end of reporting period.

The financial guarantee has not been recognised since the fair value on initial recognition was not material.

***Recognition and measurement of impairment loss***

The Group considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

**27. FINANCIAL INSTRUMENTS (CONTINUED)**

**27.4 Credit risk (continued)**

**Cash and cash equivalents**

***Risk management objectives, policies and processes for managing the risk***

The Group and the Company place deposits in fixed rate investments and invest in cash funds, upon which management endeavours to obtain the best rate available in the market.

Cash and cash equivalents are placed with licensed financial institutions.

***Exposure to credit risk and credit quality***

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

**Other receivables**

Credit risk on other receivables are mainly arise from receivables from third party which arose from deposits and other advances.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group and the Company did not recognised any allowance for impairment losses.

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### 27.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, lease liabilities and loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

***Maturity analysis***

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

| | Carrying amount RM'000 | Contractual interest rate | Contractual cash flows RM'000 | Under 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 | >5 years RM'000 |
|---|---|---|---|---|---|---|---|
| **2020** | | | | | | | |
| **Group** | | | | | | | |
| Secured term loan | 125,776 | 4.25%-5.45% | 146,630 | 14,657 | 16,188 | 115,785 | – |
| Lease liabilities | 11,600 | 2.85%-6.00% | 13,118 | 3,660 | 3,709 | 4,669 | 1,080 |
| Trade and other payables | 33,415 | – | 33,415 | 33,415 | – | – | – |
| | 170,791 | | 193,163 | 51,732 | 19,897 | 120,454 | 1,080 |
| **Company** | | | | | | | |
| Other payables | 130,136 | – | 130,136 | 130,136 | – | – | – |
| Lease liabilities | 1,258 | 4.25%-6.00% | 1,422 | 397 | 397 | 628 | – |
| Financial guarantees | – | – | 126,750 | 126,750 | – | – | – |
| | 131,394 | | 258,308 | 257,283 | 397 | 628 | – |
| **2019** | | | | | | | |
| **Group** | | | | | | | |
| Secured term loan | 121,411 | 5.45%-5.70% | 152,011 | 16,339 | 14,397 | 44,627 | 76,648 |
| Lease liabilities | 14,026 | 2.85%-6.00% | 16,827 | 3,415 | 3,748 | 8,034 | 1,630 |
| Trade and other payables | 30,401 | – | 30,401 | 30,401 | – | – | – |
| | 165,838 | | 199,239 | 50,155 | 18,145 | 52,661 | 78,278 |
| **Company** | | | | | | | |
| Other payables | 128,768 | – | 128,768 | 128,768 | – | – | – |
| Lease liabilities | 1,164 | 6.00% | 1,378 | 336 | 250 | 750 | 42 |
| Financial guarantees | – | – | 122,000 | 122,000 | – | – | – |
| | 129,932 | | 252,146 | 251,104 | 250 | 750 | 42 |

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### 27.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's financial position or cash flows.

#### 27.6.1 Currency risk

The Group is exposed to foreign currency risk on hotel revenue and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Singapore Dollar ("SGD") and Indonesian Rupiah ("IDR").

The Group does not engage in foreign currency hedging on its foreign currency exposures but the Group monitors these exposures on an ongoing basis.

***Exposure to foreign currency risk***

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

| | | ***Denominated in*** | |
|---|---|---|---|
| | **USD RM'000** | **SGD RM'000** | **IDR RM'000** |
| **Group** | | | |
| **2020** | | | |
| Trade and other receivables | **587** | **582** | **–** |
| Trade and other payables | **(858)** | **(1,360)** | **(73)** |
| Cash and cash equivalents | **41** | **264** | **5** |
| **Net exposure** | **230** | **(514)** | **(68)** |
| **2019** | | | |
| Trade and other receivables | 633 | 269 | – |
| Trade and other payables | – | (140) | (74) |
| Cash and cash equivalents | 57 | 445 | 6 |
| **Net exposure** | 690 | 574 | (68) |

| | ***Denominated in*** **SGD** | |
|---|---|---|
| | **2020 RM'000** | **2019 RM'000** |
| **Company** | | |
| Cash and cash equivalents | **48** | 207 |
| | **48** | 207 |

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### 27.6 Market risk (continued)

#### 27.6.1 Currency risk (continued)

***Currency risk sensitivity analysis***

A 10% strengthening of RM against the following currencies at the end of the reporting period would have increased/(decreased) pre-tax profit or loss by the amounts shown below.

| | Group Profit or loss | | Company Profit or loss | |
|---|---|---|---|---|
| | **2020 RM'000** | **2019 RM'000** | **2020 RM'000** | **2019 RM'000** |
| USD | **(23)** | (69) | **–** | – |
| SGD | **51** | (57) | **(5)** | (21) |
| IDR | **7** | 7 | **–** | – |

A 10% weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

#### 27.6.2 Interest rate risk

The Group's investments in fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group does not use derivative financial instruments to hedge its interest rate exposures but the Group monitors these exposures on an ongoing basis.

***Exposure to interest rate risk***

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 RM'000** | **2019 RM'000** | **2020 RM'000** | **2019 RM'000** |
| **Fixed rate instruments** | | | | |
| Financial assets | **7,186** | 3,519 | **3,562** | – |
| Financial liabilities | **(11,600)** | (14,026) | **(1,258)** | (1,164) |
| | **(4,414)** | (10,507) | **2,304** | (1,164) |
| **Floating rate instruments** | | | | |
| Financial liabilities | **(125,776)** | (121,411) | **–** | – |

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### 27.6 Market risk (continued)

#### 27.6.2 Interest rate risk (continued)

***Interest rate risk sensitivity analysis***

***(a) Fair value sensitivity analysis for fixed rate instruments***

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

***(b) Cash flow sensitivity analysis for variable rate instruments***

An increase/(decrease) of 100 basis points in interest rates at the end of the reporting period would have increased/(decrease) loss/profit before tax by RM1,258,000 (2019: RM1,214,000) for the Group. This analysis assumes that all other variables remain constant.

