

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF TELADAN SETIA GROUP BERHAD ("TSG" OR THE "COMPANY") DATED 23 FEBRUARY 2021 ("ELECTRONIC PROSPECTUS")

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's ("**Bursa Securities**") website at www.bursamalaysia.com ("**Website**").

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, M&A Securities Sdn Bhd ("**M&A Securities**"), or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Form is not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the IPO Shares are subject to Malaysian law. Bursa Securities, M&A Securities, the Promoters and TSG named in the Electronic Prospectus take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the IPO Shares outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any IPO Shares, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from **10.00 a.m. on 23 February 2021** and will close at **5.00 p.m. on 2 March 2021**. In the event the Closing Date is extended, TSG will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original Closing Date.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.



Teladan Setia
www.teladansetia.com

TELADAN SETIA GROUP BERHAD

Teladan Setia

PROSPECTUS

Teladan Setia

TELADAN SETIA GROUP BERHAD
(Registration No. 201901004975 (1314302-V))
(Incorporated in Malaysia)

PROSPECTUS

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:

(I) PUBLIC ISSUE OF 161,060,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:

- 40,265,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 10,469,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
- 80,530,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY; AND
- 29,796,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

AND

(II) OFFER FOR SALE OF 40,800,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

AT AN ISSUE/OFFER PRICE OF RM0.48 PER SHARE, PAYABLE IN FULL UPON APPLICATION

This Prospectus has been registered by the SC. The registration of this Prospectus, should not be taken to indicate that the SC recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. The SC is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 144.

THE ACE MARKET OF BURSA SECURITIES IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SC UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

**THIS PROSPECTUS IS DATED
23 FEBRUARY 2021**

Adviser, Sponsor, Underwriter and Placement Agent



M & A SECURITIES SDN BHD
(Registration No. 197301001503 (15017-H))
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

HEAD OFFICE ADDRESS
No. 8 & 10, Tingkat Bawah,
Jalan Mutiara Melaka 2, Taman Mutiara Melaka,
Batu Berendam 75350, Melaka.

TEL: 06-317 3236 (5 lines)

www.teladansetia.com

Our Directors, Promoters and Selling Shareholders (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities Sdn Bhd, being our Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

This Prospectus, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

You should note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("CMSA") for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to our Group (as defined herein).

Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning the offering, for which any person set out in Section 236 of the CMSA, is responsible.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 10 July 2020. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. The valuation utilised for the purpose of the Listing should not be construed as an endorsement by Bursa Securities, on the value of the subject assets.

The Securities Commission Malaysia ("SC") has on 29 July 2020 approved the resultant equity structure of our Company under the equity requirements for public listed companies pursuant to our Listing (as defined herein).

Our securities are classified as Shariah compliant by the Shariah Advisory Council of the SC based on the audited combined financial statements for the financial year ended 31 December 2019. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review is undertaken by the Shariah Advisory Council of the SC. The new status will be released in the updated list of Shariah compliant securities, on the last Friday of May and November.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO Shares would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, the Adviser or Issuing House (as defined herein), a paper printed copy of this Prospectus.

In the event of any discrepancy arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "Third Party Internet Sites"), whether by way of hyperlinks or by way of description of the third party internet sites, you acknowledge and agree that:

- (i) We and our Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the third party internet sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and
- (iii) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (i) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (ii) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the internet participating financial institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

All terms used are defined under "Definitions" commencing from page vii.

The indicative timing of events leading to our Listing is set out below:

Events	Indicative date
Issuance of this Prospectus/Opening of Application	23 February 2021
Closing Date/Closing of Application	2 March 2021
Balloting of Application	5 March 2021
Allotment/Transfer of IPO Shares to successful applicants	12 March 2021
Date of Listing	16 March 2021

In the event there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used in this section are defined under "Definitions" commencing from page vii.

All references to "TSG" and "Company" in this Prospectus are to Teladan Setia Group Berhad (201901004975 (1314302-V)). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or million or one decimal place (for percentages) or one sen (for currency). Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" and "Technical Glossary" appearing after this section. Words denoting singular shall include plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All references to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our Management and various third-parties and cites third-party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from the internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, such information can be assumed to originate from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites do not form part of this Prospectus.

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FORWARD-LOOKING STATEMENTS

All terms used are defined under "Definitions" commencing from page vii.

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (i) Demand for our products;
- (ii) Our business strategies;
- (iii) Our future plans;
- (iv) Our future earnings, cash flows and liquidity; and
- (v) Our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) The economic, political and investment environment in Malaysia; and
- (ii) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 – "Risk Factors" and Section 12 – "Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

Should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMA.

DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

"Asal Harta"	:	Asal Harta Sdn Bhd (199301026940 (281678-D))
"Midas"	:	Midas Dimensi Sdn Bhd (201101004289 (932430-T))
"Oriview"	:	Oriview Realty Sdn Bhd (199701014645 (430141-A))
"Riverwell"	:	Riverwell Resources Sdn Bhd (200001009453 (512059-D))
"Teladan Setia"	:	Teladan Setia Sdn Bhd (199301006710 (261447-A))
"Teladan Setia Group"	:	Teladan Setia and its subsidiaries, collectively
"TSG" or "Company"	:	Teladan Setia Group Berhad (201901004975 (1314302-V))
"TSG Group" or "Group"	:	TSG and its subsidiaries, collectively

GENERAL:

"ACE Market"	:	ACE Market of Bursa Securities
"Acquisition"	:	Acquisition by TSG of the entire equity interest of Teladan Setia for a purchase consideration of RM322,119,000 which was wholly satisfied by the issuance of 644,238,000 new Shares at an issue price of RM0.50 per share, which were completed on 5 January 2021
"Act"	:	Companies Act, 2016
"ADA"	:	Authorised Depository Agent
"Adviser" or "Sponsor" or "Placement Agent" or "Underwriter"	:	M&A Securities
"Application"	:	Application for IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
"Application Form"	:	Printed application form for the application of our IPO Shares accompanying this Prospectus
"ATM"	:	Automated teller machine
"BNM"	:	Bank Negara Malaysia
"Board"	:	Board of Directors of TSG
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))

DEFINITIONS (Cont'd)

"Bursa Securities"	: Bursa Malaysia Securities Berhad (200301033577 (635998-W))
"CAGR"	: Compound annual growth rate
"CDS"	: Central Depository System
"CDS Account"	: Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
"Closing Date"	: Date adopted in this Prospectus as the last date for acceptance and receipt of the Application
"CMSA"	: Capital Markets and Services Act 2007
"Constitution"	: Our Company's constitution as registered under the Act and as amended from time to time
"Covid-19"	: Coronavirus disease 2019 (Covid-19), an infectious disease which affects the respiratory system, and is a global pandemic
"DDWG"	: Due diligence working group established for the purpose of our Listing
"Depository Rules"	: Rules of Bursa Depository and any appendices thereto as they may be amended from time to time
"Director(s)"	: An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
"EBIT"	: Earnings before interest and tax
"EBITDA"	: Earnings before interest, tax, depreciation and amortisation
"Electronic Prospectus"	: Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application"	: Application for IPO Shares through a Participating Financial Institution's ATM
"EPS"	: Earnings per share
"FPE"	: Financial period(s) ended/ending 30 September, as the case may be
"FYE"	: Financial year(s) ended/ending 31 December, as the case may be
"GDV"	: Gross development value
"GDC"	: Gross development cost
"GP"	: Gross profit

DEFINITIONS (*Cont'd*)

“Government”	(1) the federal government of Malaysia or the states’ government, (2) any instrumentality of any such government, (3) any other person or organisation authorised by law to perform any executive, legislative, judicial, regulatory, administrative, military, or police functions of any such government, and (4) any intergovernmental organisation
“IFRS”	: International Financial Reporting Standards
“IMR”	: Smith Zander International Sdn Bhd (201301028298 (1058128-V)), our Independent Market Researcher
“IMR Report”	: Independent Market Research Report titled <i>Residential Property and Shop Market in Melaka</i> dated 22 January 2021
“Indra”	: Indra Kemajuan Sdn Bhd (198201007791 (87549-K))
“Independent Valuer”	: CH Williams Talhar & Wong Sdn Bhd (197401001098 (18149-U)), the Independent Valuer appointed for our Listing
“Internet Participating Financial Institution(s)”	: Participating financial institution(s) for Internet Share Application as listed in Section 17.6
“Internet Share Application”	: Application for IPO Shares through an online share application service provided by Internet Participating Financial Institution
“Initial Public Offering” or “IPO”	: Our initial public offering comprising the Public Issue and Offer for Sale
“IPO Price”	: Issue/offer price of RM0.48 per Share under our Public Issue and Offer for Sale
“IPO Share(s)”	: Issue Share(s) and Offer Share(s), collectively
“Issuing House”	: Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))
“Issue Share(s)”	: New Share(s) to be issued under the Public Issue
“ISO”	: International Organisation for Standardisation
“IT”	: Information technology
“Listing”	: Listing of and quotation for our entire enlarged share capital of RM399,427,802 comprising 805,298,002 Shares on the ACE Market
“Listing Requirements”	: ACE Market Listing Requirements of Bursa Securities, as amended from time to time
“Listing Scheme”	: Comprising the Public Issue, Offer for Sale and Listing, collectively
“LPD”	: 23 January 2021, being the latest practicable date for ascertaining certain information contained in this Prospectus
“M&A Securities”	: M & A Securities Sdn Bhd (197301001503 (15017-H))

DEFINITIONS (Cont'd)

"Malaysian Public"	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"Management"	:	Directors and key senior management as at the date of this Prospectus
"Market Day"	:	Any day between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"MCO"	:	The 2020 Malaysia movement control order, commonly referred to as the MCO, implemented as a preventive measure by the Government in response to the Covid-19 pandemic in the country, which began from 18 March 2020 and unless otherwise specified, shall encompass all its subsequent phases
"MFRS"	:	Malaysian Financial Reporting Standards
"MHLG"	:	Ministry of Housing and Local Government
"Midwest"	:	Midwest Pavilion Sdn Bhd (201701002044 (1216194-A))
"MITI"	:	Ministry of International Trade and Industry Malaysia
"mm"	:	Millimetre
"MNC(s)"	:	Multinational company(ies)
"NA"	:	Net assets
"NBV"	:	Net book value
"Offer for Sale"	:	Offer for sale of 40,800,000 Offer Shares by our Selling Shareholders at our IPO Price
"Offer Share(s)"	:	Existing Share(s) to be offered under our Offer for Sale
"Participating Financial Institution(s)"	:	Participating financial institution(s) for Electronic Share Application as listed in Section 17.5
"PBT"	:	Profit before tax
"PE Multiple"	:	Price-to-earnings multiple
"Pink Form Allocations"	:	Allocation of 10,469,000 Issue Shares to our eligible Directors, employees and persons who have contributed to the success of our Group, which forms part of our Public Issue
"Polyintan"	:	Polyintan Sdn Bhd (199701016828 (432325-D))
"Polywell Development"	:	Polywell Development Sdn Bhd (199401030684 (316365-A))
"Polywell Enterprise"	:	Polywell Enterprise Sdn Bhd (197901001159 (45432-K))

DEFINITIONS (Cont'd)

"Promoters"	: Teo Lay Ban, Teo Lay Lee, Teo Siew May and Wan Lei Chin, collectively
"Prospectus"	: This prospectus dated 23 February 2021 in relation to our IPO
"Public Issue"	: Public issue of 161,060,000 Issue Shares at our IPO Price
"QC"	: Quality control
"QMS"	: Quality management system
"ROC"	: Registrar of Companies
"SC"	: Securities Commission Malaysia
"Selling Shareholders"	: Teo Lay Lee, Teo Siew May and Wan Lei Chin who are undertaking the Offer for Sale
"Share(s)"	: Ordinary share(s) in TSG
"SICDA" or "Depository Act"	: Securities Industry (Central Depositories) Act, 1991
"sq ft"	: Square foot
"sq m"	: Square metre
"Underwriting Agreement"	: Underwriting agreement dated 23 December 2020 entered into between TSG and M&A Securities for the purpose of our IPO
"UK"	: United Kingdom
"USA"	: United States of America
"Vendors"	: Teo Lay Ban, Teo Lay Lee, Teo Siew May and Wan Lei Chin collectively
"Widenote"	: Widenote Sdn Bhd (201701006391 (1220556-H))

CURRENCY:

"RM" or "sen"	: Ringgit Malaysia and sen respectively
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TECHNICAL GLOSSARY

This glossary contains an explanation of certain terms used throughout this Prospectus in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms:

"APDL"	:	Housing Developer Licence and Advertising and Sale Permit
"CCC"	:	Certificate of Completion and Compliance, a document issued by the development project's principal submitting person who is either a professional architect or professional engineer to certify that the development project is completed in accordance with the approved building plans and is safe and fit for occupation
"CIDB"	:	Construction Industry Development Board of Malaysia
"Detached house"	:	A standalone house, also commonly referred to as bungalow
"DLP"	:	Defect liability period, a period of time after a development project has been completed where the developer is obliged to return to the site to remedy defects, if any
"LAD"	:	Liquidated and ascertained damages, damages due to a customer calculated at a rate as stated in the contract agreement when a developer fails to deliver the completed work within a period stipulated in the said contract agreement
"landbank"	:	Lands owned for future sale or development
"M&E"	:	Mechanical and electrical
"QLASSIC"	:	Quality Assessment System in Construction, a system or method to measure and evaluate the workmanship quality of a building construction work based on Construction Industry Standard (CIS7:2006). QLASSIC enables the quality of workmanship between construction projects to be objectively compared through a scoring system
"Special trade works"	:	Activities of metal works, electrical works, plumbing, sewerage and sanity works, refrigeration and air-conditioning works, painting works, tiling and flooring works as well as glass works

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Residential address	Nationality/ Profession	Gender
Roy Thean Chong Yew	Independent Non-Executive Chairman	C-31-02, Tropicana Grande Condominium No. 3, Persiaran Tropicana PJU 3, Petaling Jaya 47410 Selangor	Malaysian/ Director	Male
Teo Lay Ban	Managing Director	No. 18, Jalan Saujana 4/3 Taman Saujana Heights 75450 Bukit Katil Melaka	Malaysian/ Director	Male
Sia Ah Piew	Executive Director	M1-869, The Tropicana Residences Jalan Sentosa 10, Taman Sentosa 75150 Melaka	Malaysian/ Head of Projects	Male
Teo Lay Lee	Non-Independent Non-Executive Director	32 Tanah Merah Kechil Road #12-14 Singapore 465559	Malaysian/ Director	Male
Teo Siew May	Non-Independent Non-Executive Director	34 Tanah Merah Kechil Road #05-32 East Meadows Tower 2A Singapore 465560	Malaysian/ Accountant	Female
Annandan Chandran	A/L Independent Non-Executive Director	No. 1, Lorong 1 Jalan SI 26 Taman Saujana Indah 75450 Bukit Katil Melaka	Malaysian/ Director	Male
Madeline Lee May Ming	Independent Non-Executive Director	A2-11-3 Verdana 5, Jalan Dutamas Melati 51200 Kuala Lumpur Wilayah Persekutuan	Malaysian/ Advocate and Solicitor	Female
Foo Yit Lan	Independent Non-Executive Director	No. 12, Jalan Jingga 3 Taman Pelangi 80400 Johor Bahru Johor	Malaysian/ Accountant	Female

AUDIT COMMITTEE

Name	Designation	Directorship
Foo Yit Lan	Chairwoman	Independent Non-Executive Director
Annandan A/L Chandran	Member	Independent Non-Executive Director
Madeline Lee May Ming	Member	Independent Non-Executive Director
Roy Thean Chong Yew	Member	Independent Non-Executive Chairman

1. CORPORATE DIRECTORY (Cont'd)

REMUNERATION COMMITTEE

Name	Designation	Directorship
Annandan A/L Chandran	Chairman	Independent Non-Executive Director
Foo Yit Lan	Member	Independent Non-Executive Director
Madeline Lee May Ming	Member	Independent Non-Executive Director
Roy Thean Chong Yew	Member	Independent Non-Executive Chairman

NOMINATING COMMITTEE

Name	Designation	Directorship
Madeline Lee May Ming	Chairwoman	Independent Non-Executive Director
Annandan A/L Chandran	Member	Independent Non-Executive Director
Foo Yit Lan	Member	Independent Non-Executive Director
Roy Thean Chong Yew	Member	Independent Non-Executive Chairman

RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Foo Yit Lan	Chairwoman	Independent Non-Executive Director
Annandan A/L Chandran	Member	Independent Non-Executive Director
Madeline Lee May Ming	Member	Independent Non-Executive Director
Roy Thean Chong Yew	Member	Independent Non-Executive Chairman
Teo Lay Ban	Member	Managing Director

COMPANY SECRETARIES

: Chua Siew Chuan (MAICSA 0777689)
SSM PC No: 201908002648
(Chartered Secretary)

Cheng Chia Ping (MAICSA 1032514)
SSM PC No: 202008000730(Chartered Secretary)

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Telephone: 03-2084 9000

REGISTERED OFFICE

: Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Telephone: 03-2084 9000

1. CORPORATE DIRECTORY (Cont'd)

- HEAD OFFICE** : No. 8 & 10, Ground Floor
Jalan Mutiara Melaka 2
Taman Mutiara Melaka
75350 Batu Berendam
Melaka

Telephone: 06-317 3236
- EMAIL ADDRESS AND WEBSITE** : Website: www.teladansetia.com
Email address: info@teladansetia.com
- AUDITORS AND REPORTING ACCOUNTANTS FOR OUR LISTING** : RSM Malaysia (AF 0768)
Suite 16-02, Level 16
Menara Landmark
12, Jalan Ngee Heng
80000 Johor Bahru
Johor

Partner's name: Se Kuo Shen
Approved number: 02949/03/2020 (J)
Malaysian Institute of Accountants' membership number:
19804
(Chartered Accountant and Member of Malaysian Institute of Accountants)

Telephone: 07-276 2828
- SOLICITORS FOR OUR LISTING** : Lee & Tengku Azrina
Unit 13-01, Level 13
Menara Landmark
12, Jalan Ngee Heng
80000 Johor Bahru
Johor

Telephone: 07-223 8828
- SHARE REGISTRAR** : Securities Services (Holdings) Sdn Bhd (197701005827
(36869-T))
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Telephone: 03-2084 9000
- ISSUING HOUSE** : Tricor Investor & Issuing House Services Sdn Bhd
(197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Telephone: 03-2783 9299

1. CORPORATE DIRECTORY (Cont'd)

- ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : M & A Securities Sdn Bhd (197301001503 (15017-H))
Level 11, No. 45 & 47
The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Telephone: 03-2284 2911
- INDEPENDENT MARKET RESEARCHER** : Smith Zander International Sdn Bhd (201301028298 (1058128-V))
15-01, Level 15
Menara MBMR
1, Jalan Syed Putra
58000 Kuala Lumpur

Managing Director's name: Dennis Tan Tze Wen
(Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada)

Telephone: 03-2732 7537
- INDEPENDENT VALUER** : CH Williams Talhar & Wong Sdn Bhd (197401001098 (18149-U))
30-01, 30th Floor
Menara Multi Purpose
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur

Telephone: 03-2616 8888

Valuer-in-charge: Heng Kiang Hai
Registration number: V0486
(Registered Valuer, Board of Valuers, Appraisers, Estate Agents and Property Managers)

178, Jalan Merdeka
Taman Melaka Raya
75000 Melaka

Telephone: 06-281 2288

Valuer-in-charge: Teh Hong Chua
Registration number: V0788
(Registered Valuer, Board of Valuers, Appraisers, Estate Agents and Property Managers)
- LISTING SOUGHT** : ACE Market
- SHARIAH STATUS** : Approved by Shariah Advisory Council of SC

2. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

2.1 PRINCIPAL DETAILS OF IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text.

No. of Shares to be issued under the Public Issue:	161,060,000
- For application by the Malaysian Public	40,265,000
- For Pink Form Allocations	10,469,000
- For private placement to MITI-approved Bumiputera investors	80,530,000
- For private placement to selected investors	29,796,000
No. of Shares to be offered under the Offer for Sale entirely for private placement to selected investors	40,800,000
Enlarged no. of Shares upon Listing	805,298,002
IPO Price per Share	RM0.48
Market capitalisation (calculated based on our IPO Price and enlarged no. of Shares upon Listing)	RM386,543,041

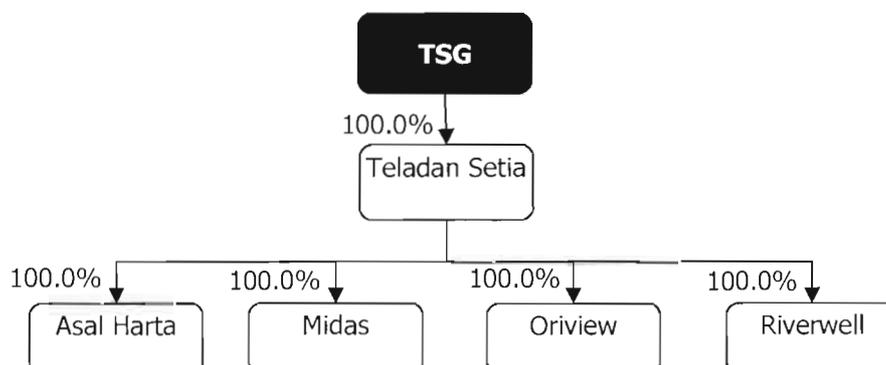
A moratorium will be imposed on the sale, transfer or assignment of the 603,438,002 Shares (representing 74.9% equity interest after our IPO) held by our Promoters for a period of 6 months from the date of our admission to the ACE Market. Further details of the moratorium are set out in Section 3.2.

Further details of our IPO are set out in Section 4.

2.2 GROUP STRUCTURE AND BUSINESS MODEL

Our Company was incorporated in Malaysia under the Act on 14 February 2019 as a public limited company under our present name.

Our Company was incorporated to facilitate our Listing and our principal activity is that of an investment holding company. Our Group structure as at LPD is as follows:



2. PROSPECTUS SUMMARY (Cont'd)

We are principally involved in the property development business where we develop and sell residential properties and shops. During FYE 2017 to 2019 and up to FPE 2020, our property development projects were all located in Melaka.

Further details of our Group and our business model are set out in Sections 6 and 7 respectively.

2.3 IMPACT OF COVID-19 AND THE MCO

Construction activities of our on-going projects were halted between 18 March 2020 to 14 May 2020 due to the MCO. Under the conditional MCO announced on 1 May 2020, we have resumed our sales and marketing activities on 4 May 2020 and subsequently our entire operations on 14 May 2020. As such, there were unexpected delays in the completion of our on-going projects or commencement of future projects. Buyers may claim LAD on delays in completion of the project, unless an extension of time is granted by MHLG.

In addition, the prolonged disruptions to our operations during the MCO may lead to spillover effects on our Group's operations and financial performance over the next few months. Such effects include:

- (i) Delays in issuing of progress billings as our progress billing is dependent on the progress of the construction of our projects;
- (ii) Delays in launching future projects in view of the uncertainties in economic conditions and property market sentiment in Malaysia and Melaka after the MCO and until the Covid-19 crisis ends;
- (iii) Slower generation and completion of sales due to limitations in the execution of our sales and marketing activities; and
- (iv) Potential cash constraints due to fixed expenses, inactivity and capital commitment for purchase of landbank.

In a worst case scenario analysis, based on our cash and cash equivalent of approximately RM52.4 million as at LPD, our Board believes that our Group's balance cash and cash equivalents will be able to support our monthly cash demand for approximately 14.7 months without the need to liquidate any of our fixed assets such as landbank or buildings.

At this juncture, we cannot reasonably quantify the financial impact of the delays caused by the Covid-19 and the MCO situation. Nonetheless, we expect to have a negative impact to our revenue and consequently our profits for FYE 2020 and beyond due to the delayed recognition of revenue from the progress of our projects.

Further details of the impact of the Covid-19 and the MCO on our business operations are set out in Section 7.2.5.

2.4 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 9. Some of the more important risk factors are summarised below:

2. PROSPECTUS SUMMARY (Cont'd)

- (i) We are subject to prevailing market conditions in the property market in Malaysia and specifically, in Melaka. Any slowdown of the property market arising from changes in market conditions may adversely affect the value of our projects or cause delays, which may adversely affect our business, cash flow and sales performance;
- (ii) We are affected by the outbreak of Covid-19 and the MCO. The MCO has resulted in delays of our projects and will continue to delay so long as the MCO persists. Apart from potential LAD claims by buyers as a result of delays in completion of our projects, the persistence of such disruptions may also cause several spill over effects to our Group as highlighted in Section 2.3;
- (iii) We are exposed to unexpected interruptions or delays in completing a project caused by external factors. Any delays in the completion of our projects may result in LAD incurred which will negatively affect our financial performance;
- (iv) Our business is capital intensive and depends on our ability to secure adequate financing. If we are unable to secure adequate credit facilities at competitive rates, our cash flows, operations, growth and expansion plans will be adversely affected;
- (v) We may not be able to acquire suitable landbank to sustain our business operations and financial performance. Failure to do so would impair our ability to launch new property development projects, which will materially and adversely affect our Group's business, results of operations and prospects;
- (vi) We may achieve lower GDVs than estimated. Our material on-going projects were valued by the Independent Valuer, whose valuation is based on certain forecasts, projections and conditions at a particular point in time. Similarly, the GDV of our projects is estimated based on prevailing market conditions. These conditions may change over time, and any unfavourable change could affect our ability to realise our projected GDV;
- (vii) We are subject to the risk of unfavourable changes in Government policies. Any restrictive policy changes such as increases in interest rates will have a negative impact on consumer sentiment and purchasing power, which may dampen the overall demand for our properties;
- (viii) We are dependent on the services of our contractors for completion and quality of our property development projects. The loss of any of our contractors for any reason may result in delays in our projects and losses in seeking alternatives, which may in turn have a negative effect on our operations, results and prospects; and
- (ix) We face competition from other developers, and should competition intensify or should we fail to sustain our competitive edge, we may suffer increases in costs or reduction in our property prices which will adversely affect our financial performance and prospects.

2.5 COMPETITIVE STRENGTHS

Our Directors believe that our business sustainability and future growth is built on the following competitive strengths:

- (i) We have a sizeable pipeline of on-going and future development projects with an estimated GDV of RM623.0 million and RM995.2 million respectively as at LPD;

2. PROSPECTUS SUMMARY (Cont'd)

- (ii) We have a sizeable undeveloped landbank of 73.9 acres in Melaka and Selangor as at LPD, and are in the process of acquiring another 145.2 acres as at LPD;
- (iii) We have a proven track record of 24 years in Melaka with ability to attract property buyers; and
- (iv) Our management is led by our Managing Director, Executive Director and other key senior management, all of whom have valuable experience in the property development industry.

Further details of our competitive strengths are set out in Section 7.11.

2.6 BUSINESS STRATEGIES

Our business objectives are to maintain sustainable growth in our business and create long term shareholder value. To achieve our business objectives, we will implement the following business strategies over the period of 36 months from the date of our Listing:

- (i) Complete our on-going and commence our future projects to strengthen our presence in Melaka

We have allocated RM33.1 million from the proceeds of the Public Issue to finance our on-going projects.

- (ii) Acquisition of landbank for future property development in Melaka

We have allocated RM35.0 million from the proceeds of the Public Issue for acquisition of landbank in Melaka for our future development.

Further details of our business strategies are set out in Section 7.12.

2.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

Name	Designation
Directors	
Roy Thean Chong Yew	Independent Non-Executive Chairman
Teo Lay Ban	Managing Director
Sia Ah Piew	Executive Director and Head of Projects
Teo Lay Lee	Non-Independent Non-Executive Director
Teo Siew May	Non-Independent Non-Executive Director
Annandan A/L Chandran	Independent Non-Executive Director
Madeline Lee May Ming	Independent Non-Executive Director
Foo Yit Lan	Independent Non-Executive Director
Key senior management	
Ng Mih Fern	Financial Controller
Tong Siok Meng	Head of Marketing
Goh Fong Kim	Accounts Manager

Further details of our Directors and key senior management are set out in Sections 5.2 and 5.3 respectively.

2. PROSPECTUS SUMMARY (Cont'd)

2.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The shareholdings of our Promoters and substantial shareholders in our Company before and after IPO are set out below:

Name	Nationality	⁽¹⁾ Before IPO		⁽²⁾⁽³⁾ After IPO	
		No. of Shares	%	No. of Shares	%
Teo Lay Ban	Malaysian	335,003,762	52.0	-	-
Teo Lay Lee	Malaysian	103,078,080	16.0	-	-
Teo Siew May	Malaysian	103,078,080	16.0	-	-
Wan Lei Chin	Malaysian	103,078,080	16.0	-	-
				335,003,762	41.6
				89,478,080	11.1
				89,478,080	11.1
				89,478,080	11.1

Notes:

(1) Based on the share capital of 644,238,002 Shares before IPO

(2) Based on the enlarged share capital of 805,298,002 Shares after IPO

(3) After Public Issue and Offer for Sale

Further details of our Promoters and substantial shareholders are set out in Section 5.1.

Our Promoters' entire shareholdings of 603,438,002 Shares (representing 74.9% equity interest) after IPO will be held under moratorium for 6 months from the date of Listing. Further details on the moratorium on our Shares are set out in Section 3.2.

2. PROSPECTUS SUMMARY (Cont'd)**2.9 UTILISATION OF PROCEEDS**

The gross proceeds to be raised by our Company from the Public Issue of RM77.3 million shall be utilised in the following manner:

Utilisation of proceeds	RM'000	%	⁽¹⁾Estimated timeframe for utilisation
Land acquisition	35,000	45.3	Within 36 months
Working capital for project development	33,109	42.8	Within 24 months
Repayment of bank borrowings	4,000	5.2	Within 3 months
Estimated listing expenses	5,200	6.7	Within 1 month
Total	77,309	100.0	

Note:

⁽¹⁾ From the date of listing of our Shares

There is no minimum subscription to be raised from IPO.

Detailed information on our utilisation of proceeds is set out in Section 4.9.

The gross proceeds from the Offer for Sale of approximately RM19.6 million shall accrue entirely to the Selling Shareholders.

2.10 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The selected financial and operational information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

2.10.1 Combined statements of profit or loss and other comprehensive income

The following table sets out the financial highlights based on our combined statements of profit or loss and other comprehensive income for FYE 2017 to 2019 and FPE 2019 to 2020:

	Audited			Unaudited	Audited
	FYE 2017	FYE 2018	FYE 2019	FPE 2019	FPE 2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	359,511	259,141	232,988	176,457	100,028
GP	119,271	91,689	80,537	62,134	36,464
PBT	81,271	65,892	55,337	45,646	23,779
Profit from continuing operations	62,929	48,826	43,402	33,711	17,302
Total comprehensive income/PAT attributable to owners of our Company	62,979	48,724	43,402	33,711	17,302
Basic EPS (sen) ⁽¹⁾	9.8	7.6	6.7	5.2	2.7
Diluted EPS (sen) ⁽²⁾	7.8	6.1	5.4	4.2	2.2

Further details on the financial information are set out in Sections 12 and 13.

2. PROSPECTUS SUMMARY (Cont'd)

Notes:

- (1) Calculated based on PAT from continuing operations attributable to owners of our Company divided by our number of Shares in issue before IPO
- (2) Calculated based on PAT from continuing operations attributable to owners of our Company divided by our enlarged number of Shares in issue after IPO

There were no exceptional items during the financial years/period under review. Our audited combined financial statements for the past financial years under review were not subject to any audit qualifications.

2.10.2 Pro forma statements of financial position

The following table sets out a summary of the pro forma statements of financial position of our Group based on our audited combined financial statements as at 30 September 2020 to show the effects of the Acquisition and subsequent events, IPO and utilisation of proceeds. It is presented for illustrative purposes only and should be read together with the pro forma statements of financial position as set out in Section 14.

	Audited	I	II	III
	As at 30 September 2020	After Acquisition and subsequent events ⁽¹⁾	After I and IPO	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Total non-current assets	-	231,719	231,719	266,719
Total current assets	170	348,863	426,172	381,972
TOTAL ASSETS	170	580,582	657,891	648,691
EQUITY AND LIABILITIES				
Share capital	*	322,119	399,428	397,174
Merger deficit	-	(318,369)	(318,369)	(318,369)
Retained profits	(238)	357,955	357,955	355,009
TOTAL EQUITY	(238)	361,705	439,014	433,814
Total non-current liabilities	-	141,942	141,942	141,942
Total current liabilities	408	76,935	76,935	72,935
TOTAL LIABILITIES	408	218,877	218,877	214,877
TOTAL EQUITY AND LIABILITIES	170	580,582	657,891	648,691
Gearing ratio (times) ⁽²⁾	-	0.45	0.37	0.37
Net gearing ratio (times) ⁽³⁾	-	0.33	0.09	0.19

2. PROSPECTUS SUMMARY (Cont'd)

	Audited	I	II	III
	As at 30 September 2020	After Acquisition and subsequent events⁽¹⁾	After I and IPO	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
No. of Shares in issue	2	644,238,002	805,298,002	805,298,002
(NL)/NA per Share (RM)	(119,203)	0.56	0.55	0.54

Notes:

* Less than RM1,000

(1) Subsequent events comprise:

- (i) On 21 May 2020, Teladan Setia entered into a sale and purchase agreement with a third party to purchase 4 plots of freehold land held under GRN 6720 Lot 34, GM 150 Lot 37, GRN 12906 Lot 39 and GM 151 Lot 40 Mukim Tanjung Minyak in Melaka for a purchase consideration of RM13,146,767 and the transaction has completed on 10 November 2020;
- (ii) On 7 October 2020, Teladan Setia entered into a sale and purchase agreement with a third party to purchase a parcel of leasehold land held under PN 55269 Lot 14734, Mukim of Ayer Panas in Melaka for a purchase consideration of RM22,038,100;
- (iii) On 11 November 2020 (supplemented on 4 January 2021), Teladan Setia entered into a conditional share sale agreement with Polywell Enterprise to acquire the entire equity interest of Polyintan for a total purchase consideration of RM1,825,954. This acquisition is conditional upon Polyintan obtaining a development order for the lands that it owns;
- (iv) On 19 November 2020, Teladan Setia entered into a sale and purchase agreement with a third party to purchase a parcel of freehold land held under GM 25 Lot 13253, Mukim of Pringgut in Melaka for a purchase consideration of RM4,455,290; and
- (v) On 11 December 2020, Oriview entered into a sale and purchase agreement with a third party to purchase 2 parcels of leasehold land held under PN 56988 Lot 14560 and PN 56989 Lot 14561, Mukim of Telok Mas in Melaka for a purchase consideration of RM15,500,000.

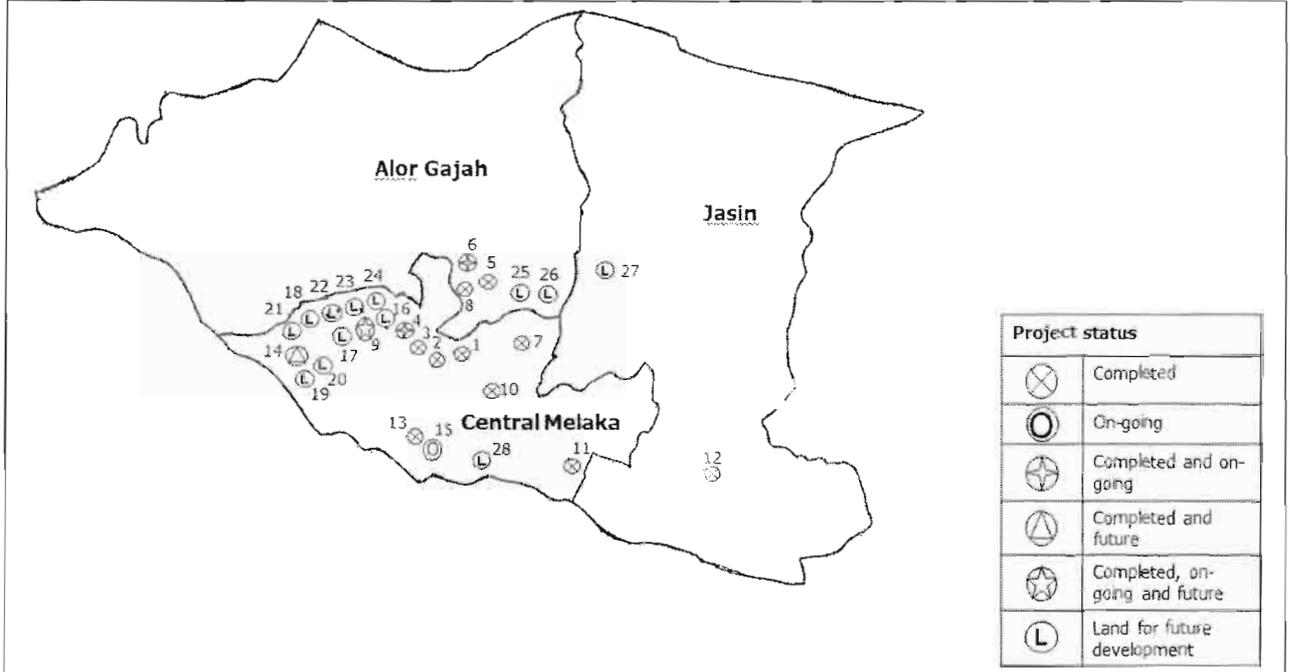
(2) Calculated based on bank borrowings and finance lease liabilities divided by total equity.

(3) Calculated based on bank borrowings and finance lease liabilities less available cash and bank balances divided by total equity.

2. PROSPECTUS SUMMARY (Cont'd)

2.10.3 Operational highlights

The following map sets out the approximate locations of our completed (GDV RM40 million and above), on-going and future development projects and landbank in Melaka:



Map legend:

<p>Completed projects of GDV more than RM40 million</p>	<ol style="list-style-type: none"> Taman Seri Selendang (GDV of RM43.5 million over 26.9 acres) Taman Bukit Cheng (GDV of RM42.6 million over 26.9 acres) Taman Cheng Setia (GDV of RM115.0 million over 51.7 acres) Taman Bertam Setia (GDV of RM234.9 million over 106.9 acres) Taman Desa Idaman (GDV of RM198.9 million over 122.1 acres) Taman Saujana Heights (GDV of RM127.8 million over 15.9 acres) Taman Seri Tuah Permai (GDV of RM41.3 million over 12.2 acres) The Tropicana, Taman Sentosa (GDV of RM26.7 million over 4.7 acres) The Tropicana Residences (GDV of RM49.8 million over 1.9 acres) Taman Bukit Larang (GDV of RM58.3 million over 29.3 acres) Bandar Baru Merlimau (GDV of RM68.1 million over 25.0 acres) Atlantis Residences (GDV of RM603.9 million over 5.4 acres) 	<p>Land for future development</p>	<p>With planning permission</p> <ol style="list-style-type: none"> GRN 6772 Lot 53, Mukim Tanjong Minyak, Melaka (166.3 acres) <p>Without planning permission</p> <ol style="list-style-type: none"> GM 107 Lot 66, Mukim Tanjong Minyak, Melaka (3.2 acres) GM2565 Lot 24668, Mukim Tanjong Minyak, Melaka (4.8 acres) GRN 14999 Lot 2308, Mukim Sungei Udang, Melaka (9.9 acres) GRN 22813 Lot 1137, Mukim Tanjong Minyak, Melaka (14.0 acres) Geran 6720 Lot 34, Mukim Tanjong Minyak, Melaka (11.5 acres) GM 150 Lot 37, Mukim Tanjong Minyak, Melaka (5.5 acres) Geran 12906 Lot 39, Mukim Tanjong Minyak, Melaka (14.9 acres) GM 151 Lot 40, Mukim Tanjong Minyak, Melaka (5.9 acres) <p>In the process of acquisition</p> <ol style="list-style-type: none"> PM 1100 Lot 10243, Mukim Durian Tunggal, Melaka (0.2 acres) Geran 3540 and 3541, Lot 2544 and 2545, Mukim Durian Tunggal, Melaka (10.2 acres) PN 55269 Lot 14734, Mukim Ayer Panas, Melaka (116.0 acres) PN 56988 Lot 14560 and PN 56989 Lot 14561, Mukim Telok Mas, Melaka (18.8 acres)
<p>On-going projects with completed phases</p>	<ol style="list-style-type: none"> Taman Belimbing Setia Completed: GDV of RM140.9 million over 101.3 acres On-going: GDV of RM25.9 million over 9.2 acres 	<p>Completed projects with future phases</p>	<ol style="list-style-type: none"> Taman Bertam Putra Completed: GDV of RM91.0 million over 45.1 acres Future: Estimated GDV of RM16.6 million over 1.3 acres

2. PROSPECTUS SUMMARY (Cont'd)

 <p>Projects with completed, on-going and future phases</p>	<p>9. Taman Desa Bertam Completed: GDV of RM247.9 million over 98.8 acres On-going: GDV of RM277.5 million over 69.6 acres Future: Estimated GDV of RM243.1 million over 71.6 acres</p>	 <p>On-going projects</p>	<p>15. Bali Residences (GDV of RM319.6 million over 3.7 acres)</p>
--	--	--	--

As at LPD, we have:

- (i) Completed development projects with GDV of RM2.1 billion;
- (ii) On-going and future development projects with estimated GDV of RM623.0 million (of which RM256.4 million is unbilled and RM209.1 million is unsold) and RM995.2 million respectively; and
- (iii) 73.9 acres of undeveloped landbank, and are in the process of acquiring another 145.2 acres.

For further details of our projects and landbank, please refer to Section 7.2.2.

2.11 DIVIDEND POLICY

Our Board intends to recommend and distribute a dividend of at least 20% of our annual audited consolidated PAT attributable to our shareholders. Any dividend declared will be at the discretion of our Board and any final dividends declared will be subject to the approval of our shareholders at our annual general meeting.

You should take note that this dividend policy merely describes our current intention and shall not constitute legally binding statements in respect of our future dividends that are subject to our Board's discretion.

Further details of our dividend policy are set out in Section 12.16.

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3. APPROVALS AND CONDITIONS

3.1 APPROVALS AND CONDITIONS

3.1.1 Bursa Securities approval

Bursa Securities had, vide its letter dated 10 July 2020, approved our admission to the Official List of the ACE Market and the Listing. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	Submit the following information in respect to the moratorium on the shareholdings of the Promoters to Bursa Depository: (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares;	Complied
2.	Approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied
3.	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements;	To be complied
4.	Furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of TSG on the first day of Listing;	To be complied
5.	Ensure any director of the Company who has not attended the Mandatory Accreditation Programme must do so prior to Listing;	Complied
6.	In relation to the Public Issue to be undertaken by TSG, to announce at least 2 Market Days prior to the Listing date, the result of the offering including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/allocation; (iii) A table showing the distribution for placement tranche as per the format prescribed; and (iv) Disclosure of placees who become substantial shareholders of TSG arising from the Public Issue, if any.	To be complied
7.	TSG/M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon its admission to the Official List of the ACE Market.	To be complied

On 7 December 2020, Bursa Securities has granted us an extension of time up to 9 April 2021 to complete our Listing.

3. APPROVALS AND CONDITIONS (Cont'd)

3.1.2 SC approval

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 29 July 2020, approved the resultant equity structure of TSG under the equity requirement for public listed companies pursuant to our Listing. The approval from the SC is subject to TSG allocating Shares equivalent to at least 12.5% of its enlarged issued share capital at the point of listing to Bumiputera investors. This includes the Shares offered under the balloted public offer portion, of which 50% are to be offered to Bumiputera public investors. This condition is to be complied with during the implementation of our Listing.

The effect of our Listing on our equity structure as approved by the SC is as follows:

Category of shareholders	As at 30 November 2019		After Listing	
	No. of Shares	%	No. of Shares	%
Bumiputera	-	-	⁽¹⁾ 100,662,500	12.5
Non-Bumiputera	2	100.0	704,635,502	87.5
Malaysian	2	100.0	805,298,002	100.0
Foreigners	-	-	-	-
Total	2	100.0	805,298,002	100.0

Note:

⁽¹⁾ Based on the assumption that the Shares allocated to Bumiputera investors shall be fully subscribed as follows:

Category	No. of Shares	%
Bumiputera public investors via balloting	20,132,500	2.5
Private placement to identified Bumiputera investors approved by MITI	80,530,000	10.0
Total	100,662,500	12.5

The Shariah Advisory Council of SC had, vide its letter dated 30 September 2020 classified our Shares as shariah-compliant based on the audited combined financial statements for FYE 2019.

3.1.3 MITI approval

The MITI had, vide its letter dated 12 May 2020, taken note and has no objection to our Listing.

3.2 MORATORIUM ON OUR SHARES

In accordance with Rule 3.19(1A)(b) of the Listing Requirements and pursuant to the conditions imposed under the approval letter by Bursa Securities, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Promoters. The moratorium shall apply to the entire shareholdings of our Promoters for a period of 6 months from the date of our admission to the ACE Market.

3. APPROVALS AND CONDITIONS (Cont'd)

Details of our Promoters and their Shares which will be subject to the abovesaid moratorium, are set out below:

Promoters	⁽¹⁾ No. of Shares	⁽²⁾ %
Teo Lay Ban	335,003,762	41.6
Teo Lay Lee	89,478,080	11.1
Teo Siew May	89,478,080	11.1
Wan Lei Chin	89,478,080	11.1
	603,438,002	74.9

Notes:

(1) After Offer for Sale

(2) Based on the enlarged share capital of 805,298,002 Shares after IPO

The moratorium has been fully accepted by our Promoters, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by our Promoters to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

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4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 23 February 2021 and will remain open until 5.00 p.m. on 2 March 2021. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

Events	Indicative date
Issuance of this Prospectus/ Opening of Application	23 February 2021
Closing Date/Closing of Application	2 March 2021
Balloting of Application	5 March 2021
Allotment/Transfer of IPO Shares to successful applicants	12 March 2021
Date of Listing	16 March 2021

In the event there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

4.3 DETAILS OF OUR IPO

4.3.1 Listing scheme

(i) Public Issue

A total of 161,060,000 Issue Shares representing 20.0% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

(a) Malaysian Public

40,265,000 Shares, representing 5.0% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

(aa) 20,132,500 Shares made available to public investors; and

(bb) 20,132,500 Shares made available to Bumiputera public investors.

(b) Eligible Directors, employees and persons who have contributed to the success of our Group

10,469,000 Shares, representing 1.3% of our enlarged share capital, are reserved for our eligible Directors, employees and persons who have contributed to the success of our Group under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.3.

(c) Private placement to Bumiputera investors approved by MITI

80,530,000 Shares, representing 10.0% of our enlarged share capital are reserved for private placement to Bumiputera investors approved by MITI.

(d) Private placement to selected investors

29,796,000 Shares, representing 3.7% of our enlarged share capital are reserved for private placement to selected investors.

4. DETAILS OF OUR IPO (Cont'd)

The basis of allocation of the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

Upon completion of our Public Issue, our share capital will increase from RM322,119,002 comprising 644,238,002 Shares to RM399,427,802 comprising 805,298,002 Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

(ii) Offer for Sale

Our Selling Shareholders will undertake an offer for sale of 40,800,000 Offer Shares, representing 5.0% of our enlarged share capital at our IPO Price. The Offer Shares shall be undertaken by way of private placement to selected investors.

Further details of our Selling Shareholders are set out in Section 4.3.2.

Our Offer for Sale is subject to the terms and conditions of this Prospectus.

(iii) Listing

Upon completion of our IPO, our Company's entire enlarged share capital of RM399,427,802 comprising 805,298,002 Shares shall be listed on the ACE Market.

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4. DETAILS OF OUR IPO (Cont'd)

4.3.2 Selling Shareholders

Details of our Selling Shareholders are as follows:

Name/ Residential address	Material relationship with our Group	⁽¹⁾ Before IPO		Offer Shares offered		After IPO	
		No. of Shares	⁽²⁾ %	No. of Shares	⁽³⁾ %	No. of Shares	⁽³⁾ %
Wan Lei Chin/ No. 18, Jalan Saujana 4/3 Taman Saujana Heights 75450 Bukit Katil Melaka	Promoter and substantial shareholder	103,078,080	16.0	13,600,000	1.69	89,478,080	11.1
Teo Lay Lee/ 32 Tanah Merah Kechil Road #12-14 Singapore 465559	Promoter, substantial shareholder and Non- Independent Non- Executive Director	103,078,080	16.0	13,600,000	1.69	89,478,080	11.1
Teo Siew May/ 34 Tanah Merah Kechil Road #05-32 East Meadows Tower 2A Singapore 465560	Promoter, substantial shareholder and Non- Independent Non- Executive Director	103,078,080	16.0	13,600,000	1.69	89,478,080	11.1

Notes:

- (1) After completion of Acquisition but prior to Public Issue
- (2) Based on the share capital of 644,238,002 Shares before IPO
- (3) Based on the enlarged share capital of 805,298,002 Shares after IPO

The Selling Shareholders shall bear all expenses such as placement fee and miscellaneous fees estimated at approximately RM0.5 million relating to the Offer Shares. The Offer Shares are not underwritten by our Underwriter.

4. DETAILS OF OUR IPO (Cont'd)

Further details of our Selling Shareholders, who are also our Promoters, substantial shareholders and/or Non-Independent Non-Executive Directors can be found in Sections 5.1 and 5.2.

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4. DETAILS OF OUR IPO (Cont'd)**4.3.3 Pink Form Allocations**

We have allocated 10,469,000 Issue Shares to our eligible Directors, employees and persons who have contributed to the success of our Group under the Pink Form Allocations as follows:

Category	No. of eligible persons	Aggregate no. of Issue Shares allocated
Eligible Directors	4	535,000
Eligible employees	44	4,043,200
Persons who have contributed to the success of our Group	500	5,890,800
	548	10,469,000

Entitlements which are not accepted by certain eligible Directors, employees and persons who have contributed to the success of our Group will be re-allocated to the other eligible Directors as set out in the table below and other eligible employees and persons who have contributed to the success of our Group at the discretion of our Board.

(i) Allocation to eligible Directors

The criteria for allocation to our eligible Directors are based on amongst others their anticipated contribution to our Group. Teo Lay Ban (our Managing Director), Teo Lay Lee and Teo Siew May (our Non-Independent Non-Executive Directors) have opted not to participate in the Pink Form Allocations as they are already our substantial shareholders. Madeline Lee May Ming (our Independent Non-Executive Director) has also opted not to participate in the Pink Form Allocations.

Details of the proposed allocation to our other Directors are as follows:

Name	Designation	No. of Issue Shares allocated
Roy Thean Chong Yew	Independent Non-Executive Chairman	50,000
Sia Ah Piew	Executive Director / Head of Projects	415,000
Annandan A/L Chandran	Independent Non-Executive Director	10,000
Foo Yit Lan	Independent Non-Executive Director	60,000
		535,000

(ii) Allocation to our eligible employees

The criteria of allocation to our eligible employees (as approved by our Board) are based on, inter-alia, the following factors:

- (a) Our employees must be an eligible and confirmed employee and on the payroll of our Group;
- (b) The number of shares allocated to our eligible employees are based on their seniority, position, their length of service and their respective contribution made to our Group as well as other factors deemed relevant to our Board; and
- (c) Full time employees of at least 18 years of age.

4. DETAILS OF OUR IPO (Cont'd)

Included in the allocation to our eligible employees are the proposed allocations to our key senior management:

Name	Designation	No. of Issue Shares allocated
Ng Mih Fern	Financial Controller	150,000
Tong Siok Meng	Head of Marketing	560,000
Goh Fong Kim	Accounts Manager	150,000
		860,000

(iii) Allocation to persons who have contributed to the success of our Group

Persons who have contributed to the success of our Group include business associates, contractors and suppliers.

The number of Issue Shares to be allotted to those persons who have contributed to the success of our Group are based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group.

4.3.4 Placement and underwriting arrangement

Our Underwriter will underwrite 50,734,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 110,326,000 Issue Shares and 40,800,000 Offer Shares available for application by Bumiputera investors approved by MITI and selected investors will be placed out by our Placement Agent and will not be underwritten.

Any Issue Shares not subscribed for by Bumiputera investors approved by MITI under the private placement as stated in Section 4.3.1(i)(c) will firstly be reallocated to selected institutional investors via private placement. Subsequently, any Issue Shares that are not taken up shall be made available firstly for subscription by the Bumiputera general public, and thereafter to the other public investors, via the balloting process.

If all Issue Shares offered to the Malaysian Public are oversubscribed, Issue Shares not subscribed for under the Pink Form Allocations (if any), will be made available for application by the Malaysian Public. Any remaining Issue Shares which are not subscribed by the Malaysian Public or Pink Form Allocations will then be made available to selected investors via private placement.

Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement. Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner.

4.3.5 Minimum and over-subscription

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as per the Listing Requirements or as approved by Bursa Securities.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Directors.

4. DETAILS OF OUR IPO (Cont'd)

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

Upon completion of our IPO, our share capital would be as follows:

Details	No. of Shares	RM
Share capital		
As at the date of this Prospectus	644,238,002	322,119,002
To be issued under our Public Issue	161,060,000	77,308,800
Enlarged share capital upon our Listing	805,298,002	399,427,802

Our Offer for Sale will not have effect on our share capital.

As at the date of this Prospectus, we have only one class of shares, being ordinary shares, all of which rank equally amongst one another.

Our Issue Shares will, upon allotment and issue, rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares.

Our Offer Shares rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus if our Company is liquidated in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meetings in person, or by proxy or by other duly authorised representative. Every shareholder present in person or by proxy or other duly authorised representative shall have one vote for each Share held.

4.5 PURPOSES OF OUR IPO

The purposes of our IPO are as follows:

- (i) To gain recognition through our listing status which will enhance our reputation in terms of marketing our development projects and retention of our employees;
- (ii) To provide an opportunity for the Malaysian Public, including our eligible Directors, employees and persons who have contributed to the success of our Group to participate in our equity;

4. DETAILS OF OUR IPO (Cont'd)

- (iii) To enable our Group to raise funds for the purposes specified in Section 4.9 herein; and
- (iv) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

4.6 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (i) Our pro forma NA per Share as at 30 September 2020 of RM0.55, calculated based on our pro forma NA as at 30 September 2020 of approximately RM439.0 million and enlarged share capital of 805,298,002 Shares upon Listing;
- (ii) The PE Multiple of our IPO Price of approximately 8.9 times based on our net EPS of approximately 5.4 sen for FYE 2019, calculated based on our PAT attributable to owners of the Company for FYE 2019 of RM43.4 million and enlarged share capital of 805,298,002 Shares upon Listing;
- (iii) Our historical financial track record as follows:

	FYE 2017	FYE 2018	FYE 2019	FPE 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	359,511	259,141	232,988	100,028
GP	119,271	91,689	80,537	36,464
Total comprehensive income attributable to owners of our Company	62,979	48,724	43,402	17,302

- (iv) Our competitive strengths as set out in Section 7.11; and
- (v) Our business strategies and prospects as set out in Section 7.12.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 9 before deciding to invest in our Shares.

4.7 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and enlarged share capital of 805,298,002 Shares upon Listing, our total market capitalisation will be RM386,543,041.

4. DETAILS OF OUR IPO (Cont'd)**4.8 DILUTION**

Dilution is the amount by which our IPO Price exceeds the pro forma NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	RM
IPO Price	0.48
Our pro forma NA per Share as at 30 September 2020 after the Acquisition and subsequent events, before the IPO	0.56
Our pro forma NA per Share as at 30 September 2020 after the Acquisition and subsequent events, IPO and utilisation of proceeds	0.54
Decrease in the pro forma NA per Share attributable to existing shareholders	0.02
Increase in the pro forma NA per Share to our new public investors	0.06
Increase in the pro forma NA per Share as a percentage of our IPO Price	12.5%

Further details of our pro forma NA per Share as at 30 September 2020 is set out in Section 14.

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares since our incorporation up to the date of this Prospectus:

Shareholders	⁽¹⁾ No. of Shares received	Total consideration	Average effective cost per Share
		RM	RM
Teo Lay Ban	335,003,762	167,501,882	0.50
Teo Lay Lee	103,078,080	51,539,040	0.50
Teo Siew May	103,078,080	51,539,040	0.50
Wan Lei Chin	103,078,080	51,539,040	0.50
	644,238,002	322,119,002	

Note:

⁽¹⁾ Issued under the Acquisition and acquisition from 2 existing subscriber shareholders

Save for the Shares received by our Promoters under the Acquisition as well as Pink Form Allocation to our eligible Directors and key senior management, there has been no acquisition or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected to them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to LPD.

4. DETAILS OF OUR IPO (Cont'd)**4.9 UTILISATION OF PROCEEDS****4.9.1 Public Issue**

The estimated gross proceeds from our Public Issue of RM77.3 million will accrue entirely to us and are planned to be utilised in the following manner:

Utilisation of proceeds	Notes	RM'000	%	⁽¹⁾Estimated timeframe for utilisation
Acquisition of land for development	(i)	35,000	45.3	Within 36 months
Working capital for project development	(ii)	33,109	42.8	Within 24 months
Repayment of bank borrowings	(iii)	4,000	5.2	Within 3 months
Estimated listing expenses	(iv)	5,200	6.7	Within 1 month
		77,309	100.0	

Note:

⁽¹⁾ From the date of Listing

Pending the deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions.

Notes:**(i) Acquisition of land for development**

We have allocated RM35.0 million for acquisition of landbank in Melaka within the vicinity of our existing landbank and landbank to be acquired for our future development. This is in line with our future plans to maintain sustainable growth in our business, which are further detailed in Section 7.12.

As we are a property developer, we are continuously on the lookout for suitable landbank for our business growth. As at LPD, we are still in the midst of identifying suitable land within the Melaka region in line with our strategy for our future residential property and shop development and have not committed to any acquisitions with respect to these proceeds from our IPO.

Depending on the actual funding required for our future development projects, any shortfall will be funded from our internally generated funds and/or bank borrowings. To maintain our cost competitiveness, our Board will continue to identify reasonably priced land to ensure that our future developments are carried out on a commercially viable basis.

(ii) Working capital for project development

A total of RM33.1 million of the proceeds raised from our Public Issue will be used to supplement our general working capital requirements, which include construction costs (building and infrastructure cost), consultants and professional fees, local authorities fees and marketing expenses for our current projects. The proposed allocations of the proceeds for the projects are set out below:

4. DETAILS OF OUR IPO (Cont'd)

Projects	Commencement date	Estimated GDC (excluding land cost)	Allocation
		RM'000	RM'000
Ongoing project			
Bali Residences	June 2018	205,000	⁽¹⁾ 10,000
Taman Desa Bertam (Phases 2 and 3A)	July and September 2020	207,000	⁽²⁾ 23,109
		412,000	33,109

Notes:

(1) Being allocation for the construction costs of the project

(2) Being allocation for the following components of GDC:

	RM'000
Construction costs	22,109
Consultants & professional fees	500
Local authorities fees	500
	23,109

The allocations of working capital to the above projects reduce our external financing requirement and allow us to undertake more development projects concurrently.

(iii) Repayment of bank borrowings

We have allocated RM4.0 million to partially repay our bank overdrafts from United Overseas Bank (Malaysia) Bhd which was drawn down to finance our general working capital. We have decided to repay this bank overdraft as it carries higher interest than our other bank facilities. As at LPD, our outstanding bank overdrafts amounted to RM5.8 million, however we expect to drawdown further bank overdrafts to support our working capital requirements.

The expected annual interest savings from the repayment of the bank overdrafts is approximately RM0.3 million based on the interest rate of 7.1% per annum. However, the actual interest savings may vary depending on the then applicable interest rates.

The proposed repayment of bank borrowings coupled with the increase in total equity from the issuance of new Shares under our Public Issue will provide us with better borrowing capability to undertake larger property development projects in the future where larger financing is required. The proposed repayment of bank borrowings will reduce our pro forma gearing level from 0.373 times (after the Public Issue and Offer for Sale but prior to utilisation of proceeds) to 0.368 times (after the utilisation of proceeds).

4. DETAILS OF OUR IPO (Cont'd)

(iv) Estimated listing expenses

An amount of RM5.2 million is allocated to meet the estimated cost of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Estimated listing expenses	RM'000
Professional fees ⁽¹⁾	2,500
Fees payable to authorities	100
Underwriting, placement and brokerage fees	2,300
Printing, advertising fees and contingencies ⁽²⁾	300
	5,200

Notes:

- (1) Includes advisory fees for, amongst others, our Principal Adviser, Solicitors, Reporting Accountants, IMR, Independent Valuer and Issuing House
- (2) Other incidental or related expenses in connection with our IPO

4.9.2 Offer for Sale

The Offer for Sale will raise gross proceeds of approximately RM19.6 million which will accrue entirely to our Selling Shareholders.

4.10 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION

4.10.1 Brokerage fees

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House.

4.10.2 Placement fees

Our Placement Agent will place out a total of 110,326,000 Issue Shares and 40,800,000 Offer Shares to Bumiputera investors approved by MITI and selected investors.

We will pay our Placement Agent a placement fee of 2.5% of our IPO Price multiplied by the number of Issue Shares placed out by our Placement Agent.

The placement fee of 2.5% of the value of those Offer Shares placed out by our Placement Agent will be borne entirely by the Selling Shareholders.

4.10.3 Underwriting commission

Our Underwriter has agreed to underwrite 50,734,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We will pay our Underwriter an underwriting commission of 3.0% of our IPO Price multiplied by the number of Shares underwritten.

4. DETAILS OF OUR IPO (Cont'd)

4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 50,734,000 Issue Shares ("Underwritten Shares") as set out in Section 4.3.4.

The salient terms in the Underwriting Agreement are as follows:

Conditions Precedent

- (1) The obligations of the Underwriter under the Underwriting Agreement are conditional upon:
 - (i) The Underwriter being provided with such reports or confirmation and being satisfied on the Closing Date that:
 - (a) no material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of our Group taken as a whole from that subsequent to the date of the Underwriting Agreement; or
 - (b) there has not occurred any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings as set out in the Underwriting Agreement materially untrue or inaccurate or result in a material breach of the Underwriting Agreement by our Company;
 - (ii) The Underwriter receiving a certificate in the form or substantially in the form contained in Second Schedule (Certificate) of the Underwriting Agreement dated the Closing Date signed by the duly authorised officers of our Company stating inter alia that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as set out in the Underwriting Agreement;
 - (iii) The Underwriter receiving copies certified by a director or the company secretary of our Company to be a true and accurate copy and in full force and effect of a resolution of the directors:
 - (a) approving the Prospectus and the application forms, the Underwriting Agreement and the transactions contemplated by it; or
 - (b) authorising a person to sign and deliver the Underwriting Agreement on behalf of our Company;
 - (iv) the Underwriting Agreement being duly signed by all parties and stamped;
 - (v) the issue, offer and subscription of the IPO Shares not being prohibited or impeded by any statute, order, rule, directive, guideline, (whether or not having a force of law) or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the IPO Shares and all consents, approvals, authorisations or other orders required by our Company under such laws for or in connection with the IPO Shares and/or the Listing have been obtained and are in force on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date;

4. DETAILS OF OUR IPO (Cont'd)

- (vi) The Underwriter being satisfied that our Company has complied with and that the Listing and the IPO are in compliance with the policies, guidelines and requirements of the SC and Bursa Securities and all revisions, amendments and/or supplements to it;
 - (vii) The FTSE Bursa Malaysia Kuala Lumpur Composite Index ("Index") being not lower than 90% of the level of the Index for at least 3 consecutive Market Days between the date of the Underwriting Agreement and the Closing Date, both dates inclusive;
 - (viii) There being no breach of and/or failure to perform any of the terms and/or the undertakings contained in the Underwriting Agreement by our Company;
 - (ix) SC having registered the Prospectus;
 - (x) The offering of the IPO Shares having been approved by Bursa Securities and any other relevant authority or authorities and remaining in full force and effect and that all conditions precedent to the approvals (except for any which can only be complied with after the IPO has been completed) have been complied with;
 - (xi) The Underwriting Agreement having become unconditional in all respects (save for any condition requiring the Underwriting Agreement to be unconditional) and not having been terminated or rescinded pursuant to the provisions thereof and upon the Underwriter's (in this regard, in its capacity as the placement agent for the 151,126,000 IPO Shares that have been placed out by the Placement Agent to selected investors ("Placement Shares")) receipt of the full subscription monies for the Placement Shares on or before the last date for payment of the Placement Shares;
 - (xii) The delivery to the ROC of the Prospectus for registration in accordance with the requirements of Sections 154 and 155 of the Act;
 - (xiii) The launching of the Prospectus taking place within 3 months from the date of the Underwriting Agreement or such other later date as the Underwriter and our Company may from time to time agree in writing; and
 - (xiv) The completion of the Acquisition,
(collectively, the "Conditions Precedent").
- (2) If after the Conditions Precedent have been complied with but our Company decides not to proceed with the IPO, the Underwriter may treat itself as so released or discharged from its obligations.
- (3) The Underwriter may waive all or any of the Conditions Precedent except for any required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with the Underwriting Agreement.
- (4) If any of the Conditions Precedent in items (1)(iii), (iv), (xii) (xiii) and/or (xiv) above are not satisfied within 3 months from the date of the Underwriting Agreement or such other date as the Underwriter and our Company may from time to time agree in writing and/or if any of the conditions in items (1)(i), (ii), (v) to (x) to the extent not waived are not satisfied by the Closing Date, the Underwriter after consultation with our Company will thereupon be entitled to terminate the Underwriting Agreement by notice in writing to our Company. In such event the Underwriting Agreement will automatically be terminated and the parties to the Underwriting Agreement will be released and discharged from their obligations, except for the liability of our Company for payments of costs and expenses incurred prior to or in connection with such termination.

4. DETAILS OF OUR IPO (Cont'd)

Termination

- (5) Notwithstanding anything contained in the Underwriting Agreement, the Underwriter may by notice in writing to our Company given at any time before the Closing Date, terminate, cancel and withdraw its commitment to underwrite the Underwritten Shares and pursuant thereto terminate the Underwriting Agreement if:
- (i) There is any breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to our Company;
 - (ii) Our Company withholds any information of a material nature from the Underwriter, which, in the reasonable opinion of any underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the IPO or the distribution or sale of the IPO Shares;
 - (iii) There has occurred, happened or come into effect any material and adverse change to the business or financial condition of our Company or our Group;
 - (iv) There has occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriter (including without limitation to, acts of government, strikes, national disorder, declaration of a state emergency, lockouts, fire, explosion, flooding, landslide, civil commotion, hurricanes/typhoons, tsunamis, widespread diseases, acts of war, sabotage, acts of God etc) which would have, or can reasonably be expected to have, a material adverse effect on the business or the operation of our Company or our Group or the success of the IPO or which is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms;
 - (v) There is the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities which would materially prejudice the success of the IPO;
 - (vi) Any government requisition or other occurrence of any nature whatsoever which would or is likely to have a material adverse effect on the financial and operational condition of our Company; or
 - (vii) There is failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement.
- (6) Upon the Underwriter serving the notice of termination in accordance with item (5) above:
- (i) the Underwriter will be released and discharged of its obligations without prejudice to its rights; and
 - (ii) the Underwriting Agreement will thereafter be of no further force or effect and no party will be under any liability to any others in respect of the Underwriting Agreement, except that our Company will remain liable in respect of:
 - (a) any of our obligations and liabilities in relation to representations, warranties and undertakings and right to be indemnified by our Company;

4. DETAILS OF OUR IPO (Cont'd)

- (b) for full payment of the underwriting commission, costs and expenses already incurred up to the date on which such notice was given and for the payment of any taxes, duties or levies; and
- (c) to refund to the Underwriter the subscription monies, if any, relating to the Underwritten Shares without any deduction.