### 27.7 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

#### 27.7.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amount shown in the statement of financial position.

| | Fair value of financial instruments carried at fair value | | | | Fair value of financial instruments not carried at fair value | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | Total fair value RM'000 | Carrying amount RM'000 |
| **2020** | | | | | | | | | | |
| **Group** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Other investments | – | 28 | 1,885 | 1,913 | – | – | 200 | 200 | 2,113 | 2,113 |
| **Financial liabilities** | | | | | | | | | | |
| Secured term loan | – | – | 125,776 | 125,776 | – | – | – | – | 125,776 | 125,776 |
| Derivative financial liabilities | – | – | 2,000 | 2,000 | – | – | – | – | 2,000 | 2,000 |
| | – | – | 127,776 | 127,776 | – | – | – | – | 127,776 | 127,776 |
| **Company** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Other investments | – | 28 | – | 28 | – | – | – | – | 28 | 28 |

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### 27.7 Fair value of financial instruments (continued)

#### 27.7.1 Fair value hierarchy (continued)

| | Fair value of financial instruments carried at fair value | | | | Fair value of financial instruments not carried at fair value | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | Total fair value RM'000 | Carrying amount RM'000 |
| **2019** | | | | | | | | | | |
| **Group** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Other investments | – | 9,664 | 1,885 | 11,549 | – | – | 200 | 200 | 11,749 | 11,749 |
| **Financial liabilities** | | | | | | | | | | |
| Secured term loan | – | – | 121,411 | 121,411 | – | – | – | – | 121,411 | 121,411 |
| **Company** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Other investments | – | 9,664 | – | 9,664 | – | – | – | – | 9,664 | 9,664 |

**Transfers between Level 1 and Level 2 fair values**

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2019: no transfer in either directions).

**Level 3 fair value**

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The fair values within level 3 of the term loan is determined by using the discounted cash flow technique except for investments in unquoted shares of golf club which is based on indicative prices published in the golf club's official website. In addition, the derivative financial liabilities is determined by using modified Black Scholes model.

## 28. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors and maintains an optimal debt-to-equity ratio that complies with the regulatory requirements.

| | Group | |
|---|---|---|
| | **2020 RM'000** | **2019 RM'000** |
| Loans and borrowings | **125,776** | 121,411 |
| Lease liabilities | **11,600** | 14,026 |
| Less: Cash and cash equivalents | **(54,751)** | (27,520) |
| Net debt | **82,625** | 107,917 |
| Total equity | **1,862,347** | 1,790,522 |
| Debt-to-equity ratio | **0.04** | 0.06 |

There were no changes in the Group's approach to capital management during the financial year.

## 29. CAPITAL AND OTHER COMMITMENTS

| | Group | |
|---|---|---|
| | **2020 RM'000** | **2019 RM'000** |
| **Capital expenditure commitments** | | |
| **Property, plant and equipment** | | |
| Contracted but not provided for | **–** | 5,772 |

## 30. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise all the Directors of the Company.

There were no significant transactions with related parties during the financial year except for payment on behalf of subsidiaries and advances from subsidiaries. Key management personnel compensation is disclosed in Note 23.

Amount due from subsidiaries is disclosed in Note 11 and amount due to subsidiaries is disclosed in Note 16.

**31. SUBSEQUENT EVENTS**

(i) On 2 December 2020, the Group announced that Tiara Gateway Pte Ltd, a wholly-owned subsidiary of Primary Gateway Sdn Bhd, which in turn is a wholly-owned subsidiary of the Group, intends to acquire the rights and interests under Hak Guna Bangunan No.00105/Sebong Lagoi in relation to a parcel of land, identified as Lot AR1 Wisma, located at Treasure Bay Bintan, Bintan Island, Republic of Indonesia, having a total estimated area of 12,578 square meters and the buildings constructed thereon through the acquisition of the entire equity interest in PT Buana Wisatama ("PTBW"). The acquisition is to be satisfied through the issuance of 84,830,494 new ordinary shares in Landmarks Berhad ("Landmarks") at an issue price of RM0.34 per Landmarks shares and cash of SGD303,750 (RM924,919).

A total cash consideration for the said acquisition of SGD303,750 was paid on 5 March 2021 and 8 March 2021. The proposed acquisition was approved by the shareholders in the Extraordinary General Meeting held on 30 April 2021.

(ii) On 12 January 2021, a major fire incident had occurred at The Andaman, a Luxury Collection Resort, Langkawi ("The Andaman"), a property owned by Andaman Resort Sdn Bhd ("ARSB"), a wholly owned subsidiary of the Group.

The Board of Directors has formed a committee to evaluate a rebuilding and repositioning plan for The Andaman. As a consequence of the fire incident, a total carrying value of property, plant and equipment amounting to approximately RM106.17million is impaired. Nevertheless, any property and financial losses arising from this incident are covered by insurance policies taken up by ARSB.

The fire incident at The Andaman constitutes an Event of Default ("EOD") which resulted in the total term loan of RM125.78million to be repayable on demand. The bank has granted an indulgence not to declare an EOD up to 31 May 2021 and for such extended time at the bank's sole discretion.

The discussion with the insurer of The Andaman is still on-going. The Directors believe that the insurance claims will adequately cover the reconstruction of The Andaman, loss of revenue and its operating costs. The reconstruction of The Andaman is anticipated to be completed within 30 months.

Consequential to the fire incident at The Andaman, the Company has triggered paragraph 8.03A(2) of Main Market Listing Requirements ("MMLR") whereby the Group will be considered as an affected listed issuer that needs to comply with the requirements of paragraphs 4.0 and 5.0 of the Practice Note 17.