4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, among others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Upon our Listing, transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and substantial shareholders' shareholdings

The shareholdings of our Promoters and substantial shareholders in our Company before and after IPO are set out below:

Name	Nationality	⁽¹⁾ Before IPO			⁽²⁾⁽³⁾ After IPO		
		Direct No. of Shares	%	Indirect No. of Shares	Direct No. of Shares	%	Indirect No. of Shares
Teo Lay Ban	Malaysian	335,003,762	52.0	-	335,003,762	41.6	-
Teo Lay Lee	Malaysian	103,078,080	16.0	-	89,478,080	11.1	-
Teo Siew May	Malaysian	103,078,080	16.0	-	89,478,080	11.1	-
Wan Lei Chin	Malaysian	103,078,080	16.0	-	89,478,080	11.1	-

Notes:

- (1) Based on the share capital of 644,238,002 Shares before IPO
- (2) Based on the enlarged share capital of 805,298,002 Shares after IPO
- (3) After Public Issue and Offer for Sale

Our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Company.

5.1.2 Profiles of Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders are as follows:

(i) Teo Lay Ban

Teo Lay Ban is our Promoter and substantial shareholder. He is also our Managing Director. His profile is set out in Section 5.2.2.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

(ii) Teo Lay Lee

Teo Lay Lee is our Promoter and substantial shareholder. He is also our Non-Independent Non-Executive Director. His profile is set out in Section 5.2.2.

(iii) Teo Siew May

Teo Siew May is our Promoter and substantial shareholder. She is also our Non-Independent Non-Executive Director. Her profile is set out in Section 5.2.2.

(iv) Wan Lei Chin

Wan Lei Chin, a Malaysian aged 70, is our Promoter and substantial shareholder.

In 1968, she completed her Form 5 in Sultan Ibrahim Girls School, Johor Bahru, Johor and has been a homemaker since and up to LPD.

5.1.3 Changes in Promoters' and substantial shareholders' shareholdings

The changes in our Promoters and substantial shareholders' shareholdings since our incorporation are as follows:

Name	As at incorporation			⁽¹⁾ After Acquisition			⁽²⁾ After IPO			
	Direct		Indirect	Direct		Indirect	Direct		Indirect	
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	%
Teo Lay Ban	-	-	-	335,003,762	52.0	-	335,003,762	41.6	-	-
Teo Lay Lee	-	-	-	103,078,080	16.0	-	89,478,080	11.1	-	-
Teo Siew May	-	-	-	103,078,080	16.0	-	89,478,080	11.1	-	-
Wan Lei Chin	-	-	-	103,078,080	16.0	-	89,478,080	11.1	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Notes:

- (1) Based on the share capital of 644,238,002 Shares after Acquisition
- (2) Based on the enlarged share capital of 805,298,002 Shares after IPO

5.1.4 Persons exercising control over the corporation

Save for our Promoters, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.2 DIRECTORS

5.2.1 Directors' shareholdings

Save for Madeline Lee May Ming who does not have any Shares in our Company and has opted out of the Pink Form Allocations, the shareholdings of our other Directors in our Company before and after IPO assuming that they will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	⁽¹⁾ Before IPO			⁽²⁾⁽³⁾ After IPO		
		Direct	Indirect		Direct	Indirect	
		No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Roy Thean Yew	Independent Non-Executive Chairman/ Malaysian	-	-	-	50,000	*	-
Teo Lay Ban	Managing Director/ Malaysian	335,003,762	52.0	-	335,003,762	41.6	-
Sia Ah Piew	Executive Director/ Malaysian	-	-	-	415,000	*	-
Teo Lay Lee	Non-Independent Non-Executive Director/ Malaysian	103,078,080	16.0	-	89,478,080	11.1	-
Teo Siew May	Non-Independent Non-Executive Director/ Malaysian	103,078,080	16.0	-	89,478,080	11.1	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name	Designation/ Nationality	(1) Before IPO			(2)(3) After IPO		
		Direct		Indirect	Direct		Indirect
		No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Annandan A/L Chandran	Independent Non- Executive Director /Malaysian	-	-	-	10,000	*	-
Foo Yit Lan	Independent Non- Executive Director /Malaysian	-	-	-	60,000	*	-

Notes:

- * Less than 0.1%
- (1) Based on the share capital of 644,238,002 Shares after Acquisition
- (2) Based on the enlarged share capital of 805,298,002 Shares after IPO
- (3) Assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

5.2.2 Profiles of Directors

The profiles of our Directors are as follows:

Roy Thean Chong Yew, a Malaysian aged 50, is our Independent Non-Executive Chairman and was appointed to our Board on 20 February 2020.

He completed the Malaysian Institute of Certified Public Accountants ("MICPA") course with Kolej Tunku Abdul Rahman (now known as TAR University College) in 1993. He is a member of MICPA, Malaysian Institute of Accountants ("MIA") and a Chartered Member of Institute of Internal Auditors of Malaysia ("CMIIA").

In 1994, he began his career as an Audit Assistant in Skelchy Su Lim & Associates, a firm involved in the provision of accounting, auditing and taxation advisory services and a member firm of PKF International. He was gradually promoted through various positions during his tenure. He undertook various responsibilities including leading the audit team to conduct audit assignments, liaising with stakeholders and ensuring compliance with auditing and accounting standards as well as regulatory requirements. He was also involved in corporate and advisory work which included amongst others, business valuations, financial due diligence, preparation of business plans and financial modelling. He was a Manager before he left in 2003.

In 2003, he joined Russell Bedford LC & Company, which is involved in the provision of audit, tax, accounting and corporate secretarial and liquidation services which is also a member firm of Russell Bedford International as an Associate Director. In 2004, he was admitted as a member of MICPA. In 2007, he was seconded to the newly set up corporate advisory arm, Russell Bedford Malaysia Business Advisory Sdn Bhd ("RBMBA"), a company involved in the provision of tax and business advisory and consultancy services, as an Executive Director. During his tenure with RBMBA he was involved in corporate and advisory work which included amongst others, business valuations, financial due diligence, preparation of business plans and financial modelling. In addition, he was also involved in internal control and business risk review; corporate governance, risk management, merger and acquisition related services. He left in 2009.

From 2010 to 2011, he also took on the role of an internal auditor for Skycomp Technology Sdn Bhd, a company involved in the trading and distribution of computer hardware, software and biometrics devices and RCG Matrix Sdn Bhd, a company involved in the trading and distribution of computer hardware and software, which were part of RCG Holdings Limited (now known as China e-Wallet Payment Group Limited) group of companies, which is listed on the Hong Kong Stock Exchange.

In 2011, he joined Jiwa Holdings Sdn Bhd ("Jiwa"), a company involved in timber furniture manufacturing and trading businesses, as an Executive Director. In 2012, he was appointed as Executive Director of JMES Facilities Sdn Bhd ("JMES"), a company involved in the provision of facilities management services and a subsidiary of Jiwa. In 2013, he also assumed the role of Group Financial Controller of Jiwa. He left Jiwa in 2016 but continued his position in JMES, before leaving in January 2019 to start being actively involved as a full time staff in his own professional firm, Talent League Sdn Bhd ("TLSB") which provides advisory and governance services. He is currently the Executive Director of TLSB.

As at LPD, he is also the Independent Non-Executive Directors of Malaysia Steel Works (KL) Berhad, a company listed on the Main Market of Bursa Securities and JAG Berhad, a company listed on the ACE Market of Bursa Securities. He was previously an Independent Non-Executive Chairman with Connectcounty Holdings Berhad, a company listed on the ACE Market of Bursa Securities.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Teo Lay Ban, a Malaysian aged 48, is our Managing Director. He was appointed to our Board on 10 October 2019 and is a member of our Risk Management Committee. He is responsible for overseeing business development activities, overall strategic direction and management of our Group as well as driving the growth of our business.

Teo Lay Ban graduated with a Bachelor of Science in Computer Science from Indiana University, USA in 1995.

In 1995, he began his career in Sony Systems Design International Pte Ltd, a company involved in the development of software and programming, as an Associate Systems Engineer where he was responsible for providing software support for the company's production plants across South East Asia.

In 1997, he joined Teladan Setia as a Business Development Manager where he worked alongside Datuk Teo Poh Boon and assisted in site selection and land acquisition, which comprised assessing findings of due diligence studies and feasibility studies on land, participating in price negotiations during land acquisition as well as formulation of development concepts, marketing and financing plans. He was also involved in the selection and appointment of contractors and professional consultants to ensure that the property development projects were completed on time, within budget and were of the standard of quality required. Further, he acquired practical experience in planning and managing the financial aspects such as the commercial values of property development projects in terms of budget forecasts and GDV calculations, taking into consideration the GDC, financing requirements, pricing of properties and profitability.

In 2001, he was promoted to General Manager where he oversaw and managed the day to day operations of our business across all departments comprising sales and marketing, conveyancing, project implementation, business development, finance and administration. He was also involved in identifying and analysing new project development opportunities that were in line with our strategic business directions. In 2003, he was appointed as the Executive Director of Teladan Setia where he gradually took on more responsibilities in strategic planning for the development and growth of our Group and took over more responsibilities such as managing acquisition of new land for development, development planning layout, marketing, securing term loans, bridging loans and end-financing from various financial institutions.

Sia Ah Piew, a Malaysian aged 49, is our Executive Director. He was appointed to our Board on 20 February 2020. He is responsible for leading and overseeing matters related to our Group's property project management, delivery and completion, to ensure our property development projects are completed on-budget, in a timely manner and according to our quality requirements through regular on-site inspections and monitoring of progress reports. He is involved in the management of the entire process of our property development projects from development planning, regulatory compliance, projects implementation and construction, quality control and safety monitoring as well as fulfilment of our obligations to our customers during the DLP.

He graduated with a Diploma in Technology (Building) from Kolej Tunku Abdul Rahman (now known as TAR University College) in 1996.

In 1996, he began his career in Sri Pengkalan Binaan Sdn Bhd, a company involved property development, as an in-house Quantity Surveyor where he assisted in building materials planning and cost control as well as sub-contractors' claims preparation.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 1997, he joined Geahin Engineering Berhad, a company involved in the provision of civil and structural engineering services, as an in-house Quantity Surveyor where he was responsible for building materials planning, monitoring, purchasing and cost control and conducting construction sites measuring and monitoring to ensure sufficient building materials, equipment and machinery as well as allocation of resources.

In 1998, he joined Seri Jasmine Sdn Bhd, a company involved in property development and the provision of construction services, as an in-house Quantity Surveyor. He was subsequently promoted to Project Manager where he was involved in managing construction projects which includes appointment of subcontractors through tender processes, monitoring of construction activities and ensuring the projects were delivered within the required schedule, budget and quality. He left Seri Jasmine Sdn Bhd in August 2000.

In September 2000, he joined Guan Joo Hin Construction, a company involved in property development and the provision of construction services, as a Project Manager and was responsible for overseeing and managing residential and commercial property development projects. He was involved in the appointment of main contractors, monitoring of main contractor and subcontractor works and ensuring the construction works were delivered within the required schedule, budget and quality. He left Guan Joo Hin Construction in January 2001.

In May 2001, he rejoined Seri Jasmine Sdn Bhd as a Project Manager where he was involved in overseeing and managing residential, commercial and industrial property development projects. He left Seri Jasmine Sdn Bhd in February 2009.

In March 2009, he joined Cityteam Construction Sdn Bhd, a company involved in property development and the provision of construction services, as a Construction Manager where he was involved in overseeing and managing the construction works of residential property development projects. During the same year, he left to join our Group as an Assistant Project Manager where he was responsible for assisting in coordinating the construction activities of our property development projects. He was subsequently promoted to Project Manager in 2011, and was responsible for overseeing and managing the progress of property development projects, ensuring these property development projects were completed within the required schedule, budget and quality.

In 2014, he assumed his current role as our Head of Projects and was subsequently appointed as our Executive Director on 20 February 2020.

Teo Lay Lee, a Malaysian aged 43, is our Non-Independent Non-Executive Director. He was appointed to our Board on 20 February 2020.

Teo Lay Lee obtained his Bachelor of Engineering (Honours) in Civil Engineering from The Victoria University of Manchester, UK in 2000. He pursued his postgraduate studies and graduated with a Master of Science from University of Manchester Institute of Science and Technology, UK in 2001.

In 2002, he began his career as a Systems Engineer in Singapore Airlines Limited, a company involved in the provision of air transportation, engineering, pilot training, air charter and tour wholesaling services, where he was responsible for providing technical expertise for the planning, designing and architecting of information technology ("IT") solutions. He was promoted to Senior Systems Engineer and subsequently to Assistant Manager in 2009 where he was responsible for overseeing and managing a team of systems engineers to deliver IT solutions.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 2011, he left Singapore Airlines Limited to join Huttons Asia Pte Ltd, a company involved in the provision of real estate marketing and consultancy services, as an Associate Marketing Consultant and was involved in the marketing, negotiation and sale of condominiums to the Singaporean market. Over the years of service, he held several positions in the company and was involved in the marketing, negotiation and sale of international properties from various countries which included amongst others, Cambodia, Malaysia, Thailand and UK.

He assumed his current position as an Associate Senior District Director in 2018, where his responsibilities include undertaking market research and site studies, identifying and assessing suitable projects for sale, conducting agent briefings and consumer seminars, and developing business relationships with property developers for overseas markets including amongst others, Cambodia and the UK.

Teo Siew May, a Malaysian aged 45, is our Non-Independent Non-Executive Director. She was appointed to our Board on 20 February 2020.

Teo Siew May graduated with a Bachelor of Science (Honours) in Accounting and Finance from The University of Warwick, UK in 1998. She was admitted as a Fellow of The Institute of Chartered Accountants in England and Wales ("ICAEW") and as a Member of the Institute of Singapore Chartered Accountants since 2013.

In 1998, she began her career as a Trainee Chartered Accountant in Foo Kon Tan Grant Thornton (now known as Foo Kon Tan LLP), an accountancy firm involved in the provision of assurance, tax and advisory services and was subsequently promoted to Assistant Manager in 2004 where she was responsible for conducting financial and statutory audits of companies as well as supervising audit assistants and trainees.

In 2005, she joined ShareInvestor Pte Ltd, a company involved in the provision of online investor relations and financial applications services, as a Finance and Administration Manager and in 2008, she was promoted to Group Financial Controller. In 2013, she was transferred to Singapore Press Holdings Ltd, a company involved in the provision of print and digital media and the holding company of ShareInvestor Pte Ltd, where she assumed the role of an Assistant Vice President, Finance. She was responsible for the overall budgeting and financial reporting.

In 2018, she participated in the management buyout of ShareInvestor Pte Ltd and was designated as the Finance Director in 2019. She subsequently assumed her current position as its Chief Financial Officer in 2020.

Annandan A/L Chandran, a Malaysian aged 68, is our Independent Non-Executive Director. He was appointed to our Board on 10 October 2019 and is also the Chairman of Remuneration Committee. He is also a member of our Audit Committee, Nominating Committee and Risk Management Committee. He has 35 years of experience in the banking industry.

He graduated with a Masters of Business Administration from University of Hull, UK in 1994 after obtaining a Diploma in Management Programme from the Malaysian Institute of Management in 1988. He also obtained a Diploma in Banking and Financial Services from Institut Bank-Bank Malaysia in 1999. He became a Certified Financial Planner in 2003 and a Registered Financial Planner in 2006.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 1974, he began his career in United Asian Bank Berhad (now known as CIMB Bank Berhad) as a Junior Officer providing administrative assistance in the purchasing department for the centralised procurement of table stationeries and printed documents. In 1978, he was promoted to Officer in the Credit Department where he was responsible for loan processing, approval and recovery. In 1993, he left as Manager to join Bank of Commerce (M) Berhad (now known as CIMB Bank Berhad) as Assistant Vice President, where he was also responsible for loan processing, approval and recovery. In 1996, he was promoted to Branch Manager where he was involved in overseeing and managing the operations of Melaka Raya branch in Melaka.

In 1999, he joined Bumiputra-Commerce Bank Berhad (now known as CIMB Bank Berhad) as a Hub Branch Manager, where he was responsible for overseeing and managing the operations of 8 branches in Melaka. In 2003, he was appointed as an Area Sales Manager (Melaka) where he was responsible for managing all the sales teams in 8 branches in Melaka for the sale of retail banking products.

In 2007, he joined CIMB Bank Berhad as an Area Retail Manager where he was responsible for managing all the sales teams in the branches located within northern Johor for the sale of retail banking products. In 2008, he retired from his position in CIMB Bank Berhad.

Upon his retirement, in 2009 and 2012, he joined AmBank (M) Berhad under 2 contractual employments with tenures of 6-month and 3-month respectively for the position of Data Collection, Non-Retail Credit Models Project in Group Risk Management where he was involved in data collection of delinquent business accounts to facilitate further analysis for the development of the credit model for the bank.

Since 2006, he commenced his own venture as a Certified Financial Planner where he is involved in the provision of financial planning services in his own personal capacity. On 15 September 2020, he registered a sole proprietorship named CA Consultancy to provide his financial planning services.

Madeline Lee May Ming, a Malaysian aged 53, is our Independent Non-Executive Director. She was appointed to our Board on 10 October 2019 and is also the Chairwoman of our Nominating Committee. She is also a member of our Audit Committee, Remuneration Committee and Risk Management Committee.

She obtained her Bachelor of Laws from The Queen's University of Belfast, UK in 1991. She pursued her postgraduate studies at the same university and graduated with a Masters of Laws in 1992.

In 1993, she was called to the Bar of England and Wales and is a member of Gray's Inn, UK since 1993. Subsequently, she was called to the Singapore Bar in 1995 and also to the Malaysian Bar in 2001.

She has over 25 years of experience in the legal profession. She began her career as a pupil Barrister in the Chambers of 4 Brick Court, London, a barrister's chambers in 1993 until 1994. She then moved to Singapore and continued her legal practice with Palakrishnan and Partners, Singapore, a law firm, as an Associate from 1994 to 1996, where she practised civil and criminal litigation. In 1996, she joined Helen Yeo & Partners (now known as Dentons Rodyk), a law firm, as an Associate and was based at their Vietnam office until 1999 where she advised on laws relating to foreign investors in Vietnam.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 2000, she returned to Malaysia and joined Raslan Loong, a law firm as an Associate where she began focusing in the areas of corporate and commercial law before leaving in 2003 to join Mazlan & Associates, a law firm. She was made a partner at Mazlan & Associates in 2006 and continued practicing at the legal firm until 2014. In 2015, she co-founded Ilham Lee, a law firm and remains a Partner of the firm as at LPD.

As at LPD, she also sits on the board of directors of Icon Offshore Berhad, a company listed on the Main Market of Bursa Securities, as an Independent Non-Executive Director, a position she has held since 2014.

Foo Yit Lan, a Malaysian aged 63, is our Independent Non-Executive Director. She was appointed to our Board on 10 October 2019 and is also the Chairwoman of our Audit Committee and Risk Management Committee. She is also a member of our Remuneration Committee and Nominating Committee. She has more than 30 years of experience in accounting, taxation and finance.

She graduated with a Diploma in Commerce (Business Management) from Kolej Tunku Abdul Rahman (now known as TAR University College) in 1982 after obtaining a professional qualification in Company Secretarial course from The Institute of Chartered Secretaries and Administrators (ICSA) in 1982. She completed her professional studies with the Association of Chartered Certified Accountants ("ACCA") in 1990. She has been a registered chartered accountant with the Malaysian Institute of Accountants since 1994, a Fellow Member of ACCA since 1998 and a Certified Financial Planner since 2003.

In 1982, she began her career in SGV-KC Taxation Services Sdn Bhd (now known as Deloitte Tax Services Sdn Bhd), a company involved in the provision of accounting, auditing and taxation advisory services, as a Tax Assistant where she was responsible for providing administrative assistance in tax and accounting matters. In 1983, she joined Goonting & Chew (now known as C. P. Chew and Co), a company involved in the provision of accounting, auditing and taxation advisory services, as a Tax cum Audit Assistant where she assisted in tax and audit assignments.

In 1989, she left to join Nalin Industries Sdn Bhd, a company involved in the refining and processing of palm oil, as an Assistant Accountant where she was responsible for assisting in the preparation of monthly management accounts, budget and tax computation as well as developing internal controls to ensure proper documentation of transactions and recording of accounts. In 1990, she joined Kemayan Corporation Berhad, a company involved in the provision of construction services, project management, property development and educational advice and services, as an Accountant where she was responsible for the preparation and review of financial accounts and tax documents, preparation of annual budget and implementation of credit control policies. In 1993, she was promoted to Group Financial Controller where she was responsible for overseeing the preparation of the group financial accounts and annual budgets, corporate restructuring as well as mergers and acquisitions before leaving in 2011.

In 2011, she set up Rigel Consulting Sdn Bhd where she assumed her current responsibilities as a Managing Director and is involved in the provision of tax advisory, accounting and finance as well as corporate restructuring services.

She is also a shareholder and director of Seven-S Consulting Sdn Bhd, a management consulting firm since 1998.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.2.3 Principal business performed outside our group

Save as disclosed below, none of our Directors has any other principal directorship, shareholding and/or principal business activities performed outside our Group in the past 5 years up to LPD:

(i) Roy Thean Chong Yew

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u> Techniques Geosystems Sdn Bhd	Design and construction geotechnical engineering works	Alternate Director	28 December 2010	-	-	-
JAG Berhad	Investment holding company, computer software development, maintenance and support services	Director	18 October 2010	-	-	-
Squarecloud (Malaysia) Sdn Bhd	Information technology service activities	Director	2 August 2016	-	99.7	-
Malaysia Steel Works (KL) Bhd	Manufacturing of steel bars and steel billets	Director	2 July 2015	-	-	-
Talent League Sdn Bhd	Corporate advisory services	Director	13 July 2012 ⁽¹⁾	-	45.0	-
Collinson Power Pte Ltd	Provision of electrical works	-	-	-	1.0	-
Jiwa Holdings Sdn Bhd	Project management and investment holding	Director	4 January 2010	18 April 2016	14.7	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Past involvement Flonic Engineering Sdn Bhd	Trading in building materials and equipment parts	Director	1 March 2016	25 January 2018	-	-
Connectcountry Holdings Berhad	Investment holding	Director	29 September 2014	8 June 2016	-	-
Jiwa Furniture Sdn Bhd	Project management, interior fit out, manufacturing and trading in wood furniture	Director	28 November 2007	18 April 2016	-	-
Jiwa Furniture Marketing Sdn Bhd	Trading in audio equipment, computer accessories, software and other related products	Director	30 October 2009	18 April 2016	-	-
JMES Facilities Sdn Bhd	Mechanical and electrical engineering and maintenance services	Director	28 March 2012	2 January 2019	-	-
TCY Global Sdn Bhd	Investment holding	Director	5 May 2017	25 May 2017	-	-
Flonic Sdn Bhd	Provision of precision cleaning solution	Director	1 March 2016	25 January 2018	-	-
Flonic Advance Sdn Bhd	Design and manufacture of precision cleaning system, designing and manufacturing of metal designing and manufacturing of turbine ventilator	Director	1 March 2016	5 March 2019	-	-
Borderless Fame Sdn Bhd	Export and import of a variety of goods without any particular specialisation	Director	11 May 2015	17 August 2016	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
SC Construction Sdn Bhd ⁽²⁾	Project management construction and construction related industry	Director	11 June 2015	1 March 2016	-	-
Connect Solution Sdn Bhd ⁽³⁾	Trading in cables, connectors and its related products, engaging in cyber security business	Director	29 March 2015	17 August 2016	-	-

Notes:

- (1) He was a Director since incorporation and was only actively involved as a full time staff in Talent League Sdn Bhd starting January 2019
- (2) Held under SC Estate Builder Berhad, a company listed under the ACE Market
- (3) Held under Connectcountry Holdings Berhad, a company listed under the ACE Market

(ii) Teo Lay Ban

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present involvement Polywell Enterprise	Investment holding of properties and shares	Director	1 July 1997	-	39.2	-
Subsidiaries Of Polywell Enterprise Indra	Property investment	Director	18 December 2003	-	2.1	(1)94.7
Polywell Development	Property investment	Director	24 August 2001	-	-	(1)100.0
Polywell Properties	Investment holding of shares in Busaria Jaya Plantation Sdn Bhd	Director	8 October 2001	-	-	(1)100.0

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Polyintan	Property investment	Director	8 October 2001	-	-	(1)(3)100.0
Matan Development Sdn Bhd	Management consultancy	Director	9 January 2020	-	-	(1)100.0
Other involvements						
Widenote	Lodging services	Director	27 March 2017	-	100.0	-
Influx Formula Sdn Bhd	Property investment	Director	18 July 2019	-	100.0	-
Summerose Land Sdn Bhd	Investment holding	-	-	-	3.6	-
Busaria Jaya Plantation Sdn Bhd	Cultivation of oil palm	-	-	-	1.7	(2)22.0
AMS Consortium Sdn Bhd	Investment holding	-	-	-	3.6	-
Teo Poh Boon Enterprise Sdn Bhd	Dormant	Director	28 February 2020	-	32.7	-
Past involvement						
Hartamas Selesa Sdn Bhd	Construction services	Director	16 October 2017	16 May 2018	-	-
Taman Saujana Heights PMC Berhad	Project management	Director	8 December 2015	21 January 2019	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of		% of shareholdings held	
			appointment	Date of resignation	Direct	Indirect
Vittoria Innovation Sdn Bhd	Wholesaler, retailer, import and export of bags and fashion apparels and accessories Dissolved.	-	-	-	10.0	-

Notes:

- * less than 0.1%
- (1) Deemed interest by virtue of his shareholding in Polywell Enterprise pursuant to Section 8 of the Act
- (2) Deemed interest by virtue of Polywell Enterprise's shareholding in Polywell Properties pursuant to Section 8 of the Act
- (3) Pending acquisition by our Group, please refer to Section 6.5 for further details of the acquisition

(iii) Sia Ah Piew

Company	Principal activities	Position held	Date of		% of shareholdings held	
			appointment	Date of resignation	Direct	Indirect
Past involvement GML Setia Sdn Bhd	Construction services	Director	25 February 2014	3 January 2019	-	-

(iv) Teo Lay Lee

Company	Principal activities	Position held	Date of		% of shareholdings held	
			appointment	Date of resignation	Direct	Indirect
Present involvement Polywell Enterprise	Investment holding of properties and shares	Director	1 January 2012	-	19.6	-

Subsidiaries Of Polywell Enterprise

Indra	Property investment	Director	9 January 2020	-	1.1	(1)94.7
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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Polywell Development	Property investment	Director	9 January 2020	-	-	(1)100.0
Polywell Properties	Investment holding of shares in Busaria Jaya Plantation Sdn Bhd	Director	9 January 2020	-	-	(1)100.0
Polyintan	Property investment	Director	9 January 2020	-	-	(1)(3)100.0
Matan Development Sdn Bhd	Management consultancy	Director	9 January 2020	-	-	(1)100.0
Other involvements						
Summerose Land Sdn Bhd	Investment holding	-	-	-	1.8	-
Busaria Plantation Sdn Bhd	Cultivation of oil palm	-	-	-	0.9	(2)22.0
AMS Consortium Sdn Bhd	Investment holding	-	-	-	1.8	-
Teo Poh Boon Enterprise Sdn Bhd	Dormant	-	-	-	16.4	-

Notes:

- * less than 0.1%
- (1) Deemed interest by virtue of his shareholding in Polywell Enterprise pursuant to Section 8 of the Act
- (2) Deemed interest by virtue of Polywell Enterprise's shareholding in Polywell Properties pursuant to Section 8 of the Act
- (3) Pending acquisition by our Group, please refer to Section 6.5 for further details of the acquisition

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

(v) Teo Siew May

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present involvement SI Portal.Com Sdn Bhd	Provision of online investor relation services for listed companies, developing applications for the financial industry and operating a financial portal on stocks and shares as well as providing events management services	Director	22 December 2008	-	-	-
Waterbrooks Consultants Pte Ltd	Public relations consultancy services, mass communications/ public relations, general management consultancy services	Director	28 May 2019	-	-	-
Shareinvestor Pte Ltd	Provision of online investor relation services for listed companies, developing applications for the financial industry and operating a financial portal on stocks and shares as well as providing events management services	Secretary Secretary / Chief Financial Officer ⁽¹⁾	13 November 2018 13 November 2018 / 1 January 2020 ⁽¹⁾	-	-	-
Shareinvestor.Com Holdings Pte Ltd	Investment holding of shares	Secretary	13 November 2018	-	-	-
Vibranium Capital Pte Ltd	Investment holding	Secretary	13 November 2018	-	7.2	-
Polywell Enterprise	Investment holding of properties and shares	Director	9 January 2020	-	19.6	-
Summerose Land Sdn Bhd	Investment holding	-	-	-	1.8	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Busaria Jaya Plantation Sdn Bhd	Cultivation of oil palm	-	-	-	0.9	(3)22.0
AMS Consortium Sdn Bhd	Investment holding	-	-	-	1.8	-
Teo Poh Boon Enterprise Sdn Bhd	Dormant	-	-	-	16.4	-
Subsidiaries Of Polywell Enterprise						
Indra	Property investment	Director	9 January 2020	-	1.1	(2)94.7
Polywell Development	Property investment	Director	9 January 2020	-	-	(2)100.0
Polywell Properties	Investment holding of shares in Busaria Jaya Plantation Sdn Bhd	Director	9 January 2020	-	-	(2)100.0
Polyintan	Property investment	Director	9 January 2020	-	-	(2)(4)100.0
Matan Development Sdn Bhd	Management consultancy	Director	9 January 2020	-	-	(2)100.0
Past involvement						
Blu Inc Media Pte Ltd	Wholesale of books and magazines, printing of periodicals, books and magazines	Director	1 February 2013	31 December 2018	-	-
Culcreative International Pte Ltd	Investment holding	Director	1 February 2013	12 June 2017	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Hardware Zone Pte Ltd	Publishing of journals, periodicals and magazines, information service activities including system consultancy	Director	1 February 2013	31 December 2018	-	-
SPH Silver Care Pte Ltd	Investment holding	Director	1 February 2013	4 April 2017	-	-
Blu Inc Singapore Pte Ltd	Publishing of journals, periodicals and magazines	Director	1 February 2013	31 December 2018	-	-

Notes:

- (1) She is the Chief Financial Officer as well as the company secretary for purposes of statutory filings
- (2) Deemed interest by virtue of his shareholding in Polywell Enterprise pursuant to Section 8 of the Act
- (3) Deemed interest by virtue of Polywell Enterprise's shareholding in Polywell Properties pursuant to Section 8 of the Act
- (4) Pending acquisition by our Group, please refer to Section 6.5 for further details of the acquisition

(vi) Madeline Lee May Ming

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present involvement Icon Offshore Berhad	Investment holding. Its subsidiaries are offshore support vessel providers	Director	26 February 2014	-	*	-
Marvel Plus Holding Sdn Bhd	Investment holding in properties and shares	-	-	-	18.8	-
Easow Holdings Sdn Bhd	Investment holding in shares	-	-	-	7.8	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Past involvement</u> Aptium Sdn Bhd	General trading	Director	28 January 2003	13 April 2017	-	-
Note:						
* Less than 0.1%						
(vii) Foo Yit Lan						
Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u> SG Mineral Resources Sdn Bhd	Dormant	Director	2 January 2018	-	100.0	-
Rigel Consulting Sdn Bhd	Provision of book-keeping services, investment and other financial consultancy services	Director/ Secretary	23 May 2011/ 20 September 2011	-	33.3	-
Seven-S Consulting Sdn Bhd	Provision of consultancy and general insurance agency services	Director/ Secretary	20 October 1998	-	50.0	-
Power Root Berhad	Investment holding. Its subsidiaries are involved in manufacturing and distribution of beverage products	-	-	-	*	-
<u>Past involvement</u> Ascella Consulting Sdn Bhd	Provision of management consultancy services	Secretary	20 September 2011	8 April 2016	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Note:

* Less than 0.1%

(viii) Annandan A/L Chandran

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
CA Consultancy	Provision of financial advisory services	Sole proprietor	15 September 2020	-	100.0	-

The involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. The involvement of our Executive Directors in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group. In particular, the involvement of Teo Lay Ban, Teo Lay Lee and Teo Siew May in the Polywell Enterprise group of companies would not give rise to any conflict of interest situation as these companies are not involved in property development.

Please refer to Section 11.1 for details of conflict of interest between our Group and our Directors and substantial shareholders.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.2.4 Directors remuneration and benefits

The remuneration of our Directors including fees, salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. As at LPD, the Company pays monthly directors' fees, and also provides other benefits such as meeting allowances. Any change in Director's fees as set out in our Constitution must be approved by our shareholders pursuant to an ordinary resolution passed at a general meeting where appropriate notice of the proposed changes should be given. Please refer to Section 16.3 for further details. Additionally, apart from the Pink Form Allocations, there is no profit-sharing plan or share options participated by the Directors.