On 28 January 2021, the Company submitted an application to the Bursa Malaysia Securities Berhad ("Bursa Malaysia") to seek a waiver from complying with paragraph 8.03A(3) of the MMLR on the grounds that the Group can demonstrate to Bursa Malaysia that its remaining business is viable, sustainable and has growth prospects. However on 22 March 2021, Bursa Malaysia rejected the waiver application made on the basis that there are concerns on the viability, sustainability, prospects and the level of operations of the existing businesses of the Group.

On 29 March 2021, the Company submitted an appeal to Bursa Malaysia for a waiver from complying with paragraph 8.03A(3) of MMLR. On 11 May 2021, Bursa Malaysia has dismissed the appeal and upheld the rejection decision. Pursuant to paragraph 8.03A(2) of MMLR, the Company is now classified as an affected listed issuer.

As an affected listed issuer, the Company is required to comply with the obligations under paragraph 8.03A(3) of MMLR. The Company is looking into formulating a regularisation plan to address its affected listed issuer status and will make the necessary announcement on the regularisation plan in due course.

# Statement by Directors

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 56 to 154 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the year then ended.

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

**Mark Wee Liang Yee**
Director

**Tan Wee Hoong, Robin**
Director

Date: 19 May 2021

# Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Fong Chee Khuen**, the officer primarily responsible for the financial management of Landmarks Berhad, do solemnly and sincerely declare that the financial statements set out on pages 56 to 154 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Fong Chee Khuen, MIA CA 14254, in Kuala Lumpur on 19 May 2021.

**Fong Chee Khuen**

Before me:

Samirtha Apostler
Pesuruhjaya Sumpah
Kuala Lumpur

# Independent Auditors’ Report

to the members of Landmarks Berhad

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Landmarks Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 154.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for 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 auditor’s 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.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

<table>
<tr><td colspan="2">Use of going concern basis in the preparation of financial statements</td></tr>
<tr><td colspan="2">Refer to Note 1(d) – Use of estimates and judgements</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group and the Company registered loss before tax for the year ended 31 December 2020 of RM8.03million and RM4.80million respectively from its operations. As at that date, the Company is in net current liabilities of RM 114.95 million.<br><br>As disclosed in Note 1(b) to the financial statements, in determining the appropriateness of preparing the financial statements using a going concern basis, the Directors have exercised significant judgment.<br><br>This is a key audit matter due to the degree of judgement involved in our evaluation of the appropriateness of the Directors' assessment.</td><td>Our audit procedures, amongst others include:<br><br>• Assessed the reasonableness of the budgeted cashflows by comparing key assumptions with internal and external sources of information.<br><br>• Challenged the management's stress tests to determine whether possible likely scenarios have adequately been considered and determined whether the Group and the Company have sufficient assets to fulfill their obligations.<br><br>• Read the insurance policy and correspondences with the insurer or claim consultant on the estimation of insurance claims.<br><br>• Read the correspondences with the bank in granting the loan moratorium on the repayment of the existing principal loan and not declaring Event of Default on the said loan due to the fire incident in The Andaman.<br><br>• Considered the adequacy of disclosures made regarding significant judgement exercised in determining the appropriateness of using the going concern basis in the preparation of the financial statements.</td></tr>
</table>

Independent Auditors' Report
to the members of Landmarks Berhad
(Cont'd)

**Key Audit Matters (continued)**

<table>
<tr><td colspan="2">Valuation of assets in Treasure Bay Bintan, Indonesia</td></tr>
<tr><td colspan="2">Refer to Note 2(h) – Significant Accounting Policies: Inventories, Note 2(j) – Significant Accounting Policies: Impairment, Note 3 – Property, plant and equipment and Note 7 – Inventories.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As at year end, property, plant and equipment ("PPE") and inventories which comprise land held for development and property development costs relating to Treasure Bay Bintan project constitute major part of the Group's total assets.<br><br>We identified the valuation of assets in Treasure Bay Bintan, Indonesia as a key audit matter because the estimation on the recoverability of these assets involved significant degree of judgment and assumptions and it requires significant involvement of our more experienced audit engagement team members.</td><td>Our audit procedures, amongst others include:<br><br>PPE – Land and Inventories<br><br>• Obtained the latest external valuation report of Treasure Bay Bintan and assessed the competency and objectivity of external valuer engaged by the Group by considering the valuer's professional qualifications and experiences; and<br><br>• Evaluated the key assumptions used by the external valuer in determining the valuation amount by comparing to available market data, adjusted for expected market conditions; and<br><br>• Determined that the valuation methodology used by the external valuer was in accordance with the requirement of accounting standards.<br><br>PPE – Other assets<br><br>• Evaluated the key assumptions used in the cash flow projections from the Group against historical trends and external market analyses to assess the reliability of the Group's forecast.<br><br>• Performed stress tests using plausible range of key assumptions and discount rates, and analysed the impact to the carrying amount.</td></tr>
</table>

**Key Audit Matters (continued)**

<table>
<tr><td colspan="2">Disposal of investment in subsidiaries - Mendol</td></tr>
<tr><td colspan="2">Refer to Note 8.3 – Disposal of subsidiaries, and Note 9 – Investment in a joint venture</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>On 23 December 2020, the wholly-owned subsidiary of the Group, Tiara Gateway Pte Ltd ('TG") has completed the disposal of 51.0% equity interest in Mendol Investments Pte Ltd ("MIPL"), which in turn owned the Natra Bintan, a Tribute Porftfolio Resort ("Natra Bintan") in Bintan Island, Indonesia to third parties for a total cash consideration of SGD13.87million (RM42.17million). The Group registered a gain on disposal of RM61.71million.<br><br>TG and the said third parties had also entered into a shareholders agreement to set out their rights and obligations as shareholders of MIPL to jointly undertake, complete, own, manage and operate Natra Bintan. Arising from thereon, the remaining 49.0% equity interest in MIPL has been accounted for as investment in a joint venture with a carrying value of RM40.21million.<br><br>We identified the disposal of subsidiaries as a key audit matter because this requires significant involvement of our more experienced audit engagement team members.</td><td>Our audit procedures, amongst others include:<br><br>• Read the relevant agreements to determine the significant terms and conditions factored in the computation of the gain on disposal.<br><br>• Inspected the evidence of receipt of the consideration from the third parties and compared against the consideration recorded by the Group.<br><br>• Performed recomputation of the gain on disposal.<br><br>• Evaluated the appropriateness of the Group's assessment on the fair value of retained interest classified as a joint venture by testing the assumptions by an independent valuer.<br><br>• Compared the client's joint arrangement assessment with the requirement of the accounting standards.<br><br>• Evaluated the appropriateness of the Group's assessment on the fair value of put option<br><br>• Assessed the adequacy of the disclosure in the financial statements.</td></tr>
</table>