The aggregate remuneration and benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2020 and 2021 are as follows:

	Directors' fees		Salaries		Bonuses		Other emolument		Benefits-in-kind		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
FYE 2020												
Roy Thean Chong Yew	84	-	-	-	-	-	1	-	-	-	85	
Teo Lay Ban	-	720	(2)	(2)	87	-	-	-	-	-	807	
Sia Ah Piew	-	280	(2)	(2)	34	-	-	-	-	-	314	
Teo Lay Lee	(1)120	-	-	-	1	-	-	-	-	-	121	
Teo Siew May	(1)120	-	-	-	1	-	-	-	-	-	121	
Annandan A/L Chandran	48	-	-	-	1	-	-	-	-	-	49	
Madeline Lee May Ming	48	-	-	-	1	-	-	-	-	-	49	
Foo Yit Lan	48	-	-	-	1	-	-	-	-	-	49	
Proposed for FYE 2021												
Roy Thean Chong Yew	84	-	-	-	1	-	-	-	-	-	85	
Teo Lay Ban	-	720	(2)	(2)	87	-	-	-	-	-	807	
Sia Ah Piew	-	360	(2)	(2)	37	-	-	-	-	-	397	
Teo Lay Lee	(1)120	-	-	-	1	-	-	-	-	-	121	
Teo Siew May	(1)120	-	-	-	1	-	-	-	-	-	121	
Annandan A/L Chandran	48	-	-	-	1	-	-	-	-	-	49	
Madeline Lee May Ming	48	-	-	-	1	-	-	-	-	-	49	
Foo Yit Lan	48	-	-	-	1	-	-	-	-	-	49	

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

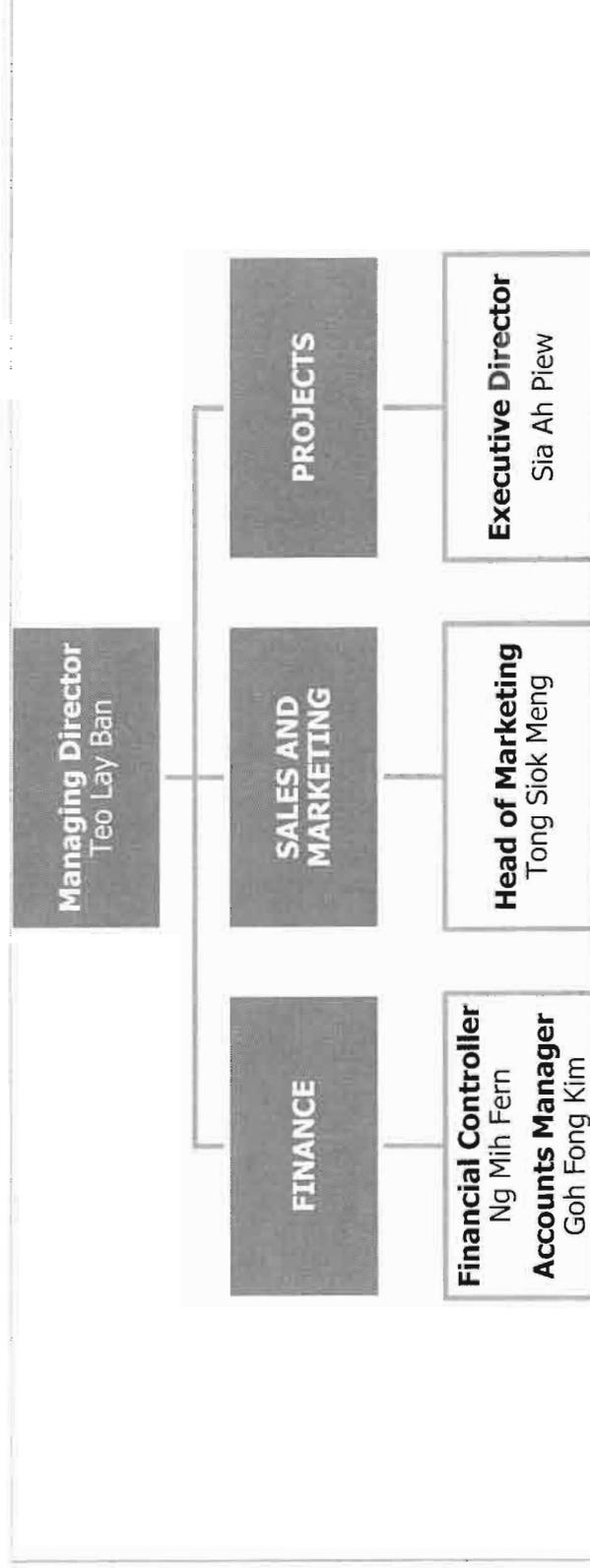
Notes:

- (1) Inclusive of Directors' fees for Teladan Setia
- (2) The bonuses for FYE 2020 and 2021, if any, will be determined at a later date based on our Group's performance, and will be subject to recommendation of our Remuneration Committee and approval by our Board

Details of other benefits paid to our Directors (who are also our Promoters and substantial shareholders) within the 2 years preceding the date of this Prospectus are disclosed in Section 16.4.

5.3 KEY SENIOR MANAGEMENT

5.3.1 Management structure



5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.3.2 Key senior management shareholdings

The shareholdings of our key senior management before and after IPO assuming that they will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	⁽¹⁾ Before IPO		⁽²⁾⁽³⁾ After IPO	
		Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares
Teo Lay Ban	Managing Director / Malaysian	335,003,762	52.0	-	-
Sia Ah Piew	Executive Director/ Malaysian	-	-	415,000	-
Ng Mih Fern	Financial Controller/ Malaysian	-	-	150,000	-
Tong Siok Meng	Head of Marketing/ Malaysian	-	-	560,000	-
Goh Fong Kim	Accounts Manager/ Malaysian	-	-	150,000	-
				335,003,762	41.6

Notes:

- * Less than 0.1%
- ⁽¹⁾ Based on the share capital of 644,238,002 Shares after Acquisition
- ⁽²⁾ Based on the enlarged share capital of 805,298,002 Shares after IPO
- ⁽³⁾ Assuming that our key senior management will fully subscribe for their respective entitlements under the Pink Form Allocations

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

5.3.3 Profiles of key senior management

Save for the profile of our Managing Director, which is disclosed in Section 5.2.2, the profiles of the other key senior management of our Group are as follows:

Ng Mih Fern, a Malaysian aged 40, is our Financial Controller. She is responsible for planning, implementing and controlling all financial and accounting related activities of our Group. She is also involved in overseeing the financial preparation process and issuance of financial information, developing our annual budget, preparing financial projections and implementing internal control policies.

She graduated with a Bachelor of Accounting from Multimedia University, Malaysia in 2003. She has been a registered chartered accountant with the Malaysian Institute of Accountants since 2010 and also a Fellow Member of ACCA since 2013.

In 2003, she began her career in P.S. Tan & Co, a company involved in the provision of accounting, auditing and taxation advisory services, as an Audit Assistant where she assisted in carrying out audit assignments involving reviewing and evaluating the accuracy of financial reports of her clients.

In 2006, she joined Horwath (Melaka office) (now known as Crowe Malaysia PLT), a company involved in the provision of accounting, auditing and taxation advisory services, as an Audit Assistant where she was responsible for carrying out the planning and execution of audit assignments and implementation of audit strategies.

In 2010, she left as a Senior Associate and joined Kotak Malaysia (KOM) Sdn Bhd, a manufacturer of paper carton packaging products, as an Accountant where she was subsequently promoted to Assistant Finance Manager in 2013 and to Finance Manager in 2018. As Finance Manager, she was responsible for overseeing the preparation, review and analysis of monthly financial statements, developing annual budgets and review of internal control policies. She was also responsible for the preparation of statutory and management reports, analysis of the business and financial trends for presentation to the management for business decisions.

In 2018, she joined our Group and assumed her current role as our Financial Controller.

Tong Siok Meng, a Malaysian aged 45, is our Head of Marketing. She is responsible for leading and overseeing the sales and marketing activities for our Group to promote the sales of our properties to prospective buyers, and to build and foster relationships with property sales agencies. She is involved in developing sales and marketing strategies and plans for our property development projects, planning and developing market intelligence strategies to keep abreast with consumer purchasing trends and competitive landscape, building strategic relationships with property sales agencies and identifying new sales and marketing channels.

Upon graduation from high school in 1994, she continued with her part time education by taking the London Chamber of Commerce and Industry ("LCCI") International Qualifications where she obtained a Certificate in Third Level Accounting and Business Statistics in 1998.

In 1995, she began her career in Tong Yeng Realty Sdn Bhd, a company involved in property development, as a Sales, Administration and Accounting Executive where she was responsible for assisting in the preparation of sales and marketing materials, execution of sales, tracking of progressive billings and payments, handovers of properties and provision of after-sales services.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 2000, she joined Seyhuat Sdn Bhd, a company involved in property development, as a Sales and Administration Executive where she focused on executing sales including handling enquiries from potential buyers about property development projects and closure of sales of properties.

In 2003, she joined Teladan Setia as a Sales Officer where she was responsible for the execution of sales of our properties. In 2008, she was promoted to Senior Sales Executive where she was responsible for leading a team of sales officers in planning and selling of our properties. In 2009, she was promoted to Assistant Marketing Manager where she was responsible for assisting in developing sales and marketing strategies for our property development projects and submission of new applications and renewals of APDL.

In 2011, she assumed her current role as our Head of Marketing.

Goh Fong Kim, a Malaysian aged 53, is our Accounts Manager. She is responsible for monitoring the preparation, reviewing and analysing financial statements, assisting in preparation of annual budgets and financial projections as well as executing internal control policies.

She obtained a Systematic Diploma in Business Studies from Systematic Business Training Centre, Malaysia and a Third Level Group Diploma in Cost Accounting from LCCI in 1991.

Prior to that, in 1987, she began her career with Syarikat Kojaya, a company involved in the trading of stationery, as a General Clerk where she was responsible for general office duties which include attending to telephone enquiries, filing of documentation, issuing sales invoices as well as assisting in preparation of accounts receivables. In 1989, she joined Pok Brothers Sdn Bhd as an Accounts Clerk where she was responsible for providing clerical support to the accounting department.

In 1990, she joined Bright Compu Typesetting Centre, a company involved in the provision of typesetting services, as an Accounts Clerk where she was responsible for maintaining the general ledger and preparing accounting reports. In 1994, she joined Binanusa Sdn Bhd, a company involved in property development, as an Accounts Assistant where she was responsible for accounts administrative matters. In 1995, she joined MBf Property Services Sdn Bhd, a company involved in the provision of property management and consultancy services, as an Accounts Officer. In 1997, she became the Acting Accounts Executive, and subsequently in 1998, she was transferred to MBf Country Homes & Resorts Sdn Bhd, a company involved in property development. In 2000, she joined Olympic Cable Company Sdn Bhd, a manufacturer of power cables, as an Accounts Executive and subsequently left the company to join Embun Tuah Sdn Bhd, a company involved in the provision of construction services, as an Accounts Executive in 2005.

In 2011, she joined our Group as an Accounts Executive where she was responsible for preparing monthly financial statements, assisting in the preparation of annual budgets.

In 2015, she assumed her current role as our Accounts Manager.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.3.4 Principal business performed outside our group

Save as disclosed below, none of our key senior management has any other principal directorship, shareholding and/or principal business activities performed outside our Group as at LPD:

(i) Ng Mih Fern

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present involvement SP Cahaya Industries Sdn Bhd	Provision of engineering supply, design and consulting services	Director	8 December 2017	-	50.0	-

The involvement of our key senior management in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Their involvement in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

5.3.5 Key senior management remuneration and benefits

The remuneration of our key senior management including, salaries, bonuses, incentives, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board.

Details of the remuneration and benefits paid and proposed to be paid to Teo Lay Ban are set out in Section 5.2.4. The aggregate remuneration and benefits-in-kind (in bands of RM50,000) paid and proposed to be paid to our other key senior management for services rendered in all capacities to our Group for FYE 2020 and 2021 are as follows:

	(1)Remuneration	Benefits-in-kind	Total
	RM'000		
FYE 2020			
Ng Mih Fern	200 – 250	-	200 – 250
Tong Siok Meng	300 – 350	-	300 – 350
Goh Fong Kim	250 – 300	-	250 – 300
Proposed for FYE 2021			
Ng Mih Fern	200 – 250	-	200 – 250
Tong Siok Meng	400 – 450	-	400 – 450
Goh Fong Kim	300 – 350	-	300 – 350

Note:

- (1) The remuneration for key senior management includes salaries, bonuses, allowances, incentives and other emoluments

Apart from the Pink Form Allocations, there is no profit-sharing plan or share options participated by our key senior management.

Additionally, for avoidance of doubt, Wan Lei Chin, one of our Promoters, is not a staff member of the Group and there is no remuneration, benefits, profit sharing plans or share options to Wan Lei Chin.

5.4 BOARD PRACTICE

5.4.1 Board

Our Board has adopted the following responsibilities for effective discharge of its functions:

- (i) To effectively promote the best interests of our Company with a view to add long-term value to our Company's shares, shareholders and stakeholders;
- (ii) To enable the Board to discharge its responsibilities in meeting our Company goals, the Board should, among others:
 - Together with management, promote good corporate governance culture within our Group which reinforces ethical, prudent and professional behaviour;
 - Review, challenge and decide on management's proposals for our Company and monitor its implementation by management;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

- Consider management's recommendations on key issues including acquisitions, disposals and restructuring, investment and divestitures, funding and significant capital expenditure;
 - Monitor the progress of our Company's strategies, plans and policies, and to revise and alter its direction through management in light of changing circumstances;
 - Oversee the conduct of our Company's business to evaluate whether the business is being properly managed;
 - Approve annual capital and operating budget which support our Group ability to meet its strategic objectives;
 - Approve and ratify capital expenditure exceeding a certain threshold to be determined by our Board from time-to-time;
 - Ensure the integrity of our Company's financial and non-financial reporting;
 - Ensure there is a sound framework for internal controls and risk management;
 - Identify and understand the principal risks of our Group's business and recognise that business decisions involve the taking of appropriate risks;
 - Set the risk appetite within which our Board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
 - Ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of our Board and senior management;
 - Evaluate the performance and succession planning of the Managing/Executive Director(s) from time to time;
 - Ensure that our Company has in place procedures to enable effective communication with stakeholders;
 - Review and approve the Directors' fees or other benefits payable to the Non-Executive Directors and remuneration package of the Managing/Executive Director(s) and senior management;
 - Evaluate the composition, processes and performance of our Board and board committees; and
 - Perform such other functions as prescribed under the applicable laws and/or regulations.
- (iii) The Board will oversee the business and affairs of our Company including, in particular:
- Reviewing and adopting a strategic plan for our Company, including its goals and ensuring that the strategic plan of our Company supports long-term value creation and includes strategies on economic, environment and social considerations underpinning sustainability;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

- Establishing policies for strengthening the performance of our Company including ensuring that management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;
- Identifying principal risks, set the risk appetite within which our Board expects the management to operate and ensuring the implementation of appropriate systems to manage the significant financial and non-financial risks and ensuring there is a sound framework for internal controls and risk management;
- Reviewing the adequacy and the integrity of our Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Deciding on whatever steps are necessary to protect our Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- Ensuring that our Company's financial statements are true and fair and conform with any applicable laws and/or regulations; and
- Ensuring that our Company adheres to high standards of ethics and corporate behaviour.

In accordance with our Constitution, an election of Directors shall take place each year at the annual general meeting of our Company, where one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office and be eligible for re-election. This is provided always that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Name	Date of appointment as Director	Date of expiration of the current term in office	Approximate no. of months in office as at LPD
Roy Thean Chong Yew	20 February 2020	Subject to retirement by rotation at our third annual general meeting	11
Teo Lay Ban	10 October 2019	Subject to retirement by rotation at our second annual general meeting	15
Sia Ah Piew	20 February 2020	Subject to retirement by rotation at our third annual general meeting	11
Teo Lay Lee	20 February 2020	Subject to retirement by rotation at our third annual general meeting	11
Teo Siew May	20 February 2020	Subject to retirement by rotation at our third annual general meeting	11
Annandan Chandran	A/L 10 October 2019	Subject to retirement by rotation at our second annual general meeting	15

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name	Date of appointment as Director	Date of expiration of the current term in office	Approximate no. of months in office as at LPD
Madeline Lee May Ming	10 October 2019	Subject to retirement by rotation at our third annual general meeting	15
Foo Yit Lan	10 October 2019	Subject to retirement by rotation at our second annual general meeting	15

All our Directors have served between 11 to 15 months as at LPD. At every annual general meeting, one-third of our Directors at that time, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office and be eligible for re-election.

The members of our Board are set out in Section 5.2.

5.4.2 Audit Committee

The main function of our Audit Committee is to assist our Board in fulfilling its responsibility to oversee our Group's accounting and financial reporting matters. The terms of reference of our Audit Committee include the following:

- (i) To consider and recommend the appointment and re-appointment of the external auditors, the audit fee and any question of resignation or dismissal, including review of any letter of resignation of the external auditors and whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;
- (ii) To establish and recommend policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors;
- (iii) To discuss with the external auditors before the audit commences, the audit plan, particularly the nature and scope of the audit, and ensure co-ordination where more than 1 audit firm is involved;
- (iv) To review with the external auditors the evaluation of the system of internal controls and the audit report;
- (v) To review the quarterly and year-end financial statements of our Group before recommendation to the Board, focusing particularly on:
 - Any change or implementation of major accounting policies and practices.
 - Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed.
 - Compliance with accounting standards and other legal requirements.
- (vi) To discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of management, where necessary);
- (vii) To review the external auditors' management letter and management's response;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

- (viii) To review the assistance given by our Company's management to the external auditors;
- (ix) To assess the suitability, objectivity and independence of our Company's external auditors;
- (x) To do the following, in relation to the internal audit function:
 - Consider and approve the appointment of the internal auditors, the internal audit fee and any question of resignation or dismissal.
 - Review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.
 - Review the internal audit plan and results of the internal audit assessments and investigation undertaken, and ensure that appropriate action is taken on the recommendations of the internal auditors.
 - Consider the internal audit reports and findings by the internal auditors, fraud investigations and actions and steps taken by the management in response to audit findings.
 - Review and decide on the budget allocated to the internal audit function.
 - Appraise or assess the performance of members of the internal audit function.
 - Monitor the overall performance of our Company's internal audit function.
- (xi) To consider any related party transactions and conflict of interest situation that may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (xii) To monitor the integrity of our Company's financial statements and ensure the financial statements are prepared in accordance to the applicable financial reporting standards;
- (xiii) To report its findings on the financial and management performance and other material matters to our Board;
- (xiv) To consider the major findings of internal investigations and management's response;
- (xv) To verify the allocation of Employees' Share Option Scheme ("**ESOS**") in compliance with the criteria as stipulated in the by-laws of ESOS of our Company, if any;
- (xvi) To monitor our Company's compliance with relevant laws, regulations and code of conduct;
- (xvii) To review the adequacy and effectiveness of risk management, internal control and governance systems;
- (xviii) To consider and examine such other matters as the Audit Committee considers appropriate; and
- (xix) To consider other relevant matters as delegated by our Board.

The recommendations of our Audit Committee are subject to the approval of our Board.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

The members of our Audit Committee as at LPD are as follows:

Name	Designation	Directorship
Foo Yit Lan	Chairwoman	Independent Non-Executive Director
Annandan A/L Chandran	Member	Independent Non-Executive Director
Madeline Lee May Ming	Member	Independent Non-Executive Director
Roy Thean Chong Yew	Member	Independent Non-Executive Chairman

Our Board will review the composition, performance and effectiveness of our Audit Committee annually.

5.4.3 Remuneration Committee

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility on matters relating to our Group's compensation, bonuses, incentives and benefits. The terms of reference of our Remuneration Committee include the following:

- (i) To formulate and periodically review policies and procedures to determine the remuneration of Directors and senior management, which takes into account the demands, complexities and performance of our Company as well as skills and experience required of Directors and senior management, having regard also to comparable market statistics;
- (ii) To review and recommend the remuneration packages of all the Directors and senior management in all forms, with or without independent professional advice or other outside advice to reflect the Board's responsibilities, the Director's expertise and the complexities of our Company's activities;
- (iii) To ensure the levels of remuneration be sufficiently attractive and be able to retain Directors needed to run our Company successfully;
- (iv) To structure the component parts of remuneration so as to align with the business strategy and long-term objectives of our Company and to link rewards to our Company's strategy and performance;
- (v) To ensure that the remuneration and incentives for Independent Non-Executive Directors do not conflict with their obligations to bring objective and independent judgement to our Board;
- (vi) To develop and administer a fair and transparent procedure for setting policy on remuneration;
- (vii) To ensure that remuneration packages are proposed on the basis of the Directors' merit, qualification and competence, having regard to our Company's operating results, individual performance and comparable market statistics;
- (viii) To act in line with the directions of our Board;
- (ix) To consider and examine such other matters as the Remuneration Committee considers appropriate; and
- (x) To consider any other relevant matters as delegated by our Board.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

The members of our Remuneration Committee as at LPD are as follows:

Name	Designation	Directorship
Annandan A/L Chandran	Chairman	Independent Non-Executive Director
Foo Yit Lan	Member	Independent Non-Executive Director
Madeline Lee May Ming	Member	Independent Non-Executive Director
Roy Thean Chong Yew	Member	Independent Non-Executive Chairman

5.4.4 Nominating Committee

The terms of reference of our Nominating Committee include the following:

- (i) To formulate and review the policy on Board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of our Company;
- (ii) To source, identify, review and recommend candidates for appointment to the Board and board committees, which is led by the Chairwoman of the Nominating Committee, taking into consideration the optimum and effective size of the Board and the candidates':
 - Character, competency, knowledge and experience;
 - Professionalism;
 - Integrity and credibility;
 - Time commitment, particularly his number of other directorships; and
 - In the case of the candidates for the position of Independent Non-Executive Directors, the Nominating Committee would also evaluate the candidates' ability to discharge such responsibilities or functions as expected from Independent Non-Executive Directors.
- (iii) To review and recommend the candidate for appointment as Managing Director and Executive Directors, taking into consideration the candidates':
 - Character, competency, knowledge and experience;
 - Professionalism; and
 - Integrity and credibility.
- (iv) To recommend the re-election of Directors who are due to retire in accordance with our Constitution;
- (v) To assess the independence of Independent Directors annually;
- (vi) To consider, in making its recommendations, candidates for directorships and, within the bounds of practicability, by any other senior executive or any Director or major shareholder and to take steps to ensure that women candidates are sought as part of its recruitment exercise;
- (vii) To establish and review the performance criteria to evaluate the performance of our Board, board committees and each individual Director;
- (viii) To recommend to the Board the nominees to fill the seats on board committees;
- (ix) To assess the effectiveness of the Board and the committees of the Board as a whole and each individual Director of the Board. All assessments and evaluations carried out by the Nominating Committee in the discharge of all its functions would be properly documented;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

- (x) To ensure that orientation and education programmes are provided for new members of the Board and to review the Directors' continuing education programmes for existing members of the Board;
- (xi) To review the terms of office and performance of the Audit Committee and each of its members annually to determine whether such Audit Committee and its members have carried out their duties in accordance with the terms of reference;
- (xii) To formulate and review the nomination, selection and succession policies and plans for members of the Board, board committees and senior management;
- (xiii) To act in line with the directions of the Board;
- (xiv) To consider and examine such other matters as the Nominating Committee considers appropriate;
- (xv) To assist our Board to assess and evaluate circumstances where a Director's involvement outside our Group may give rise to a potential conflict of interest with our Group's business, upon receiving declaration of the same from our Director and thereafter, to inform our Audit Committee of the same. After deliberation with our Audit Committee, to recommend to our Board the necessary actions to be taken in circumstances where there is a conflict of interest;
- (xvi) To consider any other relevant matters as delegated by our Board; and

The recommendations of our Nominating Committee are subject to the approval of our Board.

The members of our Nominating Committee as at LPD are as follows:

Name	Designation	Directorship
Madeline Lee May Ming	Chairwoman	Independent Non-Executive Director
Annandan A/L Chandran	Member	Independent Non-Executive Director
Foo Yit Lan	Member	Independent Non-Executive Director
Roy Thean Chong Yew	Member	Independent Non-Executive Chairman

5.4.5 Risk Management Committee

Our Board has the overall responsibility for risk oversight and risk management within our Group. However, as a committee of our Board, our Risk Management Committee shall lead our strategic direction in the management of our business risks, including oversight on the establishment and implementation of a risk management framework and reviewing the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

The Risk Management Committee is to be assisted by the Risk Management Working Group to perform duties as necessary to support them in discharging its functions and duties including but not limited to provide and report risk profile and related information to the Risk Management Committee, and to coordinate the implementation of policy directives and instructions within our Group with the management.

The Risk Management Working Group will be led by the Managing Director and supported by the delegated/appointed members from the management team covering all divisions and relevant departments.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

The objectives of the framework are to ensure the provision of quality products and services and monitor the risk culture and processes throughout our Group to take advantage of opportunities while managing risks that may adversely affect our reputation and achievement of business objectives.

The duties and responsibilities as stated in the terms of reference of our Risk Management Committee and Risk Management Working Group include the following:

Risk Management Committee

- (i) To review existing controls as reported by the Risk Management Working Group that may reduce the key risk factors of our Company;
- (ii) To review and recommend risk management strategies, policies and risk indicators and tolerance, and any proposed changes thereto for the Board's approval;
- (iii) To review and assess the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;
- (iv) To ensure adequate infrastructure, resources and systems are in place for an effective risk management i.e., ensuring that the staff responsible for implementing risk management systems perform those duties independently of our Company's operations;
- (v) To review the Risk Management Working Group's periodic reports on risk exposure, risk portfolio composition and risk management activities; and
- (vi) To seek appropriate support from the Risk Management Working Group, together with advice and input from the management as deemed appropriate.

Risk Management Working Group

- (i) To review the entire risk management processes and procedures and adequacy and effectiveness on the risk management framework, and provide feedback to the Risk Management Committee on quarterly basis or as and when necessary;
- (ii) To recommend the procedures and reporting format on the risk management process;
- (iii) To prepare the risk profile and risk progress report on risk management of our Group and presenting them to the Risk Management Committee for discussion;
- (iv) To prepare and recommend the risk management framework;
- (v) To undertake regular "gap analysis" in order to identify gaps in internal controls; and
- (vi) To commission, where necessary, special projects to investigate, develop or report on special aspects of the risk management processes of our Group.

The recommendations of our Risk Management Committee are subject to the approval of our Board.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

The members of our Risk Management Committee as at LPD are as follows:

Name	Designation	Directorship
Foo Yit Lan	Chairwoman	Independent Non-Executive Director
Annandan A/L Chandran	Member	Independent Non-Executive Director
Madeline Lee May Ming	Member	Independent Non-Executive Director
Roy Thean Chong Yew	Member	Independent Non-Executive Chairman
Teo Lay Ban	Member	Managing Director

5.5 RELATIONSHIPS AND/OR ASSOCIATIONS

Wan Lei Chin (our Promoter and substantial shareholder) is the mother of Teo Lay Ban (our Promoter, substantial shareholder and Managing Director), Teo Lay Lee and Teo Siew May (our Promoter, substantial shareholder and Non-Independent Non-Executive Director).

Save as disclosed above, there are no family relationships (as defined under Section 197 of the Act) or association between or amongst our Promoters, substantial shareholders, Directors and key senior management as at LPD.

5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at LPD, there is no existing or proposed service agreement (contracts for services) entered into between the companies within our Group, with our Directors or key senior management.

5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at LPD, none of our Promoters, Directors or key senior management is or has been involved in any of the following events (whether within or outside Malaysia):

- (i) In the last 10 years, a petition under any bankruptcy or insolvency law filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a Director or a member of key senior management;
- (ii) Disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) In the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) In the last 10 years, any judgment that was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) In the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (vi) Being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(vii) In the last 10 years, reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and

(viii) Has any unsatisfied judgment against him.

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6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON TSG

Our Company was incorporated in Malaysia under the Act on 14 February 2019 as a public limited company under our present name.

Our Company is principally an investment holding company. There has been no material change in the manner in which we conduct our business or activities since our incorporation and up to LPD.

Please refer to Section 7.1 for detailed information of our Group's history.

As at LPD, our share capital is RM322,119,002 comprising 644,238,002 Shares, all of which have been issued and fully paid-up. The movements in our share capital since the date of our incorporation are set out below:

<u>Date of allotment</u>	<u>No. of Shares allotted</u>	<u>Consideration/ Types of issue</u>	<u>Cumulative share capital</u> RM
14 February 2019	2	RM2/ Subscribers' shares	2
5 January 2021	644,238,000	RM322,119,000/ Consideration for the Acquisition	322,119,002

As at LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of our IPO, our enlarged share capital will increase to RM399,427,802 comprising 805,298,002 Shares.

6.2 DETAILS OF OUR ACQUISITION

On 24 February 2020, we entered into a conditional share sale agreement with the Vendors to acquire the entire equity interest in Teladan Setia comprising 3,750,000 ordinary shares for a total purchase consideration of RM322,119,000. The purchase consideration for the Acquisition was satisfied by the issuance of 644,238,000 new Shares to the Vendors at an issue price of RM0.50 each.

Details of the Vendors and number of Shares issued to them under the Acquisition are as follows:

<u>Vendors</u>	<u>Shareholdings in Teladan Setia</u>		<u>Purchase consideration</u> RM	<u>No. of Shares issued</u>
	<u>No. of shares acquired</u>	<u>% of share capital</u>		
Teo Lay Ban	1,950,000	52.0	167,501,880	335,003,760
Teo Lay Lee	600,000	16.0	51,539,040	103,078,080
Teo Siew May	600,000	16.0	51,539,040	103,078,080
Wan Lei Chin	600,000	16.0	51,539,040	103,078,080
	3,750,000	100.0	322,119,000	644,238,000

The purchase consideration for the Acquisition was arrived based on a willing-buyer willing-seller basis after taking into consideration the audited NA of Teladan Setia Group as at 30 June 2019 of RM322,119,234.

6. INFORMATION ON OUR GROUP (*Cont'd*)

The Acquisition was completed on 5 January 2021. Thereafter, Teladan Setia became our wholly-owned subsidiary.

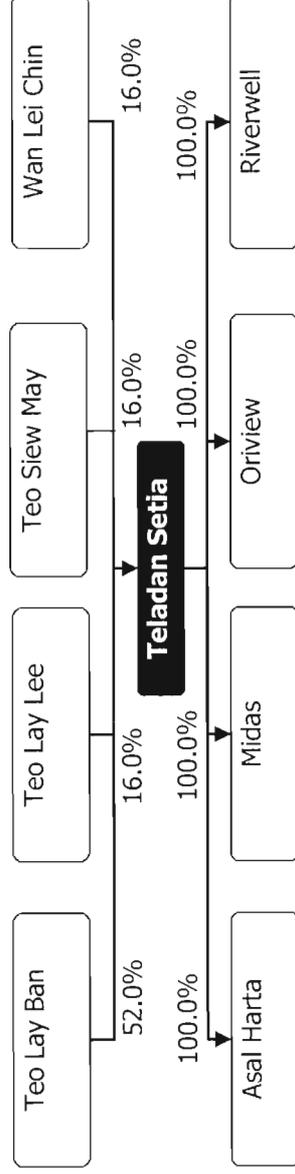
The new Shares issued under the Acquisition rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of allotment of the new Shares.

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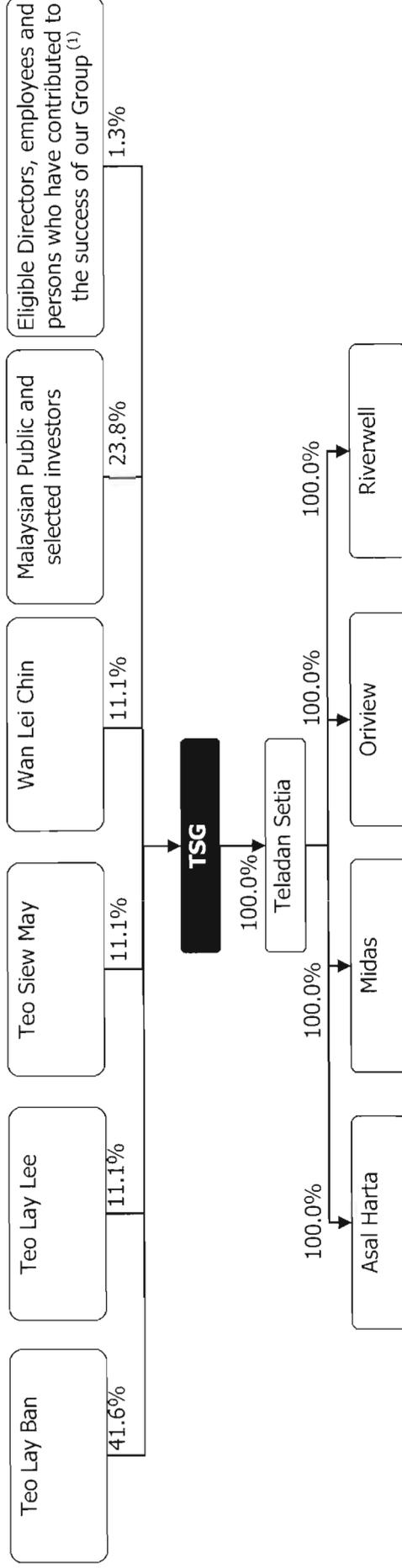
6. INFORMATION ON OUR GROUP (Cont'd)

6.3 GROUP STRUCTURE

Before Acquisition, Public Issue and Offer for Sale



After Acquisition, Public Issue and Offer for Sale



Note:

(1) Assuming that all our eligible Directors, employees and persons who have contributed to the success of our Group will subscribe for the Pink Form Allocations

6. INFORMATION ON OUR GROUP (Cont'd)

6.4 SUBSIDIARIES AND ASSOCIATED COMPANIES

As at LPD, we do not have any associated companies. Details of our subsidiaries as at LPD are summarised as follows:

Company	Date/ Place of incorporation	Principal place of business	Issued share capital	Effective equity interest	Principal activities
			RM	%	
Teladan Setia (199301006710 (261447-A))	13 April 1993/ Malaysia	Malaysia	3,750,000	100.0	Property development ⁽¹⁾
Held through Teladan Setia					
Asal Harta (199301026940 (281678-D))	16 November 1993/ Malaysia	Malaysia	250,000	100.0	Property development ⁽²⁾
Midas (201101004289 (932430-T))	11 February 2011/ Malaysia	Malaysia	1,000,000	100.0	Property development ⁽³⁾
Oriview (199701014645 (430141-A))	5 May 1997/ Malaysia	Malaysia	300,000	100.0	Property development ⁽⁴⁾
Riverwell (200001009453 (512059-D))	21 April 2000/ Malaysia	Malaysia	1,000,000	100.0	Property development ⁽⁵⁾

Notes:

- (1) Teladan Setia has undertaken all other development projects not specifically developed under by its subsidiaries in Notes (2) to (5) below
- (2) Project development undertaken by Asal Harta are Bandar Baru Merlimau, Bali Residences and Atlantis Residences
- (3) Project development undertaken by Midas is Taman Bertam Putra (Phase 1)
- (4) Project development undertaken by Oriview are Taman Seri Jati and Taman Cheng Setia (part of Phase 3A)
- (5) Project development undertaken by Riverwell are The Tropicana Residences and Taman Bukit Larang Indah

6. INFORMATION ON OUR GROUP (Cont'd)

We do not particularly segregate our business operations on any basis, but we continue to operate through our subsidiaries to maintain their track record of property developments.