# Independent Auditors' Report to the members of Landmarks Berhad (Cont'd)

**Key Audit Matters (continued)**

| **Impairment assessment of investment in subsidiary – Company** | |
|---|---|
| Refer to Note 1 Basis of preparation - Use of estimates and judgements, Note 2(j)(ii) – Significant Accounting Policies: Impairment - Other assets and Note 8 - Investment in Subsidiaries. | |
| **The key audit matter** | **How the matter was addressed in our audit** |
| The Company has a subsidiary as at 31 December 2020 of which the cost of investment constitute majority of the total assets of the Company. This subsidiary's main operation is in Treasure Bay Bintan as discussed above.<br><br>We identified the impairment assessment of investment in this subsidiary as a key audit matter because impairment assessment requires significant judgement and estimation and it requires significant involvement of our more experienced audit engagement team members. | Our audit procedures, amongst others include:<br><br>• Assessed the appropriateness of the impairment test carried out by the Company by comparing it with the requirements of the relevant accounting standards.<br><br>• Evaluated and challenged the key assumptions used by the external valuer in the valuation report and the key assumptions used by the Group in cash flow projections as described in the key audit matter relating to the valuation of assets in Treasure Bay Bintan, Indonesia above. |

**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 Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

**Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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 ability of the Group and of the Company 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.

**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.

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

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

- 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 ability of the Group or the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 gives a true and fair view.

- 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.

# Independent Auditors' Report
to the members of Landmarks Berhad
(Cont'd)

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and is 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 auditors' 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 8 to the financial statements.

## OTHER MATTER

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

**KPMG PLT**
(LLP0010081-LCA & AF 0758)
Chartered Accountants

**Chong Dee Shiang**
Approval Number: 02782/09/2022 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 19 May 2021

# Other Information

## 1. ANALYSIS OF SHAREHOLDINGS AS AT 30 APRIL 2021

### Share Capital

| | | |
|---|---|---|
| Number of Issued Shares | : | 583,320,837 |
| Class of Shares | : | Ordinary Shares |
| Voting Rights | | |
| - on show of hands | : | One vote |
| - on a poll | : | One vote for each share held |

### Distribution of Shareholdings

| Range of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| Less than 100 | 205 | 1.75 | 5,608 | 0.00 |
| 100 – 1,000 | 3,473 | 29.69 | 3,218,556 | 0.55 |
| 1,001 – 10,000 | 5,817 | 49.74 | 25,681,112 | 4.40 |
| 10,001 – 100,000 | 1,920 | 16.42 | 62,824,153 | 10.77 |
| 100,001 – 29,166,040 | 277 | 2.37 | 184,748,863 | 31.67 |
| 29,166,041 and above | 4 | 0.03 | 306,842,545 | 52.61 |
| Total | 11,696 | 100.00 | 583,320,837 | 100.00 |

### Substantial Shareholders

| | Direct | | Indirect | |
|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % |
| Phoenix Spectrum Sdn Bhd | 145,691,000 | 24.98 | – | – |
| Genting Berhad | – | – | 145,691,000* | 24.98 |
| Zimulia Sdn Bhd | 69,200,000 | 11.86 | – | – |
| North Symphony Shd Bhd | – | – | 69,200,000* | 11.86 |
| Winning Elite Holdings Limited | – | – | 69,200,000* | 11.86 |
| Rilms Singapore Pte Ltd | – | – | 69,200,000* | 11.86 |
| Mark Wee Liang Yee | 1,400,000 | 0.24 | 69,500,000** | 11,91 |

* *Deemed interest pursuant to Section 8 of the Companies Act 2016 (“Act”)*
** *Deemed interest pursuant to Section 8 and Section 59 (11) (c) of the Act*

## 1. ANALYSIS OF SHAREHOLDINGS AS AT 30 APRIL 2021 (CONT'D)

### Directors' Interests

| | Ordinary Shares | | | | Options over Ordinary Shares** | |
|---|---|---|---|---|---|---|
| | Direct | | Indirect | | Direct | |
| | No. of Shares | % | No. of Shares | % | No. of Options Granted | No. of Options Vested |
| Tan Sri Zakaria bin Abdul Hamid | 3,083,400 | 0.53 | – | – | 2,000,000 | 1,500,000 |
| Mark Wee Liang Yee | 1,400,000 | 0.24 | 69,500,000 | 11,91* | 6,000,000 | 4,500,000 |
| Robin Tan Wee Hoong | 8,968,000 | 1.54 | – | – | 6,000,000 | 4,500,000 |
| Dato' Abdul Malek bin Abdul Hamid | – | – | – | – | 2,000,000 | 1,500,000 |
| Bernard Chong Lip Tau | – | – | – | – | 2,000,000 | 1,500,000 |
| John Ko Wai Seng | – | – | – | – | 2,000,000 | 1,500,000 |
| Dato' Sri Ramli bin Yusuff | – | – | – | – | 2,000,000 | 1,500,000 |
| Chin Mui Khiong | – | – | – | – | 2,000,000 | 1,500,000 |

* *Deemed interest pursuant to Section 8 and Section 59 (11) (c) of the Act*
** *Options granted under the Landmarks Employees' Share Option Scheme*

None of the Non-Executive Directors have exercised the options granted to them pursuant to the Employees' Share Option Scheme during the financial year ended 31 December 2020.