Details of the share capital of our subsidiaries are set out in Section 16.2.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.5 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for FYE 2017 to 2019, FPE 2020 and up to LPD:

- (i) Sale and purchase agreement dated 2 December 2016 entered into between Teladan Setia and Chip Lee Corporation Sdn Bhd in respect of Teladan Setia's acquisition of freehold land measuring 14.0 acres held under Geran 22813 Lot 1137, in the Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka for a total cash consideration of RM4.9 million. This transaction was completed on 31 July 2017;
- (ii) Sale and purchase agreement dated 9 January 2017 entered into between Teladan Setia and Mines Resort Sdn Bhd in respect of Teladan Setia's acquisition of leasehold land measuring 1.3 acres (expiring on 20 March 2091) held under HS(D) 242005 PT 719 (now known as HS(D) 316625 PT 1259), in the Pekan Baru Sungai Besi, District of Petaling, State of Selangor for a total cash consideration of RM22.0 million. This transaction was completed on 3 August 2017;
- (iii) Sale and purchase agreement dated 9 January 2017 entered into between Teladan Setia and Floral Fresh Sdn Bhd in respect of Teladan Setia's acquisition of leasehold land measuring 3.6 acres (expiring on 28 May 2102) held under HS(D) 185534 PT 383 (now known as PN 114690 Lot 2030), in the Pekan Baru Sungai Besi, District of Petaling, State of Selangor for a total cash consideration of RM48.0 million. This transaction was completed on 3 August 2017;
- (iv) Sale and purchase agreement dated 18 September 2018 entered into between Teladan Setia and Chop Cheong Bee Sdn Bhd in respect of Teladan Setia's acquisition of freehold land measuring 166.3 acres held under Geran 6772 Lot 53, in the Mukim Tanjong Minyak, District of Melaka Tengah, State of Melaka for a total cash consideration of RM86.9 million. This transaction was completed on 14 March 2019;
- (v) Sale and purchase agreement dated 13 September 2019 entered into between Oriview and Plus Realty Sdn Bhd in respect of Oriview's acquisition of leasehold land measuring 10.6 acres (expiring on 20 November 2115) held under HS(D) 81825 PT 217 and HS(D) 81826 PT 218, both in the Kawasan Bandar XLIV, District of Melaka Tengah, State of Melaka for a total cash consideration of RM23.6 million. This transaction was terminated on 16 April 2020, and the earnest deposit of RM2.4 million paid by Oriview was subsequently forfeited. This forfeiture has been recorded as a non-recurring loss to our Group for FPE 2020.

Nonetheless, the termination does not affect our Group's existing and future projects, and will not have a significant impact on the sustainability of our revenue and profits moving forward apart from the forfeiture of the deposit;

- (vi) Letter of guarantee dated 13 September 2019 by Leaw Tua Choon and Leaw Yongene in favour of Oriview, to guarantee the due performance of Plus Realty Sdn Bhd's obligations under the sale and purchase agreement stated in paragraph (v) above, to cause to construct and/or to be constructed and to surrender and/or be surrendered the road access from the main road leading and serving the properties purchased by Oriview pursuant to the sale and purchase agreement stated in paragraph (v) above. The letter of guarantee has ceased to have effect following the termination of the sale and purchase agreement stated in paragraph (v) above;

6. INFORMATION ON OUR GROUP (Cont'd)

- (vii) Offer to purchase dated 14 October 2019 made by Teladan Setia and accepted by Ooi Poh Yean and Tan Yan Peng on 18 October 2019 and 21 October 2019 respectively, in respect of Teladan Setia's proposed acquisition of freehold land measuring 11.5 acres held under Geran 6720 Lot 34, in the Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka for a total cash consideration of RM4.0 million. The parties have entered into a sale and purchase agreement on 21 May 2020 and the transaction was completed on 10 November 2020;
- (viii) Offer to purchase dated 14 October 2019 made by Teladan Setia and accepted by Ng Kim Hong, Ng Kim Yoke, Sze Lai Choo and Tung Wai Chun on 24 October 2019, in respect of Teladan Setia's proposed acquisition of freehold land measuring 5.5 acres held under GM 150 Lot 37, in the Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka for a total cash consideration of RM1.9 million. The parties have entered into a sale and purchase agreement on 21 May 2020 and the transaction was completed on 10 November 2020;
- (ix) Offer to purchase dated 14 October 2019 made by Teladan Setia and accepted by Wan Chun Hung on 24 October 2019, in respect of Teladan Setia's proposed acquisition of freehold land measuring 14.9 acres held under Geran 12906 Lot 39, in the Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka for a total cash consideration of RM5.2 million. The parties have entered into a sale and purchase agreement on 21 May 2020 and the transaction was completed on 10 November 2020;
- (x) Offer to purchase dated 14 October 2019 made by Teladan Setia and accepted by Chye Ao Hsiang and Chye Pang Hsiang on 26 October 2019, in respect of Teladan Setia's proposed acquisition of freehold land held measuring 5.8 acres under GM 151 Lot 40, in the Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka for a total cash consideration of RM2.0 million. The parties have entered into a sale and purchase agreement on 21 May 2020 and the transaction was completed on 10 November 2020;
- (xi) Share transfer form dated 29 December 2017 between Teladan Setia and Teo Lay Ban for the acquisition by Teladan Setia of the remaining 2.5% equity interest (25,000 ordinary shares) in Riverwell for a consideration of RM500,000, which was completed on even date;
- (xii) Share transfer forms dated 21 February 2017 between Teladan Setia and Lim Boon Huay and Yap Kian Mun for the acquisition by Teladan Setia of the entire equity interest (2 ordinary shares) in Midwest, for a total cash consideration of RM2, which was completed on even date. Midwest has since been struck off under Section 551 of the Act; please refer to Section 6.11.2 for further details;
- (xiii) Share transfer form dated 27 March 2017 between Teladan Setia and Yap Kian Mun for the acquisition by Teladan Setia of the entire equity interest (1 ordinary share) in Widenote, for a total cash consideration of RM1, which was completed on even date;
- (xiv) Share transfer form dated 31 December 2018 between Teladan Setia and Teo Lay Ban for the disposal by Teladan Setia of the entire equity interest (1 ordinary share) in Widenote for a total cash consideration of RM1, which was completed on even date;

6. INFORMATION ON OUR GROUP (Cont'd)

- (xv) Share transfer form dated 16 October 2017 between Teladan Setia and Yap Kian Mun for the acquisition by Teladan Setia of the entire equity interest (1 ordinary share) in Hartamas Selesa Sdn Bhd, for a total cash consideration of RM1, which was completed on even date;
- (xvi) Share transfer form dated 16 May 2018 between Teladan Setia and Tang Joo Shen for the disposal by Teladan Setia of the entire equity interest (1 ordinary share) in Hartamas Selesa Sdn Bhd, for a total cash consideration of RM1, which was completed on even date;
- (xvii) Letter of undertaking and first right of refusal dated 1 October 2019 granted by Polywell Enterprise, the late Datuk Teo Poh Boon and Datin Wan Lei Chin (being the shareholders of Polywell Enterprise) in favour of Teladan Setia, supplemental letter of undertaking and first right of refusal dated 20 April 2020 and letter of confirmation dated 20 April 2020 whereby for a consideration of RM1, Polywell Enterprise had granted our Group the first right of refusal to purchase any land held by Polywell Enterprise, present or future and the late Datuk Teo Poh Boon and Datin Wan Lei Chin had granted our Group the first right of refusal to purchase all shares in Polywell Enterprise. Such undertaking and first right of refusal are binding on the successors, permitted assigns, heirs and estates of the late Datuk Teo Poh Boon;
- (xviii) Letter of undertaking and first right of refusal dated 1 October 2019 granted by Polywell Development and Polywell Enterprise (being the shareholder of Polywell Development) in favour of Teladan Setia, supplemental letter of undertaking and first right of refusal dated 20 April 2020 and letter of confirmation dated 20 April 2020 whereby for a consideration of RM1, Polywell Development had granted our Group the first right of refusal to purchase any land held by Polywell Development, present or future and Polywell Enterprise had granted our Group the first right of refusal to purchase all shares in Polywell Development;
- (xix) Letter of undertaking and first right of refusal dated 1 October 2019 granted by Indra, Polywell Enterprise and the late Datuk Teo Poh Boon (being the shareholders of Indra) in favour of Teladan Setia, supplemental letter of undertaking and first right of refusal dated 20 April 2020 and letter of confirmation dated 20 April 2020 whereby for a consideration of RM1, Indra had granted our Group the first right of refusal to purchase any land held by Indra, present or future and Polywell Enterprise and the late Datuk Teo Poh Boon had granted our Group the first right of refusal to purchase all shares in Indra. Such undertaking and first right of refusal are binding on the successors, permitted assigns, heirs and estates of the late Datuk Teo Poh Boon;
- (xx) Letter of undertaking and first right of refusal dated 1 October 2019 granted by Polyintan and Polywell Enterprise (being the shareholder of Polyintan) in favour of Teladan Setia, supplemental letter of undertaking and first right of refusal dated 20 April 2020 and letter of confirmation dated 20 April 2020 whereby for a consideration of RM1, Polyintan had granted our Group the first right of refusal to purchase any land held by Polyintan, present or future and Polywell Enterprise had granted our Group the first right of refusal to purchase all shares in Polyintan;
- (xxi) Letter of undertaking dated 17 June 2020 by Polywell Enterprise in favour of our Company, whereby Polywell Enterprise undertakes not to purchase land or participate in any manner the development of any real estate, whether by Polywell Enterprise or through any of its present and future subsidiaries without our Company's prior written consent;

6. INFORMATION ON OUR GROUP (Cont'd)

- (xxii) Share sale agreement dated 23 December 2019 between our Company and the late Datuk Teo Poh Boon and Teo Lay Ban for the acquisition of Teladan Setia, which was revoked on 24 February 2020;
- (xxiii) Share sale agreement dated 24 February 2020 between our Company and Vendors for the Acquisition, which was completed on 5 January 2021;
- (xxiv) Sale and purchase agreement dated 7 October 2020 between Teladan Setia and Sukaraya Development Sdn Bhd for the purchase of a parcel of leasehold land (expiring on 14 August 2094) measuring 46.94 hectares held under PN 55269 Lot 14734, Mukim Ayer Panas, District of Jasin, State of Melaka for the purchase consideration of RM22,038,100. The transaction is expected to be completed by March 2021;
- (xxv) Sale and purchase agreement dated 19 November 2020 between Teladan Setia and Yap Kim Soon for the purchase of a parcel of freehold land measuring 5,913 square metres held under GM 25 Lot 13253, Mukim Pringgit, District of Melaka Tengah, State of Melaka for the purchase consideration of RM4,455,290. The transaction is expected to be completed by March 2021;
- (xxvi) Sale and purchase agreement dated 11 December 2020 between Oriview and Eng Development Co. Sdn Bhd for the purchase of 2 parcels of leasehold land (expiring on 11 June 2094) measuring 2,930 square metres and 7.301 hectares respectively, held under PN 56988 Lot 14560 and PN 56989 Lot 14561, both in the Mukim Telok Mas, District of Melaka Tengah, State of Melaka for the purchase consideration of RM15,500,000. The transaction is expected to be completed by June 2021;
- (xxvii) Share sale agreement dated 11 November 2020 (and supplemented on 4 January 2021) between our Company and Polywell Enterprise for the purchase by our Company of the entire equity interest in Polyintan for a cash consideration of RM1,825,954. The cash consideration is subject to adjustment in accordance with the market value of the properties owned by Polyintan upon obtaining the development order for development on the properties. The transaction is expected to be completed by the third quarter of 2021; and
- (xxviii) Underwriting agreement dated 23 December 2020 between our Company and M&A Securities for the underwriting of 50,734,000 Issue Shares for an underwriting commission of 3.0% of the IPO Price multiplied by the number of Issue Shares underwritten.

Further details of the letters of undertaking and first right of refusal as set out in (xvii) to (xx) above can be found in Section 11.1. Notwithstanding the passing of Datuk Teo Poh Boon, these letters of undertaking and first right of refusal remain valid as they are binding upon the successors, permitted assigns, heirs and estates of the late Datuk Teo Poh Boon, as per the terms thereof.

6.6 PUBLIC TAKE-OVERS

During the last financial year and the current financial year/period up to LPD, there were:

- (i) No public take-over offers by third parties in respect of our Shares; and
- (ii) No public take-over offers by our Company in respect of other companies' shares.

6. INFORMATION ON OUR GROUP (*Cont'd*)

6.7 MAJOR APPROVALS AND LICENCES

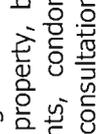
As at LPD, there are no other major approvals, major licences and permits issued to our Group in order for us to carry out our operations other than those disclosed in Appendix II of this Prospectus.

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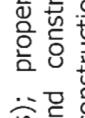
6. INFORMATION ON OUR GROUP (Cont'd)

6.8 TRADEMARKS

Our Group has applied for a number of our trademarks to be registered with the Intellectual Property Corporation of Malaysia. Details of our trademarks that we have applied to be registered are set out below:

Trademark	Applicant/ Application No./ Date of application	Class/ Description	Status/ Expiry Date
	Teladan Setia/ TM2019024626/ 8 July 2019	36/ Real estate services relating to the sale, purchase and leasing of real estate; leasing of real estate, property, buildings, offices, business centers, departmental stores, apartments, condominiums, houses, shopping malls, retail and wholesale outlets; consultation services relating to real estate; management of real estate; management of property; property sales services relating to property development; real estate services relating to property development; provision of information relating to property (real estate); real estate advisory services; real estate consultancy; rental of apartments, finished apartments, flats, houses, commercial premises and offices; real estate agencies; real estate affairs; real estate acquisition; real estate administration; real estate brokerage services; real estate valuation services; real estate appraisal services; real estate investment services; rent collection; provision of housing accommodation; investment services; property investments; capital investment; capital fund investment; International fund investment; administrative services relating to investments; management of investment funds; financial management; preparation of financial reports; information, advisory and consultancy services in relation to the aforesaid services.	Registered / 8 July 2029

6. INFORMATION ON OUR GROUP (Cont'd)

Applicant/ Application No./ Date of application	Trademark	Class/ Description	Status/ Expiry Date
Teladan Setia/ TM2019024628/ 8 July 2019		<p>37/ Real estate development (building and construction services); housing development (building and construction services); property development (building and construction services); building and construction services; building and construction services; building and construction of real estate subdivisions and developments; structural engineering services (construction); civil engineering services (construction); mechanical engineering services (construction); building cleaning; building construction; building demolition; building maintenance; building of commercial properties, industrial properties, residential properties, offices, business centres, retail and wholesale outlets, roads, schools; building project management; commercial retail property development services; construction inspection; construction, restoration, renovation, refurbishment, interior decorating, maintenance, repair and cleaning of real estate, residential, industrial and commercial properties, offices, business centres, departmental stores, shopping centres, retail and wholesale outlets, houses, condominiums; housing construction; project management services in respect of property development and property construction; project management work relating to building contracts; restoration of office and retail premises; building constructions supervision; building insulating; refurbishment of buildings; renovation of buildings; repair of buildings; installation, repair and maintenance services; development of land (construction); landscaping (construction), construction of complexes for recreational purposes; installation of doors and windows; painting, interior and exterior; road paving; roofing services; on-site building project management; on-site construction supervision; rental of construction equipment; quarrying services; advisory, consultancy and information services relating to all the aforesaid services.</p>	Registered / 8 July 2029

6. INFORMATION ON OUR GROUP (Cont'd)

6.9 LAND AND BUILDINGS

Details of the land and buildings owned and rented by our Group are set out in Appendix I of this Prospectus. None of the properties owned or rented by our Group are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land laws or building regulations/by-laws, which will have material adverse impact on our operations as at LPD.

Save for properties disclosed under page I-23 of Appendix I and the following properties, the acquisition of which is currently pending completion, we have not acquired other properties during FYE 2017 to 2019, FPE 2020 and up to LPD. Please refer to Section 6.5 in respect of the details of these acquisitions.

No.	Date of purchase	Title details	Description of property/ Existing use/ Tenure/ Category of land use	Land area acres	Purchase value RM'000
(i)	11 November 2020	PM 1100 Lot 10243, Mukim of Durian Tunggal, District of Alor Gajah, District of Melaka ⁽¹⁾	Vacant land/ Held for future development/ Leasehold of 99 years expiring on 2 August 2108 (87 years remaining as at LPD)/ Nil	0.2	
(ii)	11 November 2020	Geran 3540 Lot 2544, Mukim of Durian Tunggal, District of Alor Gajah, District of Melaka ⁽¹⁾	Vacant land/ Held for future development/ Freehold/ Nil	5.3	(1)1,826
(iii)	11 November 2020	Geran 3541 Lot 2545, Mukim of Durian Tunggal, District of Alor Gajah, District of Melaka ⁽¹⁾	Vacant land/ Held for future development/ Freehold / Nil	5.0	

6. INFORMATION ON OUR GROUP (Cont'd)

(iv)	7 October 2020	PN 55269 Lot 14734, Mukim Ayer Panas, District of Jasin, State of Melaka	Vacant land/ Held for future development/ Leasehold of 99 years expiring on 14 August 2094 (73 years remaining as at LPD)/ Building	116.0	22,038
(v)	19 November 2020	GM 25 Lot 13253, Mukim Pringgit, District of Melaka Tengah, State of Melaka	Vacant land/ For our future corporate office/ Freehold/ Nil	1.5	4,455
(vi)	11 December 2020	PN 56988 Lot 14560, Mukim Telok Mas, District of Melaka Tengah, State of Melaka	Vacant land/ Held for future development/ Leasehold of 99 years expiring on 11 June 2094 (73 years remaining as at LPD)/ Building	0.7	598
(vii)	11 December 2020	PN 56989 Lot 14561, Mukim Telok Mas, District of Melaka Tengah, State of Melaka	Vacant land/ Held for future development/ Leasehold of 99 years expiring on 11 June 2094 (73 years remaining as at LPD)/ Building	18.1	14,902

Note:

- (1) Land owned by Polyintan, which will become a subsidiary of our Group upon acquisition of the entire issued shares in Polyintan being completed. Please refer to Section 10.2.3 (iv) for further details of our acquisition of Polyintan.

6. INFORMATION ON OUR GROUP (Cont'd)

6.10 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES

(i) Local Government Act, 1976

Under the Local Government Act, 1976 ("LGA 1976"), the relevant local authority may exercise and perform within such area all or any powers and duties conferred on them under the LGA 1976 or by any by-laws, rules or regulations passed pursuant to the LGA 1976. The powers include the issuance of licences and the imposition of any conditions and restrictions (if any) on the licences as they deem fit.

We require a Business Premises Licence and Signage Licence to carry out our business activities at our business premises (i.e. our head office and sales galleries) and for displaying our company name on the outer wall of the business premises.

(ii) Town and Country Planning Act, 1976

Under the Town and Country Planning Act, 1976, we are required to obtain a development order/ planning permission prior to commencing, undertaking or carrying out our development projects.

(iii) Housing Development (Control and Licensing) Act, 1966

In respect of the housing development projects undertaken by us, we are required to obtain an APDL in respect of the development projects undertaken by us and we are subject to the provisions in and regulations as may be made by the MHLG pursuant to the Housing Development (Control and Licensing) Act, 1966.

(iv) Environment Quality Act, 1974

In respect of housing development covering an area of 50 hectares or more, we are required to submit an environment impact assessment report and to obtain approval from the Department of Environment.

Save for the above and as disclosed in Section 6.7, there are no regulatory requirements and/or environmental issues which may materially affect our Group's operations arising from the utilisation of our assets.

6.11 PLANT AND EQUIPMENT**6.11.1 Material plant and equipment**

As at 30 September 2020, we do not own any material plant and equipment.

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6. INFORMATION ON OUR GROUP (Cont'd)**6.11.2 Material capital expenditures and divestitures****(i) Material capital expenditures**

Save for the expenditures disclosed below, there were no other capital expenditures (including interests in other corporations) made by us for FYE 2017 to 2019, FPE 2020 and up to LPD:

Capital expenditures	At cost				1 October 2020 up to LPD RM'000
	FYE 2017	FYE 2018	FYE 2019	FPE 2020	
	RM'000	RM'000	RM'000	RM'000	
Investment in subsidiaries					
Riverwell	500	-	-	-	-
Properties, plant and equipment					
Leasehold buildings	-	(1)194	-	-	-
Site equipment	7	-	4	2	1
Office equipment	90	100	39	23	25
Renovation ⁽²⁾	526	726	8	1	-
Furniture and fittings	113	96	12	2	-
Motor vehicles	713	805	1,428	8	-
	1,949	1,921	1,492	36	26

Notes:

- (1) Relates to renovation of our office
- (2) Mainly relates to renovation of our sales galleries

The above capital expenditures were primarily financed by a combination of bank borrowings and internally generated funds.

(ii) Material capital divestitures

Save for the divestitures disclosed below, there were no other capital divestitures (including interests in other corporations) made by us for FYE 2017 to 2019, FPE 2020 and up to LPD:

Property, plant and equipment

Capital divestitures	At cost				1 October 2020 up to LPD RM'000
	FYE 2017	FYE 2018	FYE 2019	FPE 2020	
	RM'000	RM'000	RM'000	RM'000	
Disposal					
Freehold building	(1)400	-	-	-	-
Office equipment	-	2	-	-	-
Furniture and fittings	92	-	5	-	-
Motor vehicles	-	530	(3)1,121	(3)1,233	-
	492	532	1,126	1,233	-

6. INFORMATION ON OUR GROUP (Cont'd)

	At cost				1 October 2020 up to LPD RM'000
	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	FPE 2020 RM'000	
Capital divestitures					
Asset written off					
Office equipment	8	-	-	-	-
Renovation	(2)2,651	-	-	-	-
Furniture and fittings	89	7	-	-	-
	2,748	7	-	-	-

Notes:

- (1) The disposal of freehold building of RM0.4 million relates to a freehold residential building acquired to be used as a project-related office for Taman Sentosa, which was subsequently disposed after the project's completion
- (2) The writing off of renovation in FYE 2017 was mainly due to demolition of our show gallery of Atlantis Residences. We have subsequently utilised the land to develop our next project, namely Bali Residences
- (3) In FYE 2019, we traded old motor vehicles for new ones, and in FPE 2020 we sold motor vehicles which were formerly used by the late Datuk Teo Poh Boon

Other than the disposal of the residential building, the above capital divestitures were carried out in the ordinary course of business as part of our periodic review of our fixed asset register to identify and eliminate those assets which have been fully depreciated or no longer in use or obsolete or surpassed their useful lives.

Investment in subsidiaries

- (a) On 31 December 2018, Teladan Setia disposed of its 100% equity interest in Widenote to Teo Lay Ban (a related party) for RM1 and recorded a gain on disposal of RM123,000. Arising from this disposal, the results of Widenote were recorded as discontinuing operations for FYE 2017 and 2018.

Widenote is involved in the provision of lodging services. The disposal was undertaken to streamline our business activities as Widenote is not in the property development industry and was loss making. For FYE 2018, Widenote recorded a net loss of RM97,379, and was in net liabilities position of RM122,999.

- (b) On 31 January 2019, Teladan Setia submitted an application to strike off Midwest (94%-owned subsidiary) under Section 551 of the Act which was completed on 1 July 2019. Prior to the strike off, Midwest was inactive. The strike-off of Midwest will not have any material effect on the operations and/or financials of our Group.

Save as disclosed in Section 12.6, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia as at LPD.

6. INFORMATION ON OUR GROUP (Cont'd)

6.11.3 Material plans to construct, expand or improve our facilities

As a property developer, we do not own any facilities other than our land held for development.

6.12 EMPLOYEES

The breakdown of our employees as at 30 September 2020 and LPD are as follows:

Department	Total no. of employees	
	As at 30 September 2020	As at LPD
Executive Directors	2	2
Sales and marketing	11	10
Conveyancing	5	5
Projects	18	18
Business development	1	1
Finance and administration	11	10
	48	46

There were no significant changes in the number of employees of our Group for FPE 2020 and up to LPD. As at LPD, we do not employ any contract workers or foreign workers.

None of our employees belong to any labour union and as at LPD, there is no material dispute between our management and our employees. Over FYE 2017 to 2019 and FPE 2020, there has not been any incident of work stoppage or labour disputes that has materially affected our operations.

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7. BUSINESS OVERVIEW

7.1 OUR HISTORY

On 27 March 1997, our founder, the late Datuk Teo Poh Boon acquired 100% equity interest in Teladan Setia through Polywell Enterprise, a company which was then involved in development of properties in Johor. Amongst Polywell Enterprise's development projects in Johor is the transformation of an approximately 125-acre land in Yong Peng, Johor, into a township named as Kota Yong Peng in 1987. As at LPD, Polywell Enterprise is an investment holding company and holds a portfolio of agricultural land in Johor and Melaka.

In 1997, our Managing Director, Teo Lay Ban joined our Group as a Business Development Manager where he worked alongside the late Datuk Teo Poh Boon and assisted in site selection and land acquisition, which comprised assessing findings of due diligence studies and feasibility studies on land, participating in price negotiations during land acquisitions as well as formulation of development concepts, marketing and financing plans.

Polywell exited as a shareholder in Teladan Setia after the share transfer to the late Datuk Teo Poh Boon in 2 tranches on 19 September 2013 and 12 November 2014 as part of a restructuring exercise for Teladan Setia to focus on property development in Melaka. Teo Lay Ban became a shareholder in Teladan Setia on 9 July 2014 through the subscription of 750,000 new shares in Teladan Setia, equivalent to 20% equity interest.

In 1997, we marked our first milestone when we launched our first project in Taman Seri Selendang, Batu Berendam. This project comprised 294 units of residential houses and 44 units of shop offices with a total GDV of RM43.5 million, completed over 4 phases between 1999 and 2004.

We achieved another milestone with our Taman Cheng Setia project which surpassed the RM100 million benchmark, and was completed over 6 phases between 2006 and 2018 with a GDV of RM115.0 million. This project comprised 534 units of residential houses, 9 units of shop offices and 7 lots of bungalow land. Over the years, as our Group continues to grow, we began launching projects with larger GDV.

Our expertise in landed residential property development led us to explore the development of high-rise residential properties to expand our property portfolio. In 2011, we launched our first high-rise residential property, The Tropicana Residences in Taman Sentosa which was completed in 2014. This 14-storey development comprises 140 condominium units with a total GDV of RM49.8 million. With this as a start, we began to include more high-rise residential properties development into our projects portfolio. In 2014, we launched our second high-rise residential property, Atlantis Residences in Kota Laksamana which was completed in 2018. This 40-storey development comprises 1,360 service apartment units with a total GDV of RM603.9 million, surpassing the RM500 million benchmark. Please refer to Section 7.2.2(a) for further details of our completed projects.

In 2018, we began to adopt QCLASSIC requirements in our projects for quality improvement and Bandar Baru Merlimau is our first project which obtained QCLASSIC certification.

Over the years, we have grown and established our presence as a reputable residential property developer in Melaka who offers quality properties to our buyers. As at LPD, we have completed development projects with a total GDV of RM2.1 billion.

As at LPD, we have 3 on-going projects, namely Taman Desa Bertam (Phase 2 and 3A), Taman Belimbing Setia (Phase 2B), and Bali Residences. Please refer to Section 7.2.2(b) for further details of our on-going projects.

7. BUSINESS OVERVIEW (Cont'd)

7.2 DESCRIPTION OF OUR BUSINESS

We are principally involved in the property development business where we develop and sell residential and mixed development properties. As we are focused in the property development business, we do not have any in-house contractors for construction works. Our projects are located in Melaka, Malaysia.

As at LPD, we have 20 completed projects, 3 on-going projects and 3 future projects. Please refer to Section 7.2.2 for further details of our projects and Appendix I for the particulars of the land we hold for on-going and future developments as well as material inventory from our completed developments.

7.2.1 Development of residential properties and shops

(i) Residential

Our residential projects include landed, low-rise and high-rise residential properties. Our landed residential properties comprise terrace houses, cluster houses, semi-detached houses and detached houses. Our low-rise residential properties comprise low-rise flats. Our high-rise residential properties comprise condominiums and service apartments.

As at LPD, we have 14 completed projects, 2 on-going and 2 future residential projects. All our residential projects are located in Melaka.

(ii) Mixed development

Our mixed development projects include both residential properties and shops. Our mixed development projects typically comprise landed, low-rise and/or high-rise residential properties as well as landed shops such as shop houses, offices and retail shops.

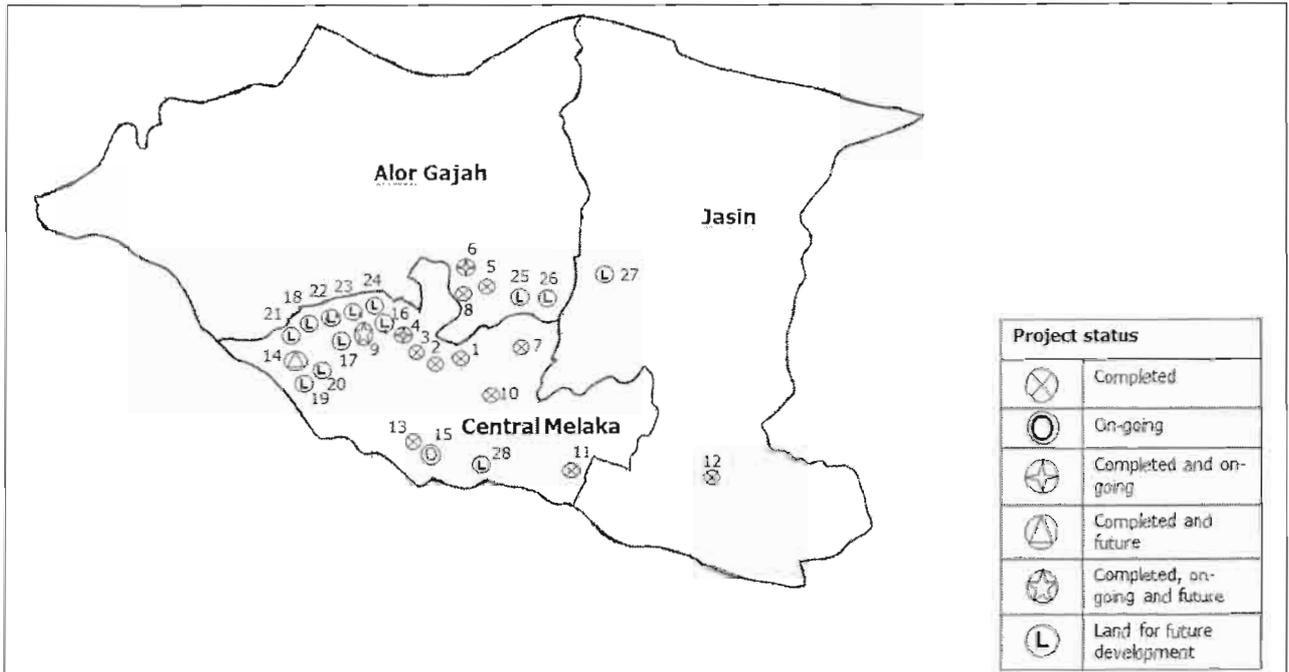
As at LPD, we have 6 completed projects, 1 on-going and 1 future mixed development projects. All our mixed development projects are located in Melaka.

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7. BUSINESS OVERVIEW (Cont'd)

7.2.2 Projects and landbank details

The following map sets out the approximate locations of our completed (GDV above RM40 million), on-going, future development projects and our landbank in Melaka:



Map legend:			
 Completed projects of GDV more than RM40 million	<ol style="list-style-type: none"> 1. Taman Seri Selendang (GDV of RM43.5 million over 26.9 acres) 2. Taman Bukit Cheng (GDV of RM42.6 million over 26.9 acres) 3. Taman Cheng Setia (GDV of RM115.0 million over 51.7 acres) 4. Taman Bertam Setia (GDV of RM234.9 million over 106.9 acres) 5. Taman Desa Idaman (GDV of RM198.9 million over 122.1 acres) 7. Taman Saujana Heights (GDV of RM127.8 million over 15.9 acres) 8. Taman Seri Tuah Permai (GDV of RM41.3 million over 12.2 acres) 10. The Tropicana, Taman Sentosa (GDV of RM26.7 million over 4.7 acres) The Tropicana Residences (GDV of RM49.8 million over 1.9 acres) 11. Taman Bukit Larang (GDV of RM58.3 million over 29.3 acres) 12. Bandar Baru Merlimau (GDV of RM68.1 million over 25.0 acres) 13. Atlantis Residences (GDV of RM603.9 million over 5.4 acres) 	 Land for future development	<p>With planning permission</p> <ol style="list-style-type: none"> 16. GRN 6772 Lot 53, Mukim Tanjong Minyak, Melaka (166.3 acres) <p>Without planning permission</p> <ol style="list-style-type: none"> 17. GM 107 Lot 66, Mukim Tanjong Minyak, Melaka (3.2 acres) 18. GM2565 Lot 24668, Mukim Tanjong Minyak, Melaka (4.8 acres) 19. GRN 14999 Lot 2308, Mukim Sungei Udang, Melaka (9.9 acres) 20. GRN 22813 Lot 1137, Mukim Tanjong Minyak, Melaka (14.0 acres) 21. Geran 6720 Lot 34, Mukim Tanjong Minyak, Melaka (11.5 acres) 22. GM 150 Lot 37, Mukim Tanjong Minyak, Melaka (5.5 acres) 23. Geran 12906 Lot 39, Mukim Tanjong Minyak, Melaka (14.9 acres) 24. GM 151 Lot 40, Mukim Tanjong Minyak, Melaka (5.9 acres) <p>In the process of acquisition</p> <ol style="list-style-type: none"> 25. PM 1100 Lot 10243, Mukim Durian Tunggal, Melaka (0.2 acres) 26. Geran 3540 and 3541, Lot 2544 and 2545, Mukim Durian Tunggal, Melaka (10.2 acres) 27. PN 55269 Lot 14734, Mukim Ayer Panas, Melaka (116.0 acres) 28. PN 56988 Lot 14560 and PN 56989 Lot 14561, Mukim Telok Mas, Melaka (18.8 acres)
 On-going projects with completed phases	<ol style="list-style-type: none"> 6. Taman Belimbing Setia Completed: GDV of RM140.9 million over 101.3 acres On-going: GDV of RM25.9 million over 9.2 acres 	 Completed projects with future phases	<ol style="list-style-type: none"> 14. Taman Bertam Putra Completed: GDV of RM91.0 million over 45.1 acres Future: Estimated GDV of RM16.6 million over 1.3 acres

7. BUSINESS OVERVIEW (Cont'd)

 Projects with completed, on-going and future phases	9. Taman Desa Bertam Completed: GDV of RM247.9 million over 98.8 acres On-going: GDV of RM277.5 million over 69.6 acres Future: Estimated GDV of RM243.1 million over 71.6 acres	 On-going projects	15. Bali Residences (GDV of RM319.6 million over 3.7 acres)
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7. BUSINESS OVERVIEW (Cont'd)

We classify our projects into 4 categories based on their respective development stages:

- (i) **Completed properties**, representing properties for which construction of all the constituents of the buildings have been completed and the CCC has been obtained;
- (ii) **On-going projects**, representing projects where all necessary approvals and permits have been obtained and construction work has commenced but not completed;
- (iii) **Future projects**, representing projects where the planning permissions have been obtained but construction work has not commenced; and
- (iv) **Land for future development**, representing land which we have not applied for approvals and permits to develop.