### Thirty Largest Shareholders

| No. | Name | No. of Shares Held | % |
|---|---|---|---|
| 1. | UOB Kay Hian Nominees (Tempatan) Sdn Bhd<br>Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients) | 74,930,500 | 12.85 |
| 2. | Phoenix Spectrum Sdn Bhd | 62,361,700 | 10.69 |
| 3. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Exempt AN for Bank of Singapore Limited (Local) | 44,020,970 | 7.55 |
| 4. | UOB Kay Hian Nominees (Asing) Sdn Bhd<br>Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients) | 42,200,075 | 7.23 |
| 5. | Phoenix Spectrum Sdn Bhd | 39,958,300 | 6.85 |
| 6. | Phoenix Spectrum Sdn Bhd | 22,371,000 | 3.84 |
| 7. | Phoenix Spectrum Sdn Bhd | 21,000,000 | 3.60 |
| 8. | Maybank Securities Nominees (Asing) Sdn Bhd<br>Maybank Kim Eng Securities Pte Ltd for Chumpon Chantharakulpongsa | 14,980,000 | 2.57 |
| 9. | HLB Nominees (Tempatan) Sdn Bhd<br>Terra Benua Sdn Bhd (CUST.SIN 44634) | 13,000,000 | 2.23 |
| 10. | Terra Benua Sdn Bhd | 13,000,000 | 2.23 |
| 11. | Prestasi Cergas Sdn Bhd | 12,179,650 | 2.09 |

## 1. ANALYSIS OF SHAREHOLDINGS AS AT 30 APRIL 2021 (CONT'D)

**Thirty Largest Shareholders (Cont'd)**

| No. | Name | No. of Shares Held | % |
|---|---|---|---|
| 12. | UOBM Nominees (Tempatan) Sdn Bhd<br>United Overseas Bank Nominees (Pte) Ltd for Siaw Lu Howe | 10,324,067 | 1.77 |
| 13. | HLB Nominees (Asing) Sdn Bhd<br>Nguyen Hoai Van (Cust.Sin 41150) | 6,900,000 | 1.18 |
| 14. | Ong Kok Seng | 5,145,000 | 0.88 |
| 15. | Maybank Securities Nominees (Asing) Sdn Bhd<br>Maybank Kim Eng Securities Pte Ltd for Chumpon Chantharakulpongsa @ Chan Teik Chuan | 4,320,000 | 0.74 |
| 16. | HLB Nominees (Asing) Sdn Bhd<br>Mabel Lee Kim Lian (Cust.Sin 4803) | 3,850,000 | 0.66 |
| 17. | CGS-CIMB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Hew Kuan Seng (Penang-CL) | 3,053,300 | 0.52 |
| 18. | Pacific & Orient Berhad | 3,000,000 | 0.51 |
| 19. | Wong Soo Chai @ Wong Chick Wai | 2,425,400 | 0.42 |
| 20. | Citigroup Nominees (Asing) Sdn Bhd<br>Exempt AN for OCBC Securities Private Limited (Client A/C-NR) | 1,957,166 | 0.34 |
| 21. | Lee Eng Hock & Co. Sendirian Berhad | 1,700,000 | 0.29 |
| 22. | Hassan Bin Che Abas | 1,500,000 | 0.26 |
| 23. | Kenanga Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Teng Heng | 1,500,000 | 0.26 |
| 24. | Mohd Razali Bin Abdul Rahman | 1,500,000 | 0.26 |
| 25. | Geo-Mobile Asia Sdn. Bhd. | 1,420,000 | 0.24 |
| 26. | HLB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Teng Heng | 1,390,500 | 0.24 |
| 27. | CGS-CIMB Nominees (Asing) Sdn Bhd<br>Exempt AN for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients) | 1,335,299 | 0.23 |
| 28. | Tsok Kim Pheng | 1,285,300 | 0.22 |
| 29. | Low Chu Mooi | 1,226,500 | 0.21 |
| 30. | Ng Keok Chai | 1,198,200 | 0.21 |

## 2. MATERIAL CONTRACTS

There were no material contracts of the Company and subsidiaries involving Directors and major shareholders, either still subsisting at the end of the financial year 2020 or entered into since the end of the previous financial year.

## 3. STATUS OF UTILISATION OF PROCEEDS FROM PRIVATE PLACEMENT

The Company has undertaken a private placement of 52,889,067 new ordinary shares ("Private Placement") on 5 November 2020, raising total gross proceeds of RM11,635,594.74. As at 31 December 2020, all the proceeds raised have been fully utilized as follows:

| | Proposed Utilisation RM'000 | Reallocation RM'000 | Actual Utilisation RM'000 | Balance unutilised RM'000 |
|---|---|---|---|---|
| Repayment of bank borrowings | 3,700 | – | (3,700) | – |
| Working capital | 7,836 | 36 | (7,872) | – |
| Estimated expenses | 100 | (36) | (64) | – |
| | 11,636 | – | (11,636) | – |

## 4. AUDIT AND NON-AUDIT FEES

The fees paid and/or payable to the external auditors and its affiliates, for the financial year ended 31 December 2020 are as follows:

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Audit Services | 1,068 | 90 |
| Non-Audit Services | 338 | 28 |
| Total Fees | 1,406 | 118 |

The non-audit services comprise:

i. review of statements for inclusion in the audited financial statements and Annual Report;
ii. review of management's assessment of the fair value of the corporate exercise;
iii. consolidation and submission to authorities for subsidiaries in foreign jurisdictions; and
iv. tax services.