The details of our projects are set out in (a) to (d) below:

(a) Completed projects

Over the years, we have completed 20 projects, directly and through joint ventures. Out of all the completed projects, 14 projects have GDV above RM40 million and 6 projects have GDV below RM40 million. Below is a list of 14 completed projects with GDV above RM40 million. Please refer to Appendix I for further details of our material inventory from our completed developments.

Name and location of project	Type of project	Total site area (acres)	Description	Completion period	Total units launched	Total units sold as at LPD	% sold as at LPD	GDV (RM million)
Taman Seri Selendang, Batu Berendam, Melaka • Phases 1, 2 and 3	Mixed development	26.9	<ul style="list-style-type: none"> • 26 units of 2 storey shop office (20'x70') • 100 units of 2 storey terrace house (20'x70') and (18'x60') • 20 units of 2 storey semi-detached house (40'x65') • 68 units of 1 storey terrace house (18'x60') • 18 units of 2 storey shop office (20'x70') • 53 units of 2 storey terrace house (18'x60') 	<ul style="list-style-type: none"> • November 1999 • December 1999 • December 1999 • May 2000 • September 2000 • June 2001 	26	100	100.0	5.5
					100	100	100.0	12.9
					20	20	100.0	4.1
					68	68	100.0	2.7
					18	18	100.0	4.0
					53	53	100.0	5.7

7. BUSINESS OVERVIEW (Cont'd)

Name and location of project	Type of project	Total site area (acres)	Description	Completion period	Total units launched	Total units sold as at LPD	% sold as at LPD	GDV (RM million)
• Phase 4			<ul style="list-style-type: none"> 37 units of 2 storey terrace house (20'x70') 16 units 2 storey terrace house (20' x 70') 	<ul style="list-style-type: none"> March 2002 November 2004 	37	37	100.0	5.7
			Total		338	338	100.0	43.5
Taman Bukit Cheng, Melaka	Residential	26.9	<ul style="list-style-type: none"> 8 units of 2 storey semi-detached house (40'x80') 33 units of 2 storey terrace house (20'x60') 48 units of 2 storey terrace house (20'x60') 80 units of firefighters quarters, 1 unit of mosque and 1 unit of multipurpose hall for Ayer Keroh fire station, Melaka 	<ul style="list-style-type: none"> February 2002 June 2003 June 2003 February 2002 	8	8	100.0	2.1
• Phase 1			<ul style="list-style-type: none"> 20 units of 1 storey terrace house (20'x60') 4 lots of bungalow land 	<ul style="list-style-type: none"> January 2004 Not applicable 	20	20	100.0	1.8
• Phases 2 and 3	Residential		<ul style="list-style-type: none"> 8 units 2 storey semi-detached house (40'x70') 35 units 2 storey terrace house (22'x70') 34 units 2 storey terrace house (20'x70') 	<ul style="list-style-type: none"> February 2004 July 2004 February 2005 	8	35	100.0	2.2
• Phase 4	Residential		<ul style="list-style-type: none"> 19 units of 1 storey terrace house (20'x70') 20 units 1 storey terrace house (20'x70') 	<ul style="list-style-type: none"> December 2006 December 2006 	19	19	100.0	2.4
			Total		309	309	100.0	42.6

7. BUSINESS OVERVIEW (Cont'd)

Name and location of project	Type of project	Total site area (acres)	Description	Completion period	Total units launched	Total units sold as at LPD	% sold as at LPD	GDV (RM million)
Taman Cheng Setia, Cheng, Melaka • Phase 1	Mixed development	51.7	• 36 units of 2 storey semi-detached house (40'x80')	• April 2006	36	36	100.0	10.0
			• 42 units of 2 storey terrace house (24'x70')	• April 2006	42	42	100.0	9.0
			• 48 units of 2 storey terrace house (22'x70')	• April 2006	48	48	100.0	8.6
			• 79 units of 2 storey terrace house (20'x70')	• April 2006	79	79	100.0	12.6
			• 3 lots of bungalow land	• Not applicable	3	3	100.0	0.3
			• 70 units of 2 storey terrace house (20'x70')	• September 2007	70	70	100.0	12.1
			• 16 units of 2 storey terrace house (22'x70')	• September 2007	16	16	100.0	3.0
			• 31 units of 2 storey terrace house (20'x70')	• September 2007	31	31	100.0	5.4
			• 14 units of 2 storey semi-detached house (40'x80')	• March 2010	14	14	100.0	4.4
			• 12 units of 1 storey semi-detached house (40'x80')	• March 2010	12	12	100.0	2.9
• Phase 3A			• 26 units of 1 storey terrace house (24'x70')	• October 2009	26	26	100.0	4.4
			• 56 units of 2 storey terrace house (22'x70')	• October 2009	56	56	100.0	12.1
			• 13 units of 2 storey terrace house (20'x70')	• October 2009	13	13	100.0	2.5
			• 16 units of 2 storey semi-detached house (40'x70')	• March 2010	16	16	100.0	5.4
			• 18 units of 2 storey semi-detached house (40'x80')	• March 2010	18	18	100.0	6.6
			• 4 lots of bungalow land	• Not applicable	4	4	100.0	0.5

7. BUSINESS OVERVIEW (Cont'd)

Name and location of project	Type of project	Total site area (acres)	Description	Completion period	Total units launched	Total units sold as at LPD	% sold as at LPD	GDV (RM million)
• Phase 5			<ul style="list-style-type: none"> 41 units of 1 storey terrace house (20'x65') 9 units of 1 storey shop office (22'x70') 	<ul style="list-style-type: none"> July 2011 July 2011 	41	41	100.0	5.9
• Phase 6			<ul style="list-style-type: none"> 16 units of 2 storey terrace house (22'x65') 	<ul style="list-style-type: none"> November 2018 	16	13	81.25	7.3
Total					550	547	99.5	115.0
Taman Bertam Tanjong Minyak, Melaka • Phase 1A ⁽¹⁾	Mixed development	106.9	<ul style="list-style-type: none"> 7 units of 2 storey shop house (20'x70') 57 units of 2 storey terrace house (20'x65') 94 units of 2 storey terrace house (20'x60') 33 units of 1 storey terrace house (20'x60') 24 units of 1 storey low cost house (20'x55') 28 units of 2 storey terrace house (20'x60') 6 units of 2 storey semi-detached house (45'x70') 3 units of 2 storey bungalow 1 lot of bungalow land 	<ul style="list-style-type: none"> December 2008 December 2008 December 2008 December 2008 December 2008 June 2015 June 2015 June 2015 Not applicable 	7	7	100.0	1.7
• Phase 1B ⁽¹⁾			<ul style="list-style-type: none"> 77 units of 1.5 storey terrace house (20'x55') 124 units of 2 storey terrace house (24'x70') 97 units of 2 storey terrace house (22'x70') 40 units of 2 storey terrace house (20'x70') 	<ul style="list-style-type: none"> November 2020 January 2013 June 2011 June 2011 	77	77	100.0	14.5
• Phase 2A			<ul style="list-style-type: none"> 124 units of 2 storey terrace house (24'x70') 97 units of 2 storey terrace house (22'x70') 40 units of 2 storey terrace house (20'x70') 	<ul style="list-style-type: none"> January 2013 June 2011 June 2011 	124	124	100.0	31.4
			<ul style="list-style-type: none"> 97 units of 2 storey terrace house (22'x70') 40 units of 2 storey terrace house (20'x70') 	<ul style="list-style-type: none"> June 2011 June 2011 	97	97	100.0	21.4
			<ul style="list-style-type: none"> 40 units of 2 storey terrace house (20'x70') 	<ul style="list-style-type: none"> June 2011 	40	40	100.0	8.0

7. BUSINESS OVERVIEW (Cont'd)

Name and location of project	Type of project	Total site area (acres)	Description	Completion period	Total units launched	Total units sold as at LPD	% sold as at LPD	GDV (RM million)
• Phase 2B			• 40 units of 1 storey terrace house (24'x70')	• October 2013	40	40	100.0	6.9
			• 1 lot of bungalow land	• Not applicable	1	1	100.0	0.2
			• 18 units of 2 storey terrace house (20'x70')	• April 2015	18	18	100.0	4.3
			• 16 units of 2 storey terrace house (22'x65')	• April 2015	16	16	100.0	4.0
			• 15 units of 2 storey terrace house (22'x70')	• April 2015	15	15	100.0	3.8
			• 30 units of 2 storey semi-detached house (40'x80')	• July 2015	30	30	100.0	11.5
			• 196 units of 2 storey semi-detached house (40'x80')	• October 2014	196	196	100.0	66.3
• Phase 3			• 54 units of 1 storey semi-detached house (40'x80')	• May 2013	54	54	100.0	13.8
• Phase 3A			• 10 lots of bungalow land	• Not applicable	10	7	70.0	1.3
			• 10 units of 2 storey semi-detached house (40'x80')	• May 2015	10	10	100.0	4.5
• Phase 5 ⁽¹⁾			• 23 units of 2 storey terrace house (22'x70')	• August 2017	23	23	100.0	8.0
Total					1,004	1,001	99.7	234.9
Taman Desa Idaman, Durian Tunggal, Melaka	Residential	122.1	• 108 units of 1 storey terrace house (24'x70')	• January 2011	108	108	100.0	15.2
			• 114 units of 1 storey terrace house (22'x70')	• January 2011	114	114	100.0	13.5
			• 112 units of 1 storey cluster semi-detached house (35'x70')	• January 2011	112	112	100.0	19.5
• Phase 1A			• 62 units of 2 storey terrace house (28'x70')	• July 2012	62	62	100.0	15.3
• Phase 1B			• 32 units of 1 storey cluster semi-detached house (35'x70')	• July 2012	32	32	100.0	5.7

7. BUSINESS OVERVIEW (Cont'd)

Name and location of project	Type of project	Total site area (acres)	Description	Completion period	Total units launched	Total units sold as at LPD	% sold as at LPD	GDV (RM million)
• Phase 1C			<ul style="list-style-type: none"> 42 units of 1 storey semi-detached house (40'x80') 	• February 2017	42	42	100.0	13.8
• Phase 2			<ul style="list-style-type: none"> 5 lots of bungalow land 198 units of 2 storey semi-detached house (40'x80') 	<ul style="list-style-type: none"> Not applicable July 2012 	5 198	5 198	100.0 100.0	0.2 59.1
• Phase 3			<ul style="list-style-type: none"> 8 lots of bungalow land 148 units of 2 storey terrace house (22'x70') 20 units of 1 storey semi-detached house (40'x75') 	<ul style="list-style-type: none"> Not applicable September 2015 September 2015 	8 148 20	5 148 20	63.0 100.0 100.0	0.5 49.2 6.9
				Total	849	846	99.6	198.9
Taman Belimbing Setia, Belimbing, Melaka	Residential	101.3	<ul style="list-style-type: none"> 95 units of 2 storey bungalow (50'x90') 232 units of 1 storey bungalow (50'x80') and (50'x90') 133 units of 1 storey bungalow (50'x80') 	<ul style="list-style-type: none"> August 2013 August 2013 January 2015 	95 232 133	95 232 133	100.0 100.0 100.0	31.6 61.8 45.9
• Phase 3			<ul style="list-style-type: none"> 32 units of 2 storey cluster house (678 sq ft) 	• December 2015	32	32	100.0	1.6
				Total	492	492	100.0	140.9
Taman Saujana Heights, Bukit Katil, Melaka	Residential	15.9	<ul style="list-style-type: none"> 53 units 2 storey bungalow (80'x80') 32 units 2 storey bungalow (60'x100') 14 units 2 storey semi-detached house (45'x90') 	<ul style="list-style-type: none"> December 2014 December 2014 December 2014 	53 32 14	53 30 14	100.0 93.8 100.0	77.0 39.3 11.5
				Total	99	97	98.0	127.8
Taman Seri Tuah Permai, Durian Tunggal, Melaka	Mixed development	12.2	<ul style="list-style-type: none"> 45 units of 2 storey shop office (22'x70') 	• February 2016	45	22	48.9	22.6

7. BUSINESS OVERVIEW (Cont'd)

Name and location of project	Type of project	Total site area (acres)	Description	Completion period	Total units launched	Total units sold as at LPD	% sold as at LPD	GDV (RM million)
The Tropicana, Taman Sentosa, Melaka	Residential	4.7	<ul style="list-style-type: none"> 38 units of 2 storey terrace house (22'x70') 20 units of 2 storey semi-detached house (40'x80') 1 unit of commercial land 	February 2016	38	38	100.0	11.1
				February 2016	20	20	100.0	7.6
				Not applicable	1	0	0.0	*
Total					104	80	76.9	41.3
The Tropicana Residences	Residential	1.9	<ul style="list-style-type: none"> 16 units of 3 storey cluster semi-detached house (20'x60') 48 units of 3 storey terrace house (22'x65') 1 tower comprising 140 units of condominium (883 sq ft to 1356 sq ft) 	March 2010	16	16	100.0	8.7
				March 2010	48	48	100.0	18.0
				July 2014	140	140	100.0	49.8
Total					204	204	100.0	76.5
Taman Bukit Indah, Teluk Mas, Melaka	Residential	29.3	<ul style="list-style-type: none"> 221 units of 1 storey cluster semi-detached house (35'x70') 68 units of 1 storey terrace house (20'x55') 3 lots of bungalow land 	August 2015	221	221	100.0	54.8
				August 2015	68	68	100.0	3.4
				Not applicable	3	3	100.0	0.1
Total					292	292	100.0	58.3
Bandar Baru Merlimau, Merlimau, Melaka ⁽¹⁾	Mixed development	25.0	<ul style="list-style-type: none"> 112 units of 2 storey shop office (22'x70') 49 units of 2 storey shop office (22'x80') 84 units of 1 storey terrace house (22'x70') 	December 2011	112	103	92.0	34.7
				December 2011	49	49	100.0	14.3
				March 2018	84	84	100.0	19.1
Total					245	236	96.3	68.1
Atlantis Residences, Kota Laksamana, Melaka	Residential	5.4	<ul style="list-style-type: none"> 4 towers comprising 1,360 units of service apartment (689 sq ft to 2,454 sq ft) 	April 2018	1,360	1,323	97.3	603.9

7. BUSINESS OVERVIEW (Cont'd)

Name and location of project	Type of project	Total site area (acres)	Description	Completion period	Total units launched	Total units sold as at LPD	% sold as at LPD	GDV (RM million)
				Total	1,360	1,323	97.3	603.9
Taman Bertam Tanjung Minyak, Melaka (Phase 1)	Mixed development	45.1	<ul style="list-style-type: none"> 44 units of 2 storey shop office (22'x70') 175 units of 2 storey terrace house (24'x80') 5 lots of bungalow land 60 units of flat (700 sq ft and 710 sq ft) 	<ul style="list-style-type: none"> December 2018 December 2018 Not applicable May 2019 	44	15	34.1	20.7
				Total	175	174	99.4	66.6
				Total	284	249	87.7	91.0
Taman Desa Mukim Melaka (Phase 1A, 1B and 1C)	Residential	98.8	<ul style="list-style-type: none"> 218 units of 2 storey terrace house (24'x70') 135 units of 2 storey terrace house (22'x70') 55 units of 1 storey cluster house (35'x70') 193 units of 1 storey terrace house (20'x70') 172 units of 2 storey terrace house (24'x70') 	<ul style="list-style-type: none"> July 2019 August 2019 July 2019 July 2019 June 2020 	218	216	99.1	92.5
				Total	135	134	99.3	48.0
				Total	55	55	100.0	20.4
				Total	193	193	100.0	37.0
				Total	172	169	98.3	50.0
				Total	773	767	99.2	247.9
				Total			Total	2,090.6

Note:

(1) Joint-venture development projects. For further details, kindly refer to Section 7.2.3.

7. BUSINESS OVERVIEW (Cont'd)

(b) On-going projects

As at LPD, we are involved in 3 on-going projects, as illustrated below. Please refer to Appendix I for further details of our land held for on-going development.

Name and location of project	Type of project	Total site area (acres)	Description	Commencement date	Expected completion date	% of completion as at LPD	Total units launched	Total units sold as at LPD	% sold as at LPD	Estimated GDV (RM million)
Taman Desa Bertam, Mukim Tanjong Minyak, Melaka (Phase 2)	Residential	40.2	<ul style="list-style-type: none"> 127 units of 2 storey terrace house (22'x70') 108 units of 2 storey semi-detached house (40'x80') 6 units of 2 storey semi-detached house (35'x80') 148 units of 1 storey terrace house (22'x70') 	July 2020	March 2022	27.6	127	73	57.5	55.2
						23.8	108	85	78.7	56.8
						23.8	6	4	66.7	3.1
						17.8	148	143	96.6	28.0
						Total	389	305	78.4	143.1
Taman Desa Bertam, Mukim Tanjong Minyak, Melaka (Phase 3A)	Residential	29.4 ⁽¹⁾	<ul style="list-style-type: none"> 244 units of 2 storey semi-detached house (40'x80') 14 units of 2 storey semi-detached house (35'x80') 	September 2020	June 2022	11.4	244	88	36.1	126.5
						11.4	14	3	21.4	7.9
						Total	258	91	35.3	134.4

7. BUSINESS OVERVIEW (Cont'd)

Name and location of project	Type of project	Total site area (acres)	Description	Commencement date	Expected completion date	% of completion as at LPD	Total units launched	Total units sold as at LPD	% sold as at LPD	Estimated GDV (RM million)
Taman Belimbing Setia, Mukim Belimbing, Melaka (Phase 2B)	Residential	9.2 ⁽¹⁾	64 units of 1 storey bungalow (50'x80')	July 2019	February 2021	76.3	64	61	95.3	25.9
Bali Residences, Kota Syahbandar, Melaka	Mixed development	3.7	<ul style="list-style-type: none"> 2 towers comprising 830 units of service apartment (477 sq ft to 3,174 sq ft) 18 units of retail shop (775 sq ft to 3,100 sq ft) 	June 2018	December 2021 ⁽²⁾	46.5	830	667	80.4	306.0
						47.1	18	7	38.9	13.6
						Total	848	674	79.5	319.6
							Total		Total	623.0

Notes:

⁽¹⁾ Refers to the site area for the entire project. For avoidance of doubt, the area as disclosed for the same development under Appendix I refers to the aggregate title area of all units held under the project.

⁽²⁾ On 9 November 2020, we have obtained approval from the MHLG for extension of time of up to 4 April 2023 for the completion and handover to the buyers with no imposition of LAD on us. Nonetheless, we still expect to complete the project by December 2021.

7. BUSINESS OVERVIEW (Cont'd)

(c) Future projects

As at LPD, we have 3 future projects, as illustrated below. Please refer to Appendix I for further details of our land held for future development.

Name and location of future project	Bertam	Desa	Type of project	Total site area (acres)	Description	Expected commencement date	Total units	Estimated GDV (RM million)
Taman Bertam (Phase 3B)			Residential	40.9	<ul style="list-style-type: none"> • 186 units of 2 storey semi-detached house (40'x80') • 38 units 2 storey semi-detached house (50'x80') • 4 units of 2 storey semi-detached house (35'x80') 	Third quarter of 2021	225	128.0
Phase 4				30.7	<ul style="list-style-type: none"> • 273 units of 1 storey cluster house (35'x70') 	Third quarter of 2021	273	115.1
Taman Bertam (Phase 2)	Putra		Mixed development	1.3	<ul style="list-style-type: none"> • 36 units of shop office (22'x70') 	To be determined	36	16.6
Taman Bertam (Phase 1A)	Heights		Residential	61.6	<ul style="list-style-type: none"> • 442 units of 1 storey terrace house (20'x65') • 211 units of 2 storey town house (24'x55') 	Fourth quarter of 2021	653	92.0
Phase 1B				21.6	<ul style="list-style-type: none"> • 246 units of 2 storey terrace house (22'x80') • 30 units of 2 storey semi-detached house (40'x80') 	Fourth quarter of 2021	276	150.7
Phase 2A				52.2	<ul style="list-style-type: none"> • 419 units of 1 storey terrace house (20'x65') • 286 units of 2 storey terrace house (22'x80') • 66 units of 2 storey semi-detached house (40'x80') 	Fourth quarter of 2022	771	258.8
Phase 2B				30.9	<ul style="list-style-type: none"> • 373 units of 2 storey terrace house (22'x80') • 30 units of 2 storey semi-detached house (40'x80') 	Fourth quarter of 2022	403	234.0
Total							995.2	

7. BUSINESS OVERVIEW (Cont'd)

(d) Land for future development

Land for future development	Description	Type of land	Total land area (acres)
Owned			
PN 114690 Lot 2030, Pekan Baru Sungai Besi, Daerah Petaling, Selangor	This is first land together with HS(D) 316625 PT 1259 purchased by us to venture into Klang Valley.	Building for residential	3.6
HS(D) 316625 PT 1259, Pekan Baru Sungai Besi, Daerah Petaling, Selangor	This is first land together with PN 114690 Lot 2030 purchased by us to venture into Klang Valley.	Building for commercial	1.3
GM 107 Lot 66, Mukim Tanjong Minyak, Melaka	This land is near to our completed, on-going and future project, namely Taman Desa Bertam.	Agricultural zoned for residential	2.5
GM2565 Lot 24668, Mukim Tanjong Minyak, Melaka	This land is near to our completed, on-going and future project, namely Taman Desa Bertam.	Agricultural zoned for residential	4.8
Geran 14999 Lot 2308, Mukim Sungei Udang, Melaka	This land is near to our completed and future project, namely Taman Bertam Putra.	Agricultural zoned for residential	9.9
Geran 22813 Lot 1137, Mukim Tanjong Minyak, Melaka	This land is near to our completed, on-going and future project, namely Taman Desa Bertam.	Agricultural zoned for residential	14.0
Geran 6720 Lot 34, Mukim Tanjong Minyak, Melaka	This land is near to our completed, on-going and future projects, namely Taman Desa Bertam and Taman Bertam Setia.	Agricultural zoned for residential	11.5
GM 150 Lot 37, Mukim Tanjong Minyak, Melaka	This land is near to our completed, on-going and future projects, namely Taman Desa Bertam and Taman Bertam Setia.	Agricultural zoned for residential	5.5
Geran 12906 Lot 39, Mukim Tanjong Minyak, Melaka	This land is near to our completed, on-going and future projects, namely Taman Desa Bertam and Taman Bertam Setia.	Agricultural zoned for residential	14.9
GM 151 Lot 40, Mukim Tanjong Minyak, Melaka	This land is near to our completed, on-going and future projects, namely Taman Desa Bertam and Taman Bertam Setia.	Agricultural zoned for residential	5.9
			<u>73.9</u>

7. BUSINESS OVERVIEW (Cont'd)

Land for future development	Description	Type of land	Total land area (acres)
In the process of acquisition			
PM 1100 Lot 10243, Mukim Durian Tunggai, Melaka ⁽¹⁾	These pieces of land are located next to each other off Lebuah Ayer Keroh	Agriculture land zoned for institutional and society	0.2
Geran 3540 and 3541, Lot 2544 and 2545, Mukim Durian Tunggai, Melaka ⁽¹⁾			
PN 55269 Lot 14734, Mukim Ayer Panas, Melaka ⁽²⁾	This land is located at Ayer Panas, District of Jasin, Melaka	Building with express condition for golf course	116.0
PN 56988 Lot 14560 and PN 56989 Lot 14561, Mukim Telok Mas, Melaka ⁽³⁾	This land is sea-fronting and is located at Telok Mas, District of Melaka Tengah, Melaka	Building for residential	18.8
Total			145.2
Total			219.8

Notes:

- ⁽¹⁾ Land held by Polyintan, which acquisition is expected to be completed by the third quarter of 2021. The acquisition is conditional upon a development order being obtained for development of properties. Please refer to Section 6.5 for further details
- ⁽²⁾ The acquisition of this land is expected to be completed by March 2021. Please refer to Section 6.5 for further details
- ⁽³⁾ The acquisition of this land is expected to be completed by June 2021. Please refer to Section 6.5 for further details

Please refer to Appendix I for further details on our land held for future development.

7. BUSINESS OVERVIEW (Cont'd)

7.2.3 Joint-venture property development projects

We have also been involved in property development projects through joint-ventures. The joint-ventures in which we enter in are either with land owners or local authorities. The following is a breakdown of our revenue by projects developed through our own land bank, joint venture with other land owners and joint venture with authorities.

	FYE 2017		FYE 2018		FYE 2019		FPE 2020	
	RM million	%	RM million	%	RM million	%	RM million	%
Own land bank	339.1	94.3	253.2	97.7	227.0	97.4	92.4	92.4
Joint venture with land owners	5.4	1.5	2.6	1.0	6.0	2.6	7.6	7.6
Joint venture with authorities	15.0	4.2	3.3	1.3	-	-	-	-
Total	359.5	100.0	259.1	100.0	233.0	100.0	100.0	100.0

In the joint-ventures with land owners, normally:

- (a) We will pay to the land owners a security deposit upon execution of the joint venture agreements, which is to be refunded by the land owners upon receiving the land owners' entitlement (as defined below) at the completion of the property development projects;
- (b) The original issue document of title to the master land of the property development projects will be deposited with a stakeholder, who is authorised to release it to the appropriate authority for surrender and re-alienation for the issuance of sub-divided issue documents of title;
- (c) We are granted with a Power of Attorney by the land owners to do all things necessary to complete the property development projects, from pre-development to development and post-development, including execution of the sale and purchase agreements with the end purchaser on behalf of the land owners, obtaining bridging financing for the property development projects and submission of applications for relevant approval from the appropriate authorities;
- (d) All costs involved in the property development projects will be borne by us, and
- (e) The land owners are entitled to a pre-determined percentage of the completed properties (the "**land owners' entitlement**") ranging from 10% to 21.5% of the number of units of various property types within the property development projects. The allocation of land owners' entitlement is to be mutually agreed by the parties upon approval of the layout plan for each property development project, taking into consideration the factors that determine the price of the building lots and the percentage of the land owners' entitlement. The land owners' entitlement is to be delivered to the land owners within the completion period stipulated in the joint venture agreements and where the land owners' entitlement is sold by us, they will be entitled to the sale proceeds of the land owners' entitlement.

7. BUSINESS OVERVIEW (Cont'd)

In respect of joint-ventures with local authority, normally:

- (a) Where the project land was acquired by the local authority from the land owners in accordance with the Land Acquisition Act 1960 and the rules subsisting thereunder (the "LAA"), we were required to pay compensatory award to the land owners and all other land cost pertaining to the land acquisition payable under the LAA on behalf of the local authority. We were also required to surrender part of the project land to the local authority for the purpose of public amenity;
- (b) We were to meet the share capital requirement set out by the local authority with no change in the directorship and our shareholders throughout the duration of the joint-venture;
- (c) The properties development project was to be completed by us within the stipulated completion period in the joint venture agreement; and
- (d) In the event of default by us and we fail to remedy the default within the prescribed period stated in the local authority's notice, the local authority will be entitled to terminate the joint-venture upon which (i) all monies paid by us will be forfeited to the local authority, (ii) the vacant possession of project land is to be delivered to the local authority, (iii) the local authority will be at liberty to engage other developer or contractor to undertake the property development project.

The following list sets out the notable projects which we have completed through joint-ventures.

Name of project	Date of joint venture agreement	Joint-venture partner(s)	Nature of joint-venture partner	Completion date	GDV (RM million)
Taman Merak Mas	7 December 2000	Abu Bin Karim	Land owner	October 2003	8.5
Bandar Baru Merlimau	24 May 2006	Majlis Perbandaran Jasin	Local authority	December 2011 & March 2018	68.1
Taman Bertam Setia (Phase 1A, 1B and 1C)	10 May 2006	Compact Sdn Bhd Sunrise	Land owner	December 2008, June 2015 and November 2020	49.5
Taman Krubong Indah	28 December 2009	• Ya'akop Bin Saadon, Talib Bin Sadan, Rasip Bin Saadun, Asah Binti Sa'adon, Madiah Bindi Saadon, Patimah Binti Sa'adon and Madi Bin Saadon	Land owner	April 2015	31.8

7. BUSINESS OVERVIEW (Cont'd)

Name of project	Date of joint venture agreement	Joint-venture partner(s)	Nature of joint-venture partner	Completion date	GDV (RM million)
	24 December 2010	• Teladan Damai Sdn Bhd ⁽¹⁾			
Taman Bertam Setia (Phase 5)	24 December 2010	Teladan Damai Sdn Bhd ⁽¹⁾	Land owner	August 2017	8.0

Note:

- ⁽¹⁾ Roslani bin Hashim is a director of Teladan Setia and Teladan Damai Sdn Bhd. He is also a 50% shareholder of Teladan Damai Sdn Bhd. The remaining shareholder holding 50% is held under the estate of Mohamad Sam bin Sailan, who is deceased. Teladan Damai Sdn Bhd is currently dormant. Despite sharing the name "Teladan", there are no plans to reactivate Teladan Damai Sdn Bhd. Additionally, the name "Teladan" is not uncommon among companies. Nonetheless, we are confident that "Teladan Setia" is distinguishable by repute from other companies which may carry the name "Teladan".

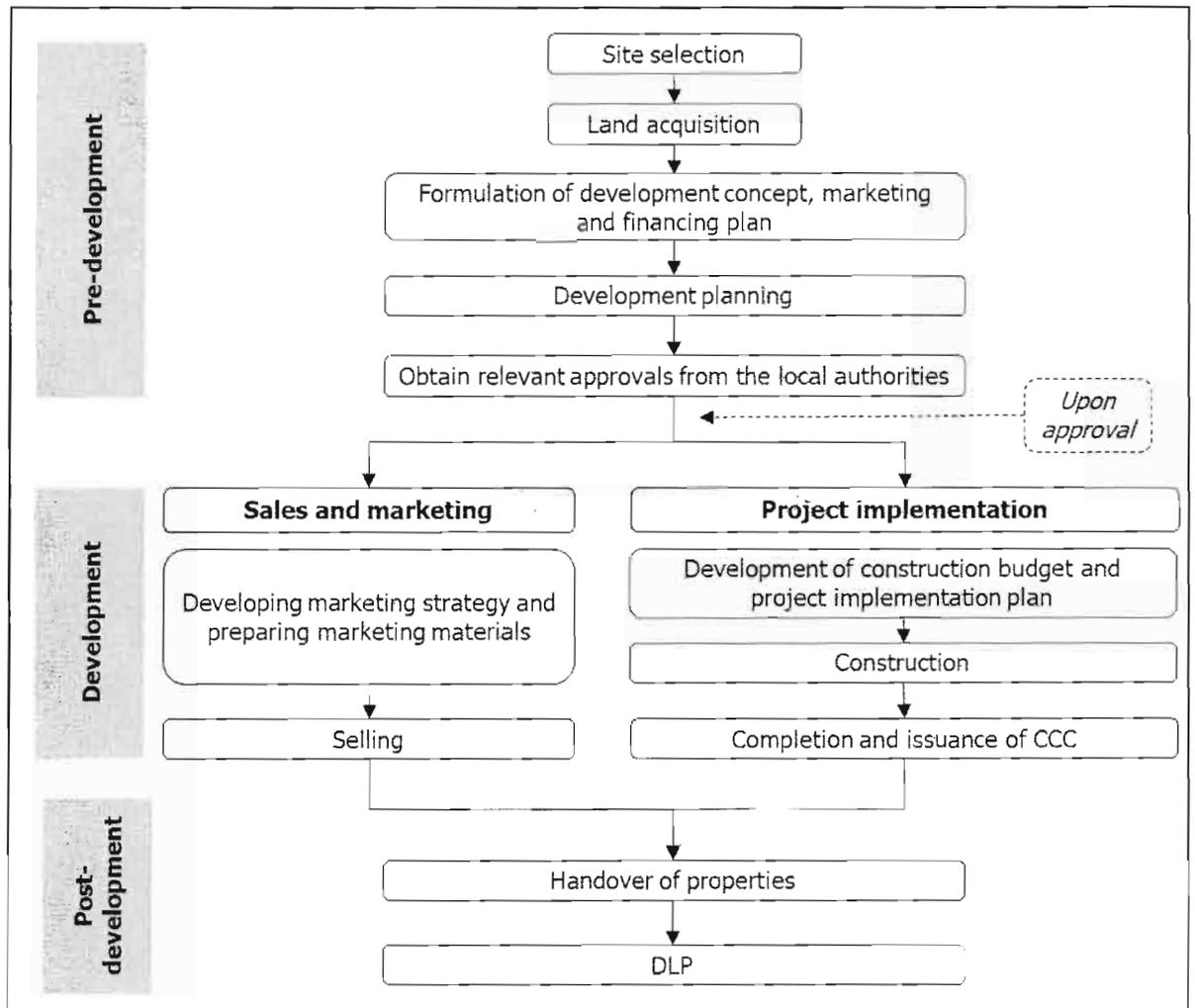
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7. BUSINESS OVERVIEW (Cont'd)

7.2.4 Business process

Property development

The typical process flow for our core business activities are depicted below:



(A) Pre-development

(i) Site selection and land acquisition

The process flow of a new project begins with the identification of a suitable plot of land for development. In identifying the potential site and its proposed types of development, we will consider, amongst others, the following site evaluation factors:

- The physical condition of the land;
- The location and profile of the neighbourhood that is in close proximity to the land;
- The accessibility to the area and the available supporting infrastructures and amenities;

7. BUSINESS OVERVIEW (Cont'd)

- Competition, consumer demand and marketability of the properties in that area or surrounding areas; and
- The estimated cost of the development, as well as investment and financial return ratios.