## 5. PROPERTIES AS AT 31 DECEMBER 2020

| Held by Subsidiary | Name Description Location | Tenure | Approx Age of Building (years) | Approx Land Area (sq. metres) | Net Book Value as at 31.12.2020 RM' million | Date of Valuation | Date of Acquisition / Completion |
|---|---|---|---|---|---|---|---|
| Andaman Resort Sdn Bhd | The Andaman - a five star, 178 room hotel and V Integrated Wellness located at Datai Bay, Langkawi | Leasehold expiring in 2087, 2089 and 2104 | 24 | 164,861 | 109.50 | 2.5.2012 | 1996 |
| PT Pelangi Bintan Indah | Resort development land in Bintan Island, Indonesia | Leasehold expiring in 2024* and | – | 1,281,127 | 726.29 | 28.3.2014 | 2008 |
| | | expiring in 2044# | | 1,781,112 | 1,018.35 | | |
| PT Fordate Estate Villa | ANMON, a three star, 100 tent suite hotel and resort located in Bintan Island, Indonesia | Leasehold expiring in 2044# | 2 | 0 | 14.90 | 28.3.2014 | 2008 |
| PT Marine Life Discovery Park | A marine life discovery park | Leasehold expiring in 2044# | 2 | 0 | 9.79 | 28.3.2014 | 2008 |
| PT Resorts Development and Management Bintan | Resort development land in Bintan Island, Indonesia | Leasehold expiring in 2024* and | – | 34,793 | 19.89 | 28.3.2014 | 2009 |
| | | expiring in 2044# and | | 2,293 | 1.31 | 28.3.2014 | 2009 |
| | | expiring in 2048# | | 85,288 | 48.76 | 28.3.2014 | 2010 |
| PT Bintan Leisure Resort Ventures | Resort development land in Bintan Island, Indonesia | Leasehold expiring in 2044# | – | 55,128 | 31.52 | 28.3.2014 | 2009 |
| PT Bintan Hotel Utama | Resort development land in Bintan Island, Indonesia | Leasehold expiring in 2044# | – | 95,628 | 56.90 | 28.3.2014 | 2009 |
| PT Hotel Management Bintan | Resort development land in Bintan Island, Indonesia | Leasehold expiring in 2044# | – | 46,011 | 26.31 | 28.3.2014 | 2009 |

* *The lease on the land is extendable for twenty (20) years and renewable for every thirty (30) years thereafter.*

\# *The lease on the land is renewable for every thirty (30) years thereafter.*

# Notice of 32nd Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Thirty-second Annual General Meeting ("32nd AGM") of Landmarks Berhad ("Landmarks" or "Company") will be conducted virtually for the purpose of considering and if thought fit, passing with or without modifications the resolutions setting out in this notice.

| | | |
|---|---|---|
| Meeting Platform | : | https://tiih.online |
| Meeting Title | : | (LIVE STREAM MEETING) LB 32nd AGM |
| Day, Date and Time | : | Wednesday, 23 June 2021 at 10.00 a.m. |
| Broadcast Venue | : | Tricor Conference Room<br>Level 30, Tower A<br>Vertical Business Suite, Avenue 3<br>Bangsar South, No. 8, Jalan Kerinchi<br>59200 Kuala Lumpur |
| Mode of Communication | : | 1) Submit questions via query box facility via Tricor's TIIH Online website at https://tiih.online during the Meeting.<br>2) Submit questions via Tricor's TIIH Online website at https://tiih.online prior to the Meeting. |

**As Ordinary Business**

1. To receive the audited financial statements for the year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. — Please refer to Note 1

2. To approve the payment of Directors' fees for Landmarks and its subsidiaries amounting to RM338,100.00 for the financial year ended 31 December 2020. — **Ordinary Resolution 1**

3. To re-elect the following Directors who retire in accordance with Clause 18.3 of the Constitution of the Company:

   (a) Tan Sri Zakaria bin Abdul Hamid — **Ordinary Resolution 2**

   (b) Dato' Abdul Malek bin Abdul Hamid — **Ordinary Resolution 3**

   (c) Chin Mui Khiong — **Ordinary Resolution 4**

4. To re-appoint Messrs KPMG PLT as auditors of the Company and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 5**

**As Special Business**

To consider and, if thought fit, to pass the following resolutions:

5. Proposed Retention of Mr Bernard Chong Lip Tau as Independent Non-Executive Director

   "**THAT** Mr Bernard Chong Lip Tau, having served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be retained as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. " — **Ordinary Resolution 6**

6. Proposed Retention of Mr John Ko Wai Seng as Independent Non-Executive Director

"**THAT** Mr John Ko Wai Seng, having served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be retained as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 7**

7. Payment of Benefits Payable to Non-Executive Directors under Section 230(1)(b) of the Companies Act 2016

"**THAT** the benefits payable to the Non-Executive Directors of the Company of up to an aggregate amount of RM300,000.00 for the period from 24 June 2021 until the next Annual General Meeting of the Company pursuant to Section 230(1)(b) of the Companies Act 2016, be and is hereby approved for payment." **Ordinary Resolution 8**

8. Authority to Issue and Allot Shares

"**THAT** subject to Sections 75 and 76 of the Companies Act 2016 and the approval of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be alloted pursuant to this resolution during the preceding 12 months does not exceed 10% of the total number of issued shares of the Company for the time being **AND THAT** the Directors be and are also authorised to obtain approval for the listing of and quotation for the additional shares to be alloted on Bursa Malaysia Securities Berhad, **AND THAT** such authority shall continue to be in force commence immediately upon the passing of this resolution and until the conclusion of the next Annual General Meeting of the Company. " **Ordinary Resolution 9**

**Any Other Business**

9. To transact any other business that may be transacted at the 32nd AGM of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

BY ORDER OF THE BOARD

**TAN AI NING** (MAICSA7015852) (SSM PC No.: 202008000067)
**TAI YIT CHAN** (MAICSA7009143) (SSM PC No.: 202008001023)
COMPANY SECRETARIES

SELANGOR DARUL EHSAN
25 May 2021

# Notice of 32nd Annual General Meeting (Cont'd)

**Explanatory Notes**

1. Agenda 1 is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a shareholders' approval of the Audited Financial Statements. Hence, this agenda item will not be put forward for voting.