We also consider other macroeconomic factors such as:

- The economic prospects of the surrounding areas;
- The maturity of the residential property and shop market in the surrounding areas; and
- The resources available, including financing environment such as liquidity, banks' preference and cost of financing.

Once the potential land to be acquired has been identified, we will conduct due diligence and preliminary feasibility study on the land. The preliminary feasibility study takes into consideration, amongst others, the preliminary development concept, market supply and demand, budget forecast and conceptual estimated costs of construction, financing commitments, potential pricing of the properties, environmental impacts and requirements, and existing and/or potential competing property developments in the vicinity of the site.

The findings of the due diligence and preliminary feasibility study will be presented to our Managing Director and Executive Director for their consideration and deliberation.

Upon obtaining the approval and clearance from our Managing Director and Executive Director, we will proceed with the legal process of the land acquisition, refine our development concept, as well as formulate our marketing and financing plan.

(ii) Formulation of development concept, marketing and financing plan

Upon the completion of the land acquisition, we will proceed to formulate the development concept, marketing and financing plan:

- Development concept

We will work with third party professional design consultants to refine the development concept of the land in terms of, amongst others, plotting and building sizes, amenities location and sizes, street designs and traffic, and common infrastructure.

- Marketing plan

Our sales and marketing plan will determine the marketing strategies of the proposed development concept, taking into consideration future supply and demand, market segment and product marketability.

- Financing plan

We will prepare an estimated development costing based on the conceptualised development plan. Thereafter, we will develop the financing plan that includes sources of financing and the timeline to gather the required budget, for the proposed development.

7. BUSINESS OVERVIEW (Cont'd)

(iii) Development planning

After the formulation of our development concepts, marketing as well as financing plans, our project team proceeds with development planning. During the process of development planning, we will prepare a detailed development plan that outlines all the development details, including a detailed site layout plan which comprises each component in the development site such as the residential or commercial buildings, amenities, infrastructure and common area landscaping. The design, structures and specifications of each component will also be included in the detailed development plan.

Further, we will create a development timeline which sets out the phases of development and the important milestones to be achieved. Meanwhile, we will also calculate the GDC and GDV of the development prior to the finalisation of the development plan.

(iv) Obtain relevant approvals from the local authorities

Upon the internal finalisation of the detailed development plan, we will proceed to obtain the relevant approvals from the local authorities, including the approval of the development plan, land conversion, subdivision plan, building plan and APDL.

Once we receive the relevant approvals from the local authorities, steps (v) and (vi) below will take place concurrently:

(B) Development

(v) Sales and marketing

(a) Developing marketing strategy and preparing marketing materials

Our marketing team will develop a marketing strategy and prepare marketing materials as soon as the information of our projects is obtained.

(b) Selling

Our marketing team will begin selling and marketing our new projects upon finalisation of marketing strategy and marketing materials.

(vi) Project implementation

(a) Development of construction budget and project implementation plan

Third party quantity surveyors, architects, geotechnical engineers, civil and structural engineers and M&E engineers will prepare comprehensive construction budget estimation for all relevant procurement trades and construction works. The budget estimation will act as a benchmark for our project team to control their costs throughout the project implementation period.

Further, we will develop a project implementation plan which specifies the design and details of the project, such as the type of finishing, construction timeline and delivery schedule.

7. BUSINESS OVERVIEW (Cont'd)

(b) Construction

For the construction works, we will invite our panel of contractors to submit their tender bids and proposals. The projects will be awarded to contractors based on our Group's evaluation criteria and the prices submitted by the contractors against the approved budget estimation.

Upon commencement of construction works, our project teams will oversee the progress of the construction works through regular on-site inspections and monitoring of progress reports. We will also conduct meetings with our team of professional consultants and contractors on a monthly basis to keep abreast of the progress of projects as well as to resolve any issues that arise. This is to ensure on-budget and timely completion of the proposed development, as well as to achieve the required quality.

(c) Completion and issuance of CCC

Upon the completion of the construction works, the architect will issue the CCC once the completed buildings have been inspected and certified compliance to building plans and statutory requirements by the relevant local authorities.

(C) Post-development

(vii) Handover of properties

Upon completion of projects, the following will take place before the purchased properties are handed over to our buyers:

- Issuance of notice of vacant possession; and
- Handover of keys and relevant documents such as CCC and building certification.

(viii) DLP

We will be responsible for the building repairs if any defect is found during the DLP as specified in the sale and purchase agreement, which lasts for 24 months after the date our buyer takes vacant possession during handover of properties. We will withhold a 5% retention sum from the main contractors and have a back-to-back arrangement with them to rectify any defects within the DLP. Contractors are responsible to rectify any defects during the DLP. In the event that the contractors do not rectify the defects during the DLP, any costs incurred by our Group to rectify the defects within the DLP will be charged to our contractors. The retention sum is released in 2 tranches, the first 2.5% will be released after 9 months from the date of the certificate of practical completion while the remaining 2.5% will be released after 24 months from the date of the certificate of practical completion.

7. BUSINESS OVERVIEW (Cont'd)

7.2.5 Impact of the Covid-19 and MCO situation to our business operations and financial performance

Due to the outbreak of the Covid-19 virus, the Government has imposed the MCO throughout Malaysia from 18 March 2020 to curb the spread of virus, which has halted all construction activities of our on-going projects as we are deemed to be operating in non-essential services. As such, there were unexpected delays in the completion of our on-going projects or commencement of future projects. Buyers may claim LAD on delays in completion of the project, unless an extension of time is granted by the MHLG. In this respect, on 23 October 2020, the Government gazetted the Malaysia's Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (Covid-19) Act, which allows, amongst others, the period of 18 March 2020 to 31 August 2020 to be excluded from the calculation of time for delivery of vacant possession, and LAD. In addition, developers may seek an extension of time for the aforementioned period to complete projects. In view of this, we had considered whether to apply for extension of time from MHLG to complete our on-going projects, and decided we would need to apply only for Bali Residences as we still expect to complete our other on-going projects within their given periods.

On 23 January 2021, our contractor for the Bali Residences project reported 203 foreign workers who tested positive for Covid-19 in line with the compulsory testing imposed by the Government. In accordance with the procedures of the Ministry of Health, these foreign workers were quarantined for 10 days, and the construction site of Bali Residences was closed. We have agreed to bear part of our contractor's cost of testing, transportation as well as meals for the infected foreign workers during this period, which amounted to a total of approximately RM150,000 for us. There are no additional costs anticipated, and this will not have a significant impact to our operations and financial results.

The site of Bali Residences reopened on 2 February 2021. Despite this delay, we still expect to deliver the completion of Bali Residences by December 2021, which is within the extended timeframe approved by MHLG of up to 4 April 2023. As such, we do not expect any buyer to impose LAD on us.

Apart from the abovementioned incident in Bali Residences, there are no other positive Covid-19 infections detected in our projects as at LPD.

The MCO has also resulted in additional preventive measures taken by us to ensure our employees' safety and health as well as the continuity of our operations. In this respect, we strictly follow the rules of the National Security Council by observing the required social distancing in our office and on sites, and allowing only 30% of employees to work at office and site. Additionally, on 27 January 2021, all of our staff were tested voluntarily at our own expense, and were tested negative.

Continuation of our operations

Under the conditional MCO announced on 1 May 2020, we have resumed our sales and marketing activities on 4 May 2020 and subsequently our entire operations on 14 May 2020 following a press release from the Government specifying that the health and safety procedures for foreign labour were to be undertaken by companies operating in Selangor and Kuala Lumpur regions only. Further, on 9 November 2020, we have obtained approval from the MHLG for extension of time of up to 4 April 2023 for the completion of our on-going project, namely Bali Residences and handover to the buyers with no imposition of LAD on us. Nonetheless, we expect to complete this project by December 2021, which is within the extended timeframe.

7. BUSINESS OVERVIEW (Cont'd)

Potential impact of prolonged disruptions to our operations

The prolonged disruptions to our operations during the MCO may lead to the following spill over effects on our Group's operations and financial performance over the next few months:

- Delays in issuing progress billings according to the initial billing schedules as our progress billing is dependent on the progress of the construction of our projects. The MCO has disrupted the construction activities of our on-going projects, so there are delays in construction progress which leads to delays in issuing progress billings to our cash buyers and financial institutions. If we and our contractors and consultants are allowed to fully operate during the MCO without restrictions (e.g. on number of workers or working hours), we do not expect further delays in our progress billing from our initial billing schedule other than the initial MCO period of 18 March 2020 to 13 May 2020 where the construction activities of our on-going projects were halted. Further, as our appointed contractors and/or consultants were selected based on their financial strength, amongst others, during the tender stage, we expect them to have the sufficient financial and manpower resources to operate as usual during the MCO. During the initial MCO period, we have corresponded with our contractors and consultants for our on-going projects and they have indicated that they have no financial or manpower challenges. Under the conditional MCO announced on 1 May 2020, some of our contractors reported disruptions in the supply of raw material due to the restrictions in interstate travel. Nonetheless, all our contractors have resumed operations fully on 14 May 2020 as we have onsite materials available prior to the MCO and there have been no disruptions in the renewal of the working permits for their foreign labour, and no further operational or financial difficulties have been faced except for one incident on 23 January 2021 as detailed above. However, if onsite materials have depleted, and cannot be replenished, then construction activities may not continue. In this respect, restrictions on travel and logistics under a continued or stricter MCO are similarly expected to restrict operations overall. We will ensure our contractors keep a steady supply of materials as well as onsite materials just as we had prior to the implementation of the MCO;
- Delays in launching future projects due to the MCO period in view of the uncertainties in economic conditions and property market sentiment in Malaysia and Melaka after the MCO and until the Covid-19 crisis ends. If the launching of our future projects are delayed further, it may adversely affect our financial performance. Nevertheless, all 389 units of houses planned for Taman Desa Bertam Phase 2 were launched between June and July 2020, and we have launched most of Phase 3A of Taman Desa Bertam in September 2020. We also plan to launch Taman Desa Bertam Phase 3B and 4 eventually. We are confident that we will still be able to attract buyers, although possibly selling at a slower rate, as this project comprises landed residential properties located in a newly developed neighbourhood, and our buyer profiles mostly consist of people who own and occupy their homes. Further, we believe that the strength of our brand will lend comfort to buyers who are expected to be more cautious of their large purchases in this climate;
- Slower generation and completion of sales due to limitations in the execution of our sales and marketing activities as our operations and sales galleries are closed, and no property viewings are allowed, during the MCO. Nevertheless, our sales and marketing team has been proactively promoting our existing properties and new property launches during the MCO by contacting potential buyers through phone calls and through social media (e.g. Facebook) promotions and advertisements. Further, our sales and marketing team has communicated with buyers who have paid the booking fees for our properties prior to the MCO, to follow-up on their decision to proceed with the purchase of the properties. Under the conditional MCO announced on 1 May 2020, we have resumed sales and marketing activities on 4 May 2020 and

7. BUSINESS OVERVIEW (Cont'd)

reopened our sales galleries for property viewing, and subsequently our entire operations on 14 May 2020. Since the MCO and up to LPD, only 6 buyers terminated their purchase with us; and

- Potential cash constraints due to fixed expenses, inactivity and capital commitment for the purchase of landbank. During the MCO period, we still incurred monthly fixed expenses which include rental payment, finance costs and administrative expenses such as utilities and staff costs. We do not foresee the need to lay off any staff, deduct wages or other significant cost cutting measures at this juncture. For reference, our cash and cash equivalents as at LPD stood at RM52.4 million, and we have not had any significant outlays since. We are confident that our financial strength will sustain us through the MCO period so we may resume our activity without any delay since we continued to maintain our entire staff.

Worst case scenario analysis under a prolonged MCO situation

After taking into account the potential interruptions to our operations caused by the Covid-19 and MCO situation, we have made an estimate of how long our cash and cash equivalents can sustain our minimum operating costs in a worst case scenario. Our key assumptions for this scenario where our business is forced to be suspended for a prolonged period, include:

- (i) We will not generate any income due to the suspension of business;
- (ii) We will not have to pay our contractors due to suspension of works;
- (iii) Rentals of office and other miscellaneous charges are paid monthly;
- (iv) Operating and administrative expenses will be incurred to maintain our operations at a minimum level;
- (v) We will obtain the needed financing and pay all material committed cash outlays (as disclosed in Section 4.9.1) in due course; and
- (vi) No further dividend will be declared and paid under such situation.

Based on our cash and cash equivalent of approximately RM52.4 million as at LPD, our Board believes that our Group's balance cash and cash equivalents will be able to support our monthly cash demand for approximately 14.7 months without the need to liquidate any of our fixed assets such as landbank or buildings.

Financial impact of the MCO

Save for the MCO, our Group has not experienced any interruption in our operations that had a significant effect during the past 12 months preceding LPD. At this juncture, we cannot reasonably quantify the financial impact of the delays caused by the Covid-19 and MCO situation. Nonetheless, we expect a negative impact to our revenue and consequently our profits for FYE 2020 and beyond due to the delayed recognition of revenue from the progress of our projects. Moving forward, we expect to resume the progress and future launches of our projects at an adjusted schedule after accounting for the delay caused by the MCO, which will enable us to continue recognising revenue in this respect until FYE 2024.

7.2.6 Types, sources and availability of major raw materials

As a property developer, we do not engage in the purchase of any raw materials for the development of our projects.

7. BUSINESS OVERVIEW (Cont'd)

7.2.7 Operating capacities and output

As a property developer, the calculations of operating capacities and output are not applicable to us.

7.3 PRINCIPAL MARKETS

During the financial years and period under review, our revenues were all derived from our property development business in Melaka. The breakdown of our revenues by type of development projects are as follows:

	FYE 2017		FYE 2018		FYE 2019		FPE 2020	
	RM million	%	RM million	%	RM million	%	RM million	%
Residential	329.8	91.7	201.0	77.6	163.0	70.0	51.0	51.0
Mixed development ⁽¹⁾	29.7	8.3	58.1	22.4	70.0	30.0	49.0	49.0
Total	359.5	100.0	259.1	100.0	233.0	100.0	100.0	100.0

Note:

⁽¹⁾ Includes Taman Bertam Putra (Phase 1), Bali Residences and Taman Seri Tuah Permai and Bandar Baru Merlimau. The increase in percentage contribution from mixed developments for FYE 2017 was contributed by RM15.1 million from Bandar Baru Merlimau and RM14.6 million from Taman Bertam Putra (Phase 1). For FYE 2018 and FYE 2019, mixed development revenue contributions were mainly from Taman Bertam Putra (Phase 1) and Bali Residences. Taman Bertam Putra (Phase 1) contributed revenue of RM48.7 million and RM11.7 million for FYE 2018 and FYE 2019 respectively while Bali Residences contributed revenue of RM5.6 million and RM53.6 million for FYE 2018 and FYE 2019 respectively. For FPE 2020, Bali Residences was the main contributor to our mixed development revenue, totalling RM47.8 million. Within Taman Seri Tuah Permai, Taman Bertam Putra (Phase 1), Bali Residences and Bandar Baru Merlimau, the ratio of residential properties to shops in terms of units is 103:46, 244:44, 830:18 and 84:161 respectively

7.4 SALES AND MARKETING

We have a dedicated sales and marketing team to undertake sales activities of our property development business, and this team has 2 primary objectives, i.e. to promote the sale of our properties to prospective buyers, and to build and foster the relationship with buyers through follow-up calls and/or marketing events. The sales and marketing teams are based in our head office in Batu Berendam, Melaka or at the sales gallery of our projects to promote our new property launches.

Our sales and marketing team is also involved in determining marketing strategies of the proposed development concepts, taking into consideration future supply and demand, market segment and product marketability. Thereafter, our sales and marketing team will implement the marketing strategies, which involve the preparation of sales and marketing materials and kits, selling and marketing of our properties at our showrooms and engagement with external property sales agencies, if required.

7. BUSINESS OVERVIEW (Cont'd)**Our sales and marketing strategies**

Our sales and marketing team deploys the following mediums to increase awareness of our brand and to market our projects:

(i) Trade exhibitions and roadshows

We participate in trade exhibitions and roadshows relating to the property market. We believe that the participation in these trade exhibitions and roadshows enhances our brand visibility as it enables us to showcase our completed, on-going and future projects. Additionally, such participation also provides us with significant opportunities to meet potential property buyers, and stay updated on the market demand for residential properties and shops as well as competitor pricing.

The following are examples of the trade exhibitions and roadshows that our Group has participated in over FYE 2017 to 2019, FPE 2020 and up to LPD:

Event Name	Location	Organiser	Date
Malaysia Property Expo	Melaka	Persatuan Hartanah Perumahan	Pemaju dan March, July and October 2017 June, August and October 2018
Expo Jualan Rumah Khas untuk Bumiputera	Melaka	Persatuan Hartanah Perumahan	Pemaju dan January 2018
Melaka Home Ownership Campaign	Melaka	Persatuan Pemaju Hartanah dan Perumahan and PS Trade Fair Management	March 2019 and November 2019
Home and Property Fair	Melaka	PS Trade Fair Management, Kenlink Group Sdn Bhd and T&A Success Enterprise	July 2019

(ii) Buyer-get-buyer scheme

We have implemented a buyer-get-buyer scheme where existing buyers who successfully refer new buyers to purchase properties with us will be incentivised either by way of cash or rebates off their purchase of our properties.

(iii) Direct approach

Our sales and marketing team secures new sales by engaging potential buyers directly through emails, phone calls and face to face meetings. The potential buyers are identified through our database of existing buyers. Our sales and marketing team will contact these buyers to introduce our new projects.

7. BUSINESS OVERVIEW (Cont'd)

(iv) Digital advertising

We understand that the Internet is an important advertising medium, and the current widespread use of the Internet as a source of information will potentially enhance our market reach and exposure.

Our Group's corporate website, www.teladansetia.com, provides immediate searchable information on our Group which includes detailed information of our completed, on-going and upcoming projects.

Our social media account on Facebook is used as interactive platforms to promote our Group and properties, and interact with our existing and potential buyers.

We also advertise our properties on established online property platforms such as PropertyGuru to market our new projects.

(v) Print and outdoor advertising

We engage in print advertisements and advertorials in local newspapers in Melaka such as The Star, City Explorer, Berita Harian, China Press and Sin Chew Daily. Furthermore, we also utilise outdoor media such as advertising billboards and banners in Melaka to advertise our new projects.

(vi) Mobile trucks

We rent promotional mobile trucks to promote the awareness of our company and our projects. These mobile trucks serve as a mobile sales gallery where there is some space to display our banners, to put tables and chairs for discussions with potential buyers as well as to display a smaller scale miniature model of our projects inside the truck. We usually select areas with high foot traffic such as commercial areas for our sales and marketing team as well as appointed property sales agencies to distribute property brochures and kits as well as to engage with potential buyers.

(vii) Property sales agencies

For additional support in sales and marketing, we may engage property sales agencies to sell and market our high-rise residential properties and selected landed properties. As at LPD, we have 6 appointed property sales agencies to carry out our sales and marketing activities.

We will provide the necessary sales and marketing materials to our property sales agent to facilitate their sales and marketing activities. Our property sales agencies are entitled to pre-agreed commission rates ranging from 3% to 5% of the total property sales value.

Whilst external property sales agencies may be engaged to support our sales and marketing efforts, we primarily adopt a direct-to-customer sales strategy by training and equipping our internal sales and marketing team to sell units directly to buyers. This allows us to get to know our buyers to attain a better understanding of their requirements, which serves as a feedback mechanism to us for continuous improvement to our design development of our future projects.

7. BUSINESS OVERVIEW (Cont'd)

Additional incentives for unsold units

For our unsold property units, our sales and marketing team will engage in continuous sales and marketing activities to attract potential buyers. In addition, we will offer incentives for the unsold completed properties to buyers:

- (i) For unsold completed residential property units, we will offer incentives in the form of cash incentives and/or legal fees to be borne by us; and

The cash incentives will be offset against the downpayment amount which is subject to the loan financing margin to be obtained by buyers. This eases the initial cash burden on the buyers.

- (ii) For unsold completed shops, we will offer incentives in the form of cash incentives and/or legal fees to be borne by us as well as the option to participate in our easy own campaign.

Our easy own campaign involves renting our unsold completed shops to potential buyers for a period of 1 year at the prevailing market rental rates with an option to purchase the shop; or to stop or extend the rental period under the scheme after 1 year. If the potential buyer opts to purchase the shop after 1 year, the rental amount paid for the period of 1 year will be offset against the downpayment required for the purchase. This campaign began in late 2019. The rental income is recognised as other income. If the potential buyer opts to purchase the property, they pay the difference between the aggregate rental paid and the purchase price of the property, which will be recorded as revenue. If not, the option lapses.

As the tenancy is separate from the option, the potential buyer may continue renting the property or terminate the tenancy. For avoidance of doubt, the termination of the tenancy or option will not accord any refund of the rentals previously paid by the tenants, except for any deposits placed with respect to the respective tenancy agreements.

Our easy own campaign gives potential buyers more time to secure financing to purchase our shops. Together with our incentives (i.e. cash incentives and/or legal fees to be borne by us), it lowers upfront commitment for our buyers, and further lessens the financial burden on our buyers.

Assessment of our unsold completed shop units vis-à-vis the property overhang situation in Melaka and our sales strategy in relation thereto

In comparison with the property market in Melaka, according to the IMR Report, despite the rise of oversupply issue in the property market in Malaysia, Melaka is one of the states that recorded a relatively low number of overhang residential units at 926 units as at the third quarter of 2020, as compared to the national average of overhang residential units at 3,450 units per state. However, the shops market in Melaka has seen a relatively high oversupply of shop units at 735 units as at the third quarter of 2020, ranking second among the states in Malaysia with highest number of overhang shop units and overhang shop units in Melaka are mostly concentrated in Central Melaka District. Despite the high oversupply of shop units, we believe that our unsold completed shop units are still attractive to potential buyers due to the following:

7. BUSINESS OVERVIEW (Cont'd)

- (a) We continue to promote the unsold completed shop units through our incentives (i.e. cash incentives and/or legal fees to be borne by us) as described above;
- (b) The average selling prices (net of all discounts) of our shop offices in Taman Seri Tuah Permai of RM501,896, Bandar Baru Merlimau of RM309,752 and Taman Bertam Putra (Phase 1) of RM470,146 are all below the average price per shop in Melaka of RM516,187 as at the third quarter of 2020 as stated in the IMR Report; and
- (c) We have 23 unsold completed shop offices in Taman Seri Tuah Permai and 9 units in Bandar Baru Merlimau. This makes up half of our unsold completed shop office being located outside of Central Melaka District, the district with the highest overhang of shop units. According to the IMR Report, out of the 735 units of overhang shop units, 552 units were in Central Melaka District, followed by Alor Gajah District (127 units) and Jasin District (56 units). Taman Seri Tuah Permai is located in Alor Gajah District within close proximity to the airport, industrial areas and social amenities such as Batu Berendam Airport, Batu Berendam Free Trade Zone, Krubong Industrial Park, Universiti Teknikal Malaysia Melaka and Melaka International Trade Centre, while Bandar Baru Merlimau is located in Jasin District within close proximity to social amenities such as Politeknik Merlimau and a mosque. The economic activities within close proximity to Taman Seri Tuah Permai and Bandar Baru Merlimau are expected to drive demand for retail activities in the surrounding areas and hence driving demand for more shop property units.

Although our 29 unsold completed shop offices in Taman Bertam Putra (Phase 1) are located in the Central Melaka District, these shop offices are situated close to the border of Central Melaka District and Alor Gajah District, and Taman Bertam Putra (Phase 1) is a newly developed neighbourhood. Phase 1 of Taman Bertam Putra was completed in December 2018 while Taman Desa Bertam (Phase 1A and 1B), which is located next to Taman Bertam Putra (Phase 1), was completed in July 2019. As more residents move into the area, we expect increase in retail activities and this is expected to drive the demand for our completed shop offices in Taman Bertam Putra (Phase 1).

If we are unable to sell our remaining unsold shops, we will not be able to recognise revenue from the unsold units and it will negatively impact our Group's revenue. Nevertheless, our Group is cautious of the increasing overhang of shops in Melaka and has also taken into consideration the competition, consumer demand and marketability of the properties in the area or surrounding areas as part of our site evaluation factors before purchasing any land for future development. Please refer to Section 7.2.4 for further information on our site selection and land acquisition process. Hence, we have put on hold the development of Phase 2 of Taman Bertam Putra which comprises 36 units of shop office. We also do not have any immediate plans to develop shops in the near future. As such, we do not plan to commence the development of Taman Bertam Putra (Phase 2) until such time where we deem the project feasible, or alternatives become available. For our on-going Bali Residences project located in the Central Melaka District, we continue to promote the remaining unsold 11 retail shops and attract potential buyers with cash incentives and/or legal fees to be borne by us, and easy own campaign. Moving forward, if the overhang of shop properties in the area of our land for future developments become more serious, it may limit the types of properties we can develop as we will avoid shop units in our development projects.

7. BUSINESS OVERVIEW (Cont'd)

7.5 MAJOR CUSTOMERS

Our customers are individual buyers or companies who generally purchase one or a small number of units. We were not dependent on any single customer during the financial years/period under review.

7.6 MAJOR SUPPLIERS

Our main suppliers primarily comprise the main contractors appointed to construct our projects, and other professional consultants such as architects and engineers to assist in our development operations. We also appoint property sales agencies to sell and market our high-rise residential properties and selected landed properties.

Our appointment of these contractors and/or professional consultants varies year to year through tenders by invitation, depending on the requirements of our projects in a particular year. We select our contractors and/or consultants depending on the specific needs of our projects, which include, amongst others, the quality and pricing of the products or services supplied, financial strength and the track record of the contractors and/or consultants. The contribution towards GDC from our contractors and/or consultants in each financial years/period depends on the stages of completion of our respective projects and the amount of costs incurred with them in that particular financial year. We have major suppliers who are both new and long-serving. Although an existing relationship with our Group may be an indication that the contractor may meet our Group's expectation, it is not a determining factor. In certain instances, contractors with shorter or no relationship with our Group were selected as they provided the most competitive quote with relevant experience as well as a good track record.

As a property developer, we are involved in the day-to-day management and implementation of our projects. We supervise the construction and building works to ensure that building standards are adhered to, and we also monitor the progress of the projects to ensure that the projects are completed on time, within budget and meets our standard of quality and requirements.

Our top 5 suppliers for FYE 2017 to 2019 and FPE 2020 are as follows:

No	Name	Purchase value		Products and services purchased	Length of relationship
		RM'000	%		
FPE 2020					
1.	Titan Ritz Sdn Bhd	36,366	56.0	Construction services	2 years
2.	TKK Structures Sdn Bhd	6,965	10.7	Construction services	4 years
3.	SST Bina Jaya Sdn Bhd	5,121	7.9	Construction services	2 years
4.	TYT Builders Sdn Bhd	3,756	5.8	Construction services	11 years
5.	Target Heights Sdn Bhd	2,997	4.6	Construction services	1 year
		55,205	85.1		

7. BUSINESS OVERVIEW (Cont'd)

No	Name	Purchase value		Products and services purchased	Length of relationship
		RM'000	%		
FYE 2019					
1.	Titan Ritz Sdn Bhd	31,652	25.2	Construction services	1 year
2.	MLCL Construction Sdn Bhd	28,353	22.6	Construction services	14 years
3.	TKK Structures Sdn Bhd	23,382	18.6	Construction services	3 years
4.	Kesutra Sdn Bhd	5,537	4.4	Construction services	5 years
5.	SST Bina Jaya Sdn Bhd	3,944	3.1	Construction services	1 year
		92,868	74.0		
FYE 2018					
1.	MLCL Construction Sdn Bhd	33,398	23.8	Construction services	13 years
2.	TYT Builders Sdn Bhd	32,421	23.1	Construction services	9 years
3.	Pocon Construction Sdn Bhd	10,881	7.8	Construction services	14 years
4.	Tan Heng Chew Building Contractor Sdn Bhd	10,563	7.5	Construction services	15 years
5.	Kesutra Sdn Bhd	6,898	4.9	Construction services	4 years
		94,161	67.1		
FYE 2017					
1.	TYT Builders Sdn Bhd	161,018	79.3	Construction services	8 years
2.	Tan Heng Chew Building Contractor Sdn Bhd	7,172	3.5	Construction services	14 years
3.	TKK Structures Sdn Bhd	6,252	3.1	Construction services	1 year
4.	Pocon Construction Sdn Bhd	5,118	2.5	Construction services	13 years
5.	Leng Construction Works Sdn Bhd	2,726	1.3	Construction services	7 years
		182,286	89.7		

Our Group is not dependent on any single contractor or professional consultant as we are able to source alternative contractors and/or professional consultants, if required.

Nevertheless, our Group has established a long-standing relationship with several of these major suppliers as our Group believes that these relationships forged will be beneficial to our development and cost efficiency.

We have not entered into any long term agreement with our main contractors as the supply contracts are usually on project to project basis which cover the requirements and duration of the relevant projects.

7. BUSINESS OVERVIEW (Cont'd)

7.7 SEASONAL OR CYCLICAL EFFECTS

Generally, our property development business is not subject to any seasonality or cyclicity.

7.8 TECHNOLOGIES USED

The nature of our business does not require us to directly utilise relevant technologies in our operations.

7.9 QUALITY CONTROL PROCEDURES AND MANAGEMENT

We place great emphasis on developing quality properties for our buyers. In order to maintain our quality standards, our project team implements strict quality assurance procedures at various stages of our projects. These procedures include (i) the selection and appointment of experienced and reliable contractors and professional consultants through a robust selection process that will evaluate these potential contractors and professional consultants against our criteria such as track record, quality, pricing and timeliness; (ii) careful evaluation of architectural design concepts in line with current market trends; (iii) close supervision of the construction progress and project timeline; (iv) frequent quality and safety checks carried out by our project teams; and (v) stringent requirements on craftsmanship and interior fittings.

As part of our continuous efforts in ensuring quality products, we carefully select suitable, proven and good quality construction materials. During the process of development planning, we will prepare a detailed site layout plan which comprises each component in the development site such as the residential or commercial buildings, amenities, infrastructure and common area landscaping. The design, structures and specifications of each component will also be included in the detailed development plan. In addition, the types, brands and quality of construction materials to be used for the construction of our projects will also be detailed in our tender document as our requirements to contractors. However, sourcing of the construction materials will be undertaken by our contractors.

We also implement rigorous controls during construction. Samples and test reports are submitted to us for approval prior to commencement of any physical construction work. Where required, installation of mock-ups are insisted upon and inspected by us before any full installation is allowed. Site inspections are regularly carried out to ensure that the expected level of quality is met and representatives from our team of professional consultants and contractors also convene meetings on a monthly basis to keep abreast of the progress of the project as well as to resolve any issues. We also keep abreast of the development of new and innovative construction materials that we can utilise in our projects, which may be of better aesthetic and performance quality.

Further, since 2017, we require our main contractors to participate in QLASSIC assessments upon completion of the construction works for our projects by funding the cost of the assessment on behalf of our main contractors, to further endorse our workmanship quality based on these approved standards. The assessments enable the quality of workmanship between construction projects to be objectively compared through a scoring system. For the QLASSIC assessment, the construction elements that need to be assessed are determined through a sampling and statistical approach. These samples are distributed evenly throughout the projects and the assessment samples are then selected from drawings and plans for the construction.

7. BUSINESS OVERVIEW (Cont'd)

QLASSIC is issued by the CIDB. QLASSIC covers 4 components of assessment, namely structural works, architectural works, M&E works, and external works and the weightages are allocated according to the different categories of buildings.

In March 2018, Bandar Baru Merlimau is our first project which was assessed with QLASSIC, and obtained a score of 70%.

According to CIDB, the QLASSIC average score for a total of 293 assessed projects in 2019 is 73.10%. In 2019, our contractors achieved an average scoring of 70% in respect of their construction works undertaken for our projects.

Moving forward, we intend to continue to require our main contractors to participate in QLASSIC assessments as a continuous effort to endorse our emphasis on the workmanship of our projects.

7.10 RESEARCH AND DEVELOPMENT

Our principal activities are focused on property development, and hence, scientific and/or technical research and development is not relevant to our operations.

7.11 COMPETITIVE STRENGTHS

7.11.1 We have a sizeable pipeline of on-going and future development projects

As at LPD, we have 3 on-going projects and 3 future projects with total GDV of RM623.0 million and RM995.2 million respectively which will be recognised progressively into our revenue up to FYE 2024 based on the expected progress of each project.

The breakdown of billed and unbilled portion for on-going projects as at LPD is as follows:

	Sold		Unsold	Total
	Billed	Unbilled		
	(RM million)			
Taman Desa Bertam (Phase 2)	27.1	77.4	38.6	143.1
Taman Desa Bertam (Phase 3A)	3.0	49.1	82.3	134.4
Taman Belimbing Setia (Phase 2B)	18.3	6.6	1.0	25.9
Bali Residences	109.1	123.3	87.2	319.6
Total	157.5	256.4	209.1	623.0

Despite the Covid-19 and MCO situation, our sales have not been discouraging, and there were only 6 cancellations up to LPD. As such, we still plan to launch Taman Desa Bertam Phase 3B and 4 within FYE 2021 which we expect to complete by FYE 2023.