2. *Ordinary Resolutions 6 and 7* – Proposed Retention of Mr Bernard Chong Lip Tau and Mr John Ko Wai Seng *as Independent Non-Executive Directors*

   Pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017, the Nominating Committee and the Board of Directors have conducted an assessment of the independence of Mr Bernard Chong Lip Tau and Mr John Ko Wai Seng, who have both served the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than twelve (12) years and have recommended them to be retained as Independent Non-Executive Directors of the Company, subject to the approval from the shareholders of the Company based on the following justifications:

   i. they have fulfilled the guidelines of the Main Market Listing Requirements in respect of 'Independence';
   ii. they are being free of management, they have and are able to exercise independent judgment to act in the best interests of the Company;
   iii. they having served the Board for more than twelve (12) years, they understand the Group's operations which will enable them to bring valuable recommendations to Board deliberations; and
   iv. they have exercised care as Independent Non-Executive Directors and have carried out their professional and fiduciary duties in the best interest of the Company.

3. *Ordinary Resolution 8 –Benefits Payable to Non-Executive Directors*

   The benefits payable to the Non-Executive Directors *pursuant to Section 230(1)(b) of the Companies Act 2016* will only be made by the Company as and when incurred if the resolution is passed. The benefits payable has been reviewed by the Remuneration Committee and Board of Directors of the Company, which recognises that the benefits payable is in the best interest of the Company for the applicable period of between 24 June 2021 until the next Annual General Meeting of the Company. The benefits comprise allowance for attendance at the Board and Board Committee meetings, subscription to club membership, outpatient medical expenses, hospitalisation and surgical insurance, handphone allowances, travelling allowances and such other benefits which have been/may be approved by the Board of Directors. The estimated amount of benefits is determined based on the scheduled and special meetings of the Board and Board Committees to be held in the financial year ending 31 December 2021 until the next Annual General Meeting as well as the number of Non-Executive Directors. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

4. *Ordinary Resolution 9 – Authority to Issue and Allot Shares*

   The Company wishes to renew the mandate on the authority to issue shares pursuant to the Companies Act 2016 at the 32nd AGM of the Company ("General Mandate").

   The Company had been granted a General Mandate by its shareholders at the Thirty-first Annual General Meeting of the Company held on 15 July 2020 ("Previous Mandate").

   As at the date of this notice, the Company had placed out 52,889,067 new ordinary shares pursuant to this mandate obtained. The proceeds raised from the private placement have been utilised for repayment of bank borrowings, working capital and defrayment of expenses incidental to the private placement.

   The proposed resolution on the Authority to Issue and Allot Shares, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the number of issued shares of the Company for the time being. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   The General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

***Notes:***

1. ***IMPORTANT NOTICE***

   *In view of the COVID-19 health concerns and to safeguard the wellbeing of Shareholders, the 32nd AGM will be conducted virtually through live streaming and online voting using the Remote Participation and Voting ("RPV") facility from the Broadcast Venue. Therefore, there will not be a physical meeting venue for Shareholders to participate the AGM in person, as we take every necessary precaution to minimise the risk of COVID-19 infections. Kindly refer to Administrative Guide for more information.*

   *The Broadcast Venue is* ***strictly for the purpose of complying with Section 327(2) of the Companies Act 2016*** *and Clause 15.4 of the Company's Constitution which stipulated that a general meeting may be held at more than one venue, using any technology or method that enables the shareholders of the Company to participate and to exercise the shareholders' right to speak and vote at the general meeting and the Chairperson shall be present at the main venue of the AGM. Shareholders should not be physically present and* ***WILL NOT BE ALLOWED*** *entry to the Broadcast Venue during the AGM. Any Shareholders who turn up at the Broadcast Venue would be requested to leave the venue politely.*

   *Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 32nd AGM using RPV Facility provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its* ***TIIH Online*** *website at https://tiih.online.* ***Please follow the Procedures for RPV facility in the Administrative Guide on 32nd AGM in order to participate remotely via RPV facility.***

2. *In respect of deposited securities, only shareholders whose names appear on the Record of Depositors on 14 June 2021 shall be entitled to attend, participate, speak and vote at the Meeting.*

3. *Each shareholder may vote in person or by proxy or by attorney or, being a corporation, by a duly authorised representative.*

4. *If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.*

5. *A shareholder shall not be entitled to appoint more than two (2) proxies to attend and vote at the Meeting. A proxy needs not be a shareholder of the Company.*

   *Where a shareholder of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint 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.*

   *Where a shareholder of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

6. *Where a shareholder or an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless the shareholder, authorised nominee or exempt authorised nominee specifies the proportions of the shareholder's, authorised nominee's or exempt authorised nominee's holdings, as the case may be, to be represented by each proxy in the instrument appointing the proxies.*

7. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either be executed under the seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.*

8. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid. Alternatively, you may also submit the form of proxy electronically via TIIH Online at website: https://tiih.online before the proxy appointment cut off time as mentioned above. For further information on the electronic lodgement of form of proxy, please refer to the Administrative Guide for the 32nd AGM of the Company.*

9. *Any Notice of Termination of Authority to act as Proxy must be received by the Company before the commencement of the meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-*

   *(a) the constitution of the quorum at such meeting;*
   *(b) the validity of anything he did as chairman of such meeting;*
   *(c) the validity of a poll demanded by him at such meeting; or*
   *(d) the validity of the vote exercised by him at such meeting.*

10. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice of the 32nd AGM will be put to vote by way of poll. Poll Administrator and independent Scrutineers will be appointed by the Company to conduct the poll process and verify the results of the poll respectively.*

**STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of individuals who are standing for election as Directors

   No individual is seeking election as a Director of the Company at the 32nd AGM.

2. General mandate for issue of shares

   The Company wishes to renew the mandate on the authority to issue shares pursuant to the Companies Act 2016 at the 32nd AGM of the Company ("General Mandate").

   The Company had been granted a General Mandate by its shareholders at the Thirty-first Annual General Meeting of the Company held on 15 July 2020 ("Previous Mandate").

   As at the date of this notice, the Company had placed out 52,889,067 new ordinary shares pursuant to this mandate obtained. The proceeds raised from the private placement have been utilised for repayment of bank borrowings, working capital and defrayment of expenses incidental to the private placement.

   The proposed resolution on the Authority to Issue and Allot Shares, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the number of issued shares of the Company for the time being. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   The General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

# FORM OF PROXY

**LANDMARKS**

**LANDMARKS BERHAD**
Registration No: 198901007900 (185202-H)
(Incorporated in Malaysia)

I/We_______________________________________________

NRIC No./Company No. ____________________ CDS Account No ________________________ of

_______________________________________________ being

a shareholder/shareholders of **LANDMARKS BERHAD**, hereby appoint ________________________

NRIC No/Passport No: ____________________of________________________

and ________________________NRIC No./Passport No: ________________________ of

_______________________________________________ or

failing him/her, *the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the Thirty-second Annual General Meeting of the Company to be conducted virtually through live streaming and online voting using the Remote Participation and Voting ("RPV") facility from the broadcast venue at Tricor Conference Room, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Wednesday, 23 June 2021 at 10.00 a.m. and at any adjournment thereof.

**Please delete the words 'Chairman of the Meeting' if you wish to appoint some other person to be your proxy.*

My/Our proxies shall vote as follows:

| Item No. | Agenda | Resolutions | For | Against |
|---|---|---|---|---|
| 1. | To receive the audited financial statements for the year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. | | | |
| 2. | To approve the payment of Directors' fees for Landmarks and its subsidiaries amounting to RM338,100.00 for the financial year ended 31 December 2020. | Ordinary Resolution 1 | | |
| 3. | (a) To re-elect Tan Sri Zakaria bin Abdul Hamid as Director who retire in accordance with Clause 18.3 of the Constitution of the Company. | Ordinary Resolution 2 | | |
| | (b) To re-elect Dato' Abdul Malek bin Abdul Hamid as Director who retire in accordance with Clause 18.3 of the Constitution of the Company. | Ordinary Resolution 3 | | |
| | (c) To re-elect Mr Chin Mui Khiong as Director who retire in accordance with Clause 18.3 of the Constitution of the Company. | Ordinary Resolution 4 | | |
| 4. | To re-appoint Messrs KPMG PLT as auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 | | |
| **Special Business** | | | | |
| 5. | Proposed Retention of Mr Bernard Chong Lip Tau's continuation in office as Independent Non-Executive Director | Ordinary Resolution 6 | | |
| 6. | Proposed Retention of Mr John Ko Wai Seng's continuation in office as Independent Non-Executive Director | Ordinary Resolution 7 | | |
| 7. | Payment of Benefits Payable to Non-Executive Directors under Section 230(1)(b) of the Companies Act 2016 | Ordinary Resolution 8 | | |
| 8. | Authority to Issue and Allot Shares | Ordinary Resolution 9 | | |

Please indicate with an "X" where appropriate against each resolution how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

| Number of Shares Held |
|---|
| |

Where a shareholder appoints two (2) proxies (refer to Note 5), please specify the proportion of the shareholder's holdings to be represented by each proxy:-

| Name of Proxy | Number of Shares Represented | Percentage |
|---|---|---|
| | | % |
| | | % |
| Total | | 100 % |

_______________________________
Signature(s)/Common Seal ofShareholder(s)

Dated this __________ day of ________________ 2021

***Notes:***

*1.* ***IMPORTANT NOTICE***

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*Where a shareholder of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint 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.*

*Where a shareholder of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

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6. *Where a shareholder or an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless the shareholder, authorised nominee or exempt authorised nominee specifies the proportions of the shareholder's, authorised nominee's or exempt authorised nominee's holdings, as the case may be, to be represented by each proxy in the instrument appointing the proxies.*
7. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either be executed under the seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.*
8. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid. Alternatively, you may also submit the form of proxy electronically via TIIH Online at website: https://tiih.online before the proxy appointment cut off time as mentioned above. For further information on the electronic lodgement of form of proxy, please refer to the Administrative Guide for the 32nd AGM of the Company.*
9. *Any Notice of Termination of Authority to act as Proxy must be received by the Company before the commencement of the meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-*
   - *(a) the constitution of the quorum at such meeting;*
   - *(b) the validity of anything he did as chairman of such meeting;*
   - *(c) the validity of a poll demanded by him at such meeting; or*
   - *(d) the validity of the vote exercised by him at such meeting.*
10. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice of the 32nd AGM will be put to vote by way of poll. Poll Administrator and independent Scrutineers will be appointed by the Company to conduct the poll process and verify the results of the poll respectively.*

**Personal Data Privacy**

By submitting the proxy form, the shareholder accepts and agrees to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the purpose of preparation and compilation of documents relating to the Annual General Meeting (including any adjournment thereof).

*Then fold here*

AFFIX
STAMP

The Share Registrar

**TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.**
Registration No. 197101000970 (11324-H)

Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

*1st fold here*

**LANDMARKS BERHAD**
Registration No. 198901007900 (185202-H)
20th Floor, Menara Haw Par,
Jalan Sultan Ismail,
50250 Kuala Lumpur.
Tel: 603-2026 0088 Fax: 603-2026 0099