7.11.2 We have sizeable landbank in Melaka and Selangor for future developments

We have approximately 73.9 acres of undeveloped landbank, of which 69.7 acres are located in Melaka and 4.9 acres are located in Selangor for future developments as at LPD, and are in the process of acquiring another 145.2 acres. Most of our landbank are located within close proximity to our completed and/or on-going projects, commercial areas and established townships which we foresee to have potential for future projects. With our proven track record in Melaka, we believe that we are well-positioned to capitalise on the growth of the property market in Melaka in the future with the availability of our landbank. Please refer to Section 7.11.3 for further information on our track record in Melaka.

7. BUSINESS OVERVIEW (Cont'd)

We aim to acquire landbank within close proximity to our completed and/or on-going projects based on the market acceptance of our completed and/or on-going projects. We believe that future developments in these landbank will receive positive market acceptance based on the past performances of market acceptance of our completed and/or on-going projects.

7.11.3 We have a proven track record in Melaka with our ability to attract property buyers

We have built a track record of approximately 24 years as a property developer in Melaka since 1997, with our first project completed in 1999. We have demonstrated that from the start of our property development business up to LPD, we have successfully completed 14 residential projects and 6 mixed development projects in Melaka. The majority of our completed projects have received positive market acceptance based on the percentage of properties sold. For further details of the market acceptance of our projects, please refer to Section 7.2.2.

The percentage of sales of our completed projects since 2016 and on-going as at LPD are as follows:

Project	Year completed	Percentage of property units sold as at LPD (%)
Completed		
Taman Bertam Putra (Phase 1)	May 2019	⁽¹⁾ 87.7
Taman Cheng Setia (Phase 1 to 6)	November 2018	99.5
Atlantis Residences	April 2018	97.3
Bandar Baru Merlimau	March 2018	96.3
Taman Bertam Setia (Phase 1A to 5)	November 2020	99.7
Taman Desa Idaman (Phase 1A to 3)	February 2017	99.6
Taman Desa Bertam (Phase 1A, 1B and 1C)	June 2020	99.2
Taman Seri Tuah Permai	February 2016	⁽²⁾ 76.9
On-going		
Taman Desa Bertam (Phase 2)	On-going	78.4
Taman Desa Bertam (Phase 3A)	On-going	35.3
Taman Belimbing Setia (Phase 2B)	On-going	95.3
Bali Residences	On-going	79.5

Notes:

- ⁽¹⁾ Unsold completed units at Taman Bertam Putra (Phase 1) consist of 29 units of shop offices, 1 unit of 2 storey terrace house, 4 lots of bungalow land and 1 units of flat.
- ⁽²⁾ Unsold completed units at Taman Seri Tuah Permai consist of 23 units of shop offices and 1 lot of commercial land

Out of a total of 5,169 completed units from the above projects, we sold 18 units to the foreigners, representing 0.3% of the total completed units. Our total sales to the foreigners represent 0.7% of the total GDV of the completed projects.

7. BUSINESS OVERVIEW (Cont'd)

The positive reception towards our projects in Melaka is primarily due to:

- (i) Our reputation over the past 24 years as a property developer in Melaka, which translates into market visibility and brand awareness to attract prospective buyers for the properties that we develop in the future;
- (ii) Our experience provides prospective buyers with some level of confidence in our ability to complete and deliver our properties; and
- (iii) Our commitment towards delivering quality properties to our buyers.

Having 24 years of experience as a property developer in Melaka, we have honed our understanding of our buyers' demand for properties and enhanced our ability to attract more buyers for our properties. In addition, based on our experience, our understanding of market demands and the feedback received from our buyers over the years, we are able to optimise and improve the functionality and sustainability of the properties through the use of quality building materials, fixtures and fittings for our properties.

Our long standing experience as a property developer in Melaka together with our proven track record provide us strong references and the credentials to support our future expansion and growth.

7.11.4 We have an experienced and hands-on key senior management

We have an experienced management team headed by our Managing Director, Teo Lay Ban and Executive Director, Sia Ah Piew who respectively have approximately 24 years and 25 years of experience in the property development industry and in-depth knowledge of our operations. They are supported by our key senior management from various departments.

Their presence and leadership within our Group helps to ensure smooth internal operations and sound business decision making. At the same time, the key senior management also comprises a balanced mix of experienced personnel and young personnel, some of which are being groomed for future leadership positions as part of our internal succession plans.

We believe that our directors and key senior management, with their knowledge and understanding of the industry enhanced through experience, and coupled with cohesion between them, will help sustain our business and provide the platform for future growth. Our Group has benefitted from their leadership, along with their network of business contacts built throughout the years of working in the property development industry.

7.12 FUTURE PLANS AND PROSPECTS

Our business objectives are to maintain sustainable growth in our business and create long-term shareholder value. As at LPD, our future business growth will be attained organically and we do not have any planned acquisition of companies and/or businesses. To achieve our business objectives, we will implement the following future plans over a period of 12 to 36 months from the date of our Listing. It should be noted that the Covid-19 and MCO situation has caused delays in our projects, as disclosed in Section 7.2.5. However, this has not deterred our future plans at this juncture.

7. BUSINESS OVERVIEW (Cont'd)

7.12.1 We intend to further strengthen our market presence as an established residential and mixed development property developer in Melaka with a focus on landed residential properties

We have been a property developer in Melaka for 24 years since the commencement of our business with all of our projects located in Melaka. We intend to further strengthen our market presence as a property developer in Melaka by leveraging on the following:

- (i) The positive market acceptance of our projects;
- (ii) Our long standing and extensive knowledge and experience with the economic prospects in Melaka;
- (iii) Our understanding of the residential property and shop market in Melaka; and

Our focus on developing landed residential properties and further strengthening our presence in Melaka and not other states is based on our market presence as discussed above, our undeveloped landbank as set out in Section 7.2.2 (d) which is in close proximity to our completed and on-going projects.

We plan to leverage on the abovementioned to further strengthen our market presence as an established property developer in Melaka to:

(i) Complete the development of on-going projects and increase our portfolio of property development projects in Melaka

As at LPD, all of our on-going residential property and mixed development projects undertaken by us are located within Melaka and mostly comprise landed residential properties, which include:

Project	Type of project	Expected date of completion
Taman Belimbing Setia (Phase 2B), Mukim Belimbing, Melaka	Residential	February 2021
Bali Residences, Kota Syahbandar, Melaka	Mixed development	December 2021
Taman Desa Bertam (Phase 2)	Residential	March 2022
Taman Desa Bertam (Phase 3A)	Residential	June 2022

The completion of these on-going projects will increase our portfolio of residential and mixed development properties for sale in Melaka and ensure that we continue to recognise revenue from property development until completion of these projects. It will also strengthen our position in the development of residential and mixed development projects in Melaka, in line with our plan to further strengthen our market presence as an established property developer in Melaka.

7. BUSINESS OVERVIEW (Cont'd)**(ii) Commence the development of future projects**

Our future projects will continue to focus on landed residential property developments in Melaka. We plan to commence the development of the following future projects:

Project	Type of project	Expected date of commencement
Taman Desa Bertam (Phase 3B)	Residential	Third quarter of 2021
Taman Desa Bertam (Phase 4)	Residential	Third quarter of 2021
Taman Bertam Heights (Phase 1A and 1B)	Residential	Fourth quarter of 2021
Taman Bertam Heights (Phase 2A and 2B)	Residential	Fourth quarter 2022

We have allocated RM33.1 million from the proceeds of the Public Issue to partly finance our projects above. Please refer to Section 4.9 for details of the utilisation of these proceeds.

Notwithstanding the MCO currently in effect, we believe that the situation is temporary, and in the long term, there will be continuous demand for residential properties in Melaka after taking into consideration the following data reported by the IMR:

- (i) The increasing value of property transactions for residential properties and shops in Melaka, which reached RM3.22 billion in 2019 from RM2.51 billion in 2016, (notwithstanding the relatively lower RM1.82 billion of property transactions in the third quarter of 2020), as reported by the IMR, which is driven mainly by the increase in transaction volume for higher-priced properties, and is an indicator of increasing demand for properties;
- (ii) Growth in Melaka's population, showing a CAGR of 1.10% (2016-2019) and increased GDP per capita showing a CAGR of 3.92% (2016-2019); and
- (iii) Low overhang of residential units at 926 units compared to the national average of 3,450 units per state in the third quarter of 2020, despite an increase in supply from 220,348 units in 2016 to 252,243 in the third quarter of 2020 in Melaka.

7.12.2 We intend to expand our business through the acquisition of landbank for future projects in Melaka

We intend to expand our business of property development in Melaka through acquisition of landbank for future projects that meet the demand of the residential and commercial property market in Melaka.

The continued development of our residential and mixed development projects is supported by the positive market acceptance of our projects, our long standing and extensive knowledge and experience with the economic prospects in Melaka.

In this regard, we intend to acquire more landbank for the purpose of future projects in Melaka. We intend to identify potential sites within close proximity to our completed and/or on-going projects based on the market acceptance of these completed and/or on-going projects. We believe that future development projects in these landbank will receive positive market acceptance based on the past performance of the market acceptance of our completed and/or on-going projects.

7. BUSINESS OVERVIEW (Cont'd)

To this end, we have allocated RM35.0 million from the proceeds of the Public Issue for acquisition of landbank in Melaka for our future development. Please refer to Section 4.9 for details of the utilisation of these proceeds. Where appropriate, we will also explore potential joint ventures to develop and/or invest in land in Melaka by leveraging on the background and financial standing of suitable partners and our expertise and experience built up over the years, to undertake more projects.

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8. IMR REPORT

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SMITH ZANDER

Date: 23 January 2021

The Board of Directors

Teladan Setia Group Berhad

No. 8 & 10, Ground Floor,
Jalan Mutiara Melaka 2,
Taman Mutiara Melaka,
Batu Berendam,
75350 Melaka

Dear Sirs/ Madam,

Independent Market Research Report on the Residential Property and Shop Market in Melaka (“IMR Report”)

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD (“SMITH ZANDER”) for inclusion in the Prospectus in conjunction with the listing of Teladan Setia Group Berhad on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The objective of this IMR Report is to provide an independent view of the industry and market(s) in which Teladan Setia Group Berhad and its subsidiaries (“Teladan Setia Group” or “the Group”) operate and to offer a clear understanding of the industry and market dynamics. As the Group is principally involved in the property development business in Melaka, the scope of work for this IMR Report will thus address the following areas:

- (i) The residential property and shop market in Melaka, which is the market in which Teladan Setia Group is mainly involved in;
- (ii) The market drivers, risks and challenges;
- (iii) The competitive landscape; and
- (iv) Outlook and prospects.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants and industry experts. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an “overall industry” perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report.

For and on behalf of SMITH ZANDER:



DENNIS TAN
MANAGING PARTNER

8. IMR REPORT (Cont'd)

SMITH ZANDER

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The research for this IMR Report was completed on 23 January 2021.

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About SMITH ZANDER INTERNATIONAL SDN BHD

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of the signing partner, Dennis Tan Tze Wen

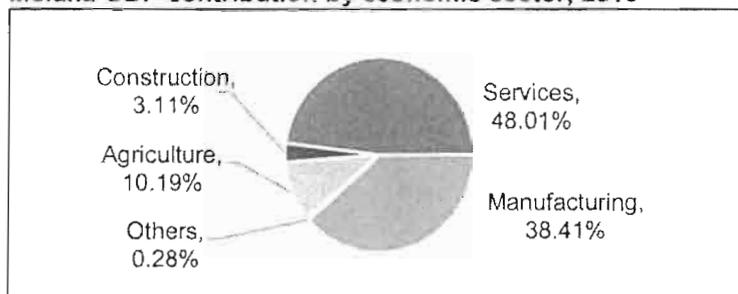
Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has 23 years of experience in market research and strategy consulting, including over 18 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

8. IMR REPORT (Cont'd)**SMITH ZANDER****1 THE RESIDENTIAL PROPERTY AND SHOP MARKET IN MELAKA****Introduction****Overview of Melaka****Melaka GDP and GDP growth rate, 2016 – 2019**

	2016	2017	2018	2019
GDP (RM billion)	37.71	40.83	42.41	43.61
Year-on-year ("YOY") growth rate (%)	-	8.27	3.87	2.83

Sources: Department of Statistics Malaysia ("DOSM"), SMITH ZANDER analysis

Melaka's gross domestic product ("GDP") increased at a compounded annual growth rate ("CAGR") of 4.96% from RM37.71 billion in 2016 to RM43.61 billion in 2019, while its contribution to Malaysia's GDP has remained stable at an average of 3.10% during the same period.

Melaka GDP contribution by economic sector, 2019

Sources: DOSM, SMITH ZANDER analysis food and beverage.

The economy of Melaka is largely based on the services sector and the manufacturing sector. In 2019, the services sector and the manufacturing sector contributed 48.01% and 38.41% respectively to the state's GDP, followed by agriculture, construction and other economic activities. The GDP contribution from the services sector includes tourism expenditure in Melaka which comprises spending on, amongst others, accommodation, transportation and

Melaka was declared as a World Heritage Site by the United Nations Educational, Scientific and Cultural Organisation ("UNESCO") in 2008. It is rich in historical and cultural attractions comprising historical places and buildings, museums, theatre shows, natural attractions, zoo and wildlife parks, theme parks, night markets, street art and local food. This has resulted in Melaka being a popular travel destination for domestic and international tourists. The success of Melaka as a popular travel destination is also due to its strategic location where it is located near Kuala Lumpur and other cities in Negeri Sembilan and Johor as well as Singapore, and it can be easily accessed from these cities. However, any sudden crisis, such as the outbreak of the Covid-19 pandemic since early 2020, will dampen tourism activities in Melaka. Any prolonged dampening in tourism activities, even after the movement restrictions imposed by the Government (i.e. Movement Control Order ("MCO"), conditional MCO ("CMCO") and recovery MCO ("RMCO")) are lifted, and until the impact of the Covid-19 pandemic fully subsides, will adversely impact economic activities in Melaka which may lead to loss of businesses and jobs, pay cuts or lower salary growth and increase in unemployment rate. All of these may subsequently reduce consumer purchasing power, including the purchase of properties. Please refer to Section 2 for further information on the Key Market Drivers and Key Market Risks and Challenges.

Melaka is also a location for local and international meetings, incentives, conventions and exhibitions ("MICE"). Among the major MICE events that had taken place in Melaka in 2019 include international conferences by International Academy of Science, Technology, Engineering and Management, Megahome Electrical and Home Fair, and Matta Fair. In addition, Melaka is a destination for medical tourism as there are several hospitals in Melaka that offer medical tourism facilities as registered under the Malaysia Healthcare Travel Council ("MHTC"). In 2019, there were 1.30 million medical tourists in Malaysia, which contributed a revenue of approximately RM1.70 billion¹.

Apart from the thriving tourism market, Melaka has also witnessed high contribution from the manufacturing sector (i.e. 38.41% in 2019) to the state's GDP. There are multiple industrial parks in Melaka that cater to manufacturing activities by local and foreign manufacturers. Among the well-known local home-grown companies who have established their manufacturing facilities in Melaka include Mamee-Double Decker (M) Sdn Bhd in Ayer Keroh Industrial Estate and Julie's Manufacturing Sdn Bhd in Alor Gajah Industrial Estate.

Apart from the local home-grown manufacturers, Melaka also experienced growth from foreign investment inflow as international companies have setup or expanded their manufacturing facilities in Melaka, including:

- Ansell N.P. Sdn Bhd, part of Ansell Ltd headquartered in Australia which is involved in the manufacturing of protective industrial and medical gloves, with a manufacturing plant in Ayer Keroh Industrial Estate; and

¹ Source: MHTC

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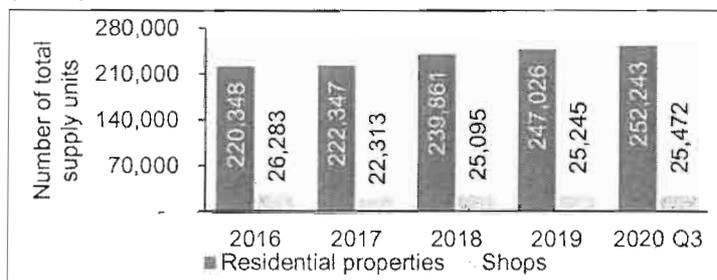
- Xinyi Solar (Malaysia) Sdn Bhd, part of Xinyi Glass Holdings Limited, a China-based company listed on the Hong Kong Stock Exchange involved in the manufacturing of glass for automotive, electronics and industrial use, with a manufacturing plant in Elkay Industrial Park.

Melaka continues to be a preferred destination for tourism activities and manufacturing investments as demonstrated by the high GDP contribution from the services sector and manufacturing sector. As such, the continuing growth in these sectors will continue to drive Melaka's economy.

Residential property and shop market in Melaka

In Melaka, there are several types of residential property including landed property such as terrace houses, semi-detached houses and bungalows; as well as low rise and high rise property such as townhouses, flats, condominiums and serviced apartments. For commercial property, it includes shops, purpose-built offices, shopping complexes and Shop office/ Home office ("SoHo"). As Teladan Setia Group is involved in the development of residential properties and mixed developments covering shops, the data presented in this IMR Report cover all types of residential property, and shops only amongst the other types of commercial property.

Total supply of properties in Melaka, 2016 – third quarter ("Q3") of 2020



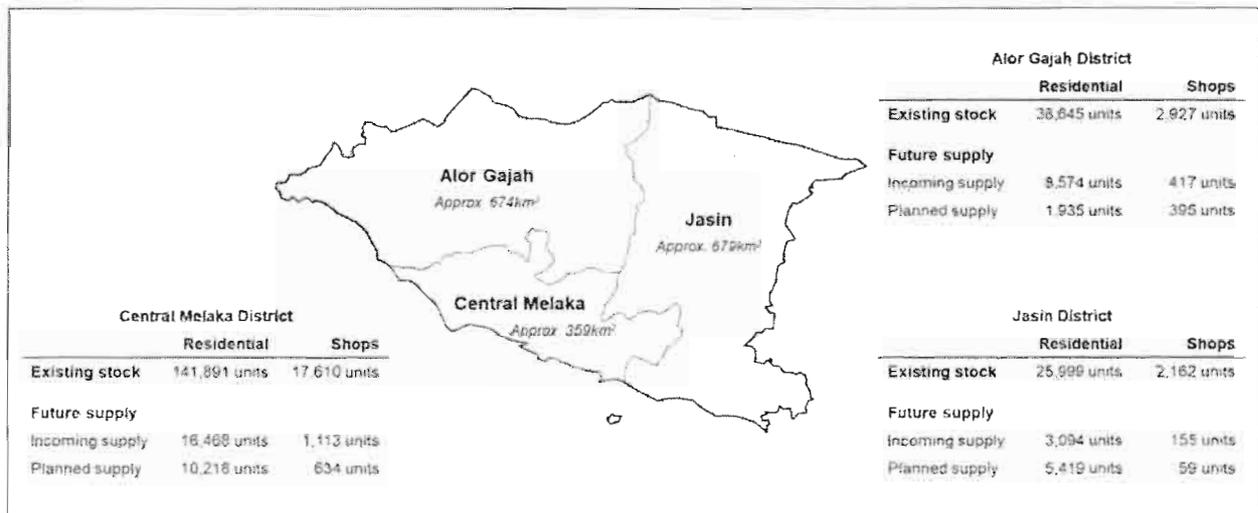
From 2016 to 2019, the total supply of residential properties increased from 220,348 units to 247,026 units at a CAGR of 3.88%, while the total supply of shops decreased from 26,283 units to 25,245 units at a negative CAGR of 1.33%.

There was a decline of 15.10% in the supply of shops in 2017. The slowdown in the supply of shops may be attributed to the high overhang of shops in 2016 of 647 units, which had caused developers to be more cautious and to slow down the launch of shop properties over the subsequent years.

Sources: National Property Information Centre ("NAPIC"), SMITH ZANDER analysis

As at Q3 of 2020, Melaka registered a total supply of 252,243 units of residential properties, comprising an existing stock² of 206,535 units and future supply³ of 45,708 units; as well as a total supply of 25,472 units of shops, comprising 22,699 completed units and future supply of 2,773 units.

The supply conditions of residential property and shops by district in Melaka as at Q3 of 2020 is as shown below:



Sources: NAPIC, DOSM, SMITH ZANDER analysis

² Existing stock refers to total stock of all completed sold and unsold properties in the market that have received Certificate of Completion and Compliance ("CCC").

³ Future supply comprises incoming supply and planned supply. Incoming supply refers to total number of properties in the market that are currently under construction; whereas planned supply refers to total number of properties where building plans have been approved but construction works are yet to commence.

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Property density for existing stock (per every km²), Q3 2020

District	Residential	Shops
Central Melaka	395 units	49 units
Alor Gajah	57 units	4 units
Jasin	38 units	3 units

With a land area of approximately 359 square kilometres ("km²"), Central Melaka has the highest density for residential and shop units, with approximately 395 units and 49 units of residential property and shops respectively per every km² as at Q3 of 2020.

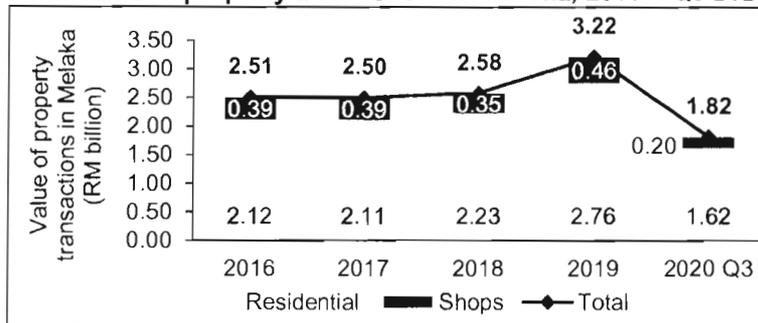
Sources: NAPIC, DOSM, SMITH ZANDER analysis

Market Size and Performance

As Teladan Setia Group is involved in the development of residential and mixed property projects in Melaka, this section will cover the residential and commercial (particularly shops) property market in Melaka.

The performance of the residential property and shop market in Melaka, measured by the value of property transactions (including both primary and secondary markets), increased from RM2.51 billion in 2016 to RM3.22 billion in 2019 at a CAGR of 8.66%. As at Q3 of 2020, the value of property transacted was RM1.82 billion as compared to RM2.37 billion as at Q3 of 2019, recording a decrease of 23.21% mainly due to the adverse economic impact as a result of the Covid-19 pandemic.

Total value of property transactions in Melaka, 2016 – Q3 2020

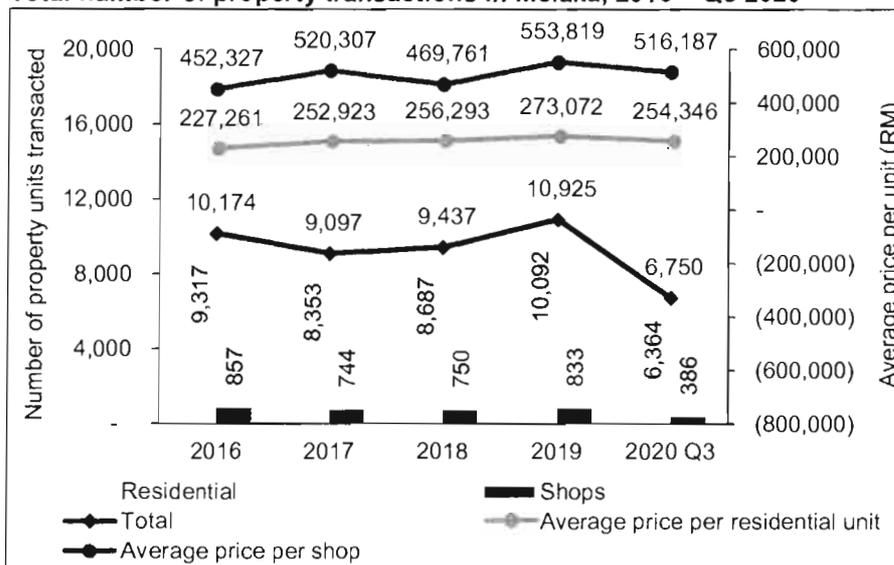


During the period from 2016 to 2019, transactions in the residential property segment increased from RM2.12 billion to RM2.76 billion at a CAGR of 9.19%, and transactions for shop units recorded a CAGR of 5.66%.

As at Q3 of 2020, the total value of property transactions was RM1.82 billion, denominated by transactions for residential properties at 89.01% (RM1.62 billion), while the remaining 10.99% (RM0.20 billion) was recorded for transactions for shops.

Sources: NAPIC, SMITH ZANDER analysis

Total number of property transactions in Melaka, 2016 – Q3 2020



From 2016 to 2019, the number of property transactions in Melaka increased from 10,174 units to 10,925 units at a CAGR of 2.40%.

The lower growth rate in number of property transactions as compared to the value of property transactions shows that the average property price per transaction was higher. Between 2016 and 2019, the average price of a residential unit in Melaka increased from RM227,261 to RM273,072 and the average price of a shop increased from RM9,317 to RM10,092.

Sources: NAPIC, SMITH ZANDER analysis to RM553,819.

Due to the adverse economic impact as a result of the Covid-19 pandemic, the total number of properties transacted as at Q3 of 2020 only reached 61.78% of the total number of properties transacted in 2019. Further, the average prices per residential unit and per shop as at the Q3 of 2020 decreased by 6.86% to RM254,346 and 6.80% to RM516,187 respectively as compared to the average prices in 2019.

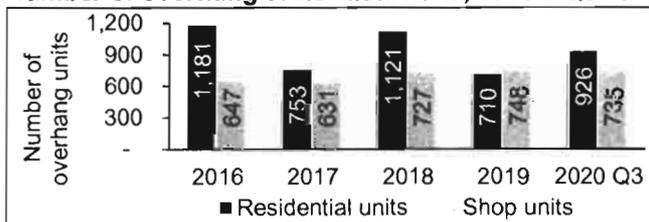
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In 2019, there was a YOY increase of 24.81% and 15.77% in Melaka's total value of property transactions and total number of property transactions respectively. This was attributed to the introduction of the National Home Ownership Campaign ("HOC") by the Government under Budget 2019 to boost home ownership among Malaysians and to reduce overhang residential units, whereby discounts and stamp duty exemptions were given to residential properties in the primary market sold between 1 January 2019 and 31 December 2019. Further, the Government also offered stamp duty exemptions for the first RM300,000 of the property price to first-time Malaysian home-buyers who purchased residential properties below RM300,000 from 1 January 2019 to 31 December 2020, or residential properties between RM300,001 and RM500,000 between 1 July 2019 and 31 December 2020 ("Stamp Duty Exemption").

Due to the outbreak of the Covid-19 pandemic since early 2020, Malaysia recorded a 5.60% YOY decline in GDP in 2020, indicating adverse economic conditions for the year which may have negatively impacted the overall demand for properties. Nevertheless, Bank Negara Malaysia ("BNM") announced several measures to mitigate the economic impact of the Covid-19 pandemic such as the reduction of the Overnight Policy Rate ("OPR") by a total of 100 basis points to 1.75 percent between 3 March 2020 and 7 July 2020, as well as a deferral of all loan/financing repayments for a period of 6 months, with effect from 1 April 2020 ("6 months Loan Deferment") to ease the cash flow of individuals and small and medium-sized enterprises ("SMEs"). Further, the Government also reintroduced the HOC for residential properties purchased between 1 June 2020 and 31 May 2021. Please refer to the next section on Key Drivers, Risk and Challenges for further information.

Number of overhang units^a in Melaka, 2016 – Q3 2020



The total number of overhang residential and shop units in Melaka decreased by 20.24% from 1,828 units in 2016 to 1,458 units in 2019, contributed by the decrease in overhang residential units. The number of overhang residential units in Melaka decreased by 39.88% from 1,181 units in 2016 to 710 units in 2019 due to the increase in number of property transactions driven by the National HOC and Stamp Duty Exemption initiatives. The number of overhang shop units in Melaka increased by 15.61% from 647 units in 2016 to 748 units in 2019.

Note:

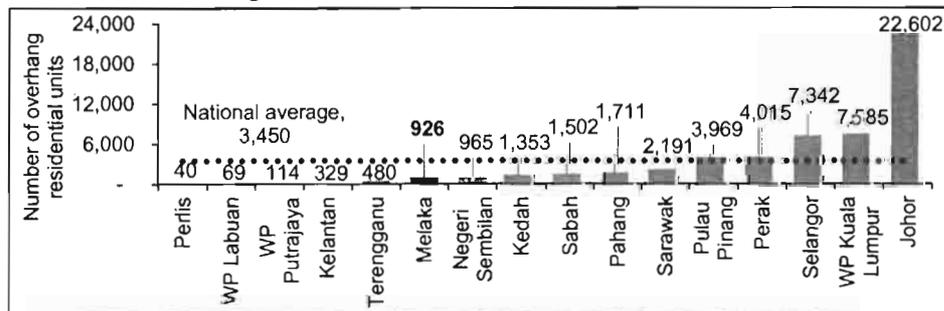
^a According to NAPIC, overhang units are completed units with CCC in the review period but remained unsold for more than 9 months since the issuance of CCC.

As at Q3 of 2020, there were 1,661 units of overhang residential and shop units in Melaka.

Sources: NAPIC, SMITH ZANDER analysis

Residential properties and shops transacted come from the pool of existing stock, incoming supply and/or planned supply. Existing stock is the total stock of all completed sold and unsold residential and shop units in the market that have received CCC, therefore overhang units are included in the existing stock supply. Hence, despite an increase in the number of overhang units, transactions of residential and shop units may still record positive growth, contributed by sales transacted through the secondary market, sale of new units completed with CCC within 9 months of completion, and sale of incoming supply and/or planned supply.

Number of overhang residential units by states, Q3 2020



Despite the rise in oversupply in the property market in Malaysia, Melaka is one of the states that recorded a relatively low number of overhang residential units at 926 units as at Q3 of 2020, as compared to the national average of overhang residential units at 3,450 units per state.

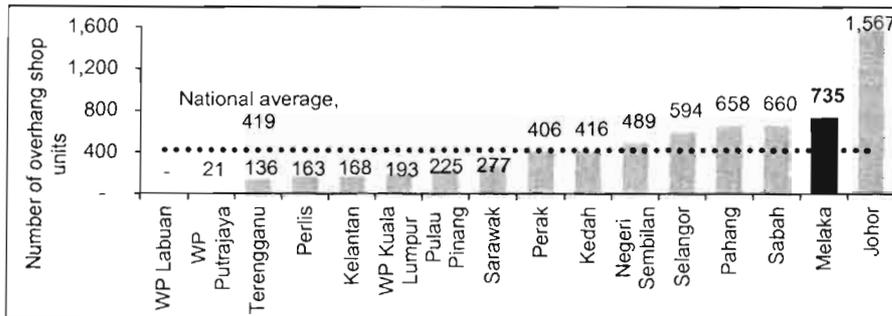
Sources: NAPIC, SMITH ZANDER analysis

Out of the 926 units of overhang residential units in Melaka as at Q3 of 2020, 2 to 3 storey terrace houses accounted for 320 units, followed by serviced apartments (187 units), condominiums/ apartments (119 units), 2 to 3 storey semi-detached houses (109 units), single storey terrace houses (76 units), detached houses (54 units), single-storey semi-detached houses (29 units), flats (19 units) and cluster houses (13 units).

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Number of overhang shop units by states, Q3 2020



Sources: NAPIC, SMITH ZANDER analysis

Nevertheless, the shops market in Melaka has seen a relatively high oversupply at 735 units as at Q3 of 2020, ranking second among the states in Malaysia with highest number of overhang shop units. Out of the 735 units, 552 units were in Central Melaka District, followed by Alor Gajah District (127 units) and Jasin District (56 units).

The oversupply of shop units is attributed to various factors including relatively higher pricing, usage of the property and demand for shops which is influenced by economic conditions in Melaka, property location, suitability to conduct business, commercial value and potential capital appreciation. Based on the average transaction price of shops, they are generally pricier than residential properties. Hence, higher purchasing power is required to purchase shops as compared to residential properties. In addition, overhang shop units in Melaka are mostly concentrated in Central Melaka District, and some of these shops may have been built in anticipation of the potential spill-over benefits of any future developments nearby.

In 2020, in view of the slowdown in economic activities, the demand for properties in Melaka has been affected by weaker consumer purchasing power which led to an increase in overhang residential units in Melaka as at Q3 of 2020 as compared to 2019. However, the overhang shop units in Melaka recorded a slight decrease of 13 units as at Q3 of 2020 as compared to 2019.

2 MARKET DRIVERS, RISKS AND CHALLENGES

Key Market Drivers

► **Economic growth signifies growth opportunities in the property market in Melaka**

From 2016 to 2019, Melaka's GDP increased from RM37.71 billion to RM43.61 billion at a CAGR of 4.96%, which is slightly higher than the growth of Malaysia's GDP at a CAGR of 4.90%, from RM1.23 trillion to RM1.42 trillion, during the same period⁴. Melaka's economy is driven by the services and manufacturing sectors, where both sectors collectively contributed 86.42% to the state's GDP in 2019. The continuing growth and development of these sectors will consequently contribute to the growth of Melaka's economy. As at Q3 of 2020, Melaka attracted RM1.20 billion in total approved manufacturing investments, with domestic investments accounting for RM617.30 million (51.43%) and foreign direct investments ("FDI") accounting for RM583.00 million (48.57%).⁵ Examples of the recently announced local and foreign expansions and/or investments and developments in Melaka are as follows:

- Melaka Waterfront Economic Zone ("M-WEZ"), an approximately RM100 billion new economic corridor project including port facilities, oil and gas industry services hub and tourism facilities, amongst others, spanning 15,000 acres of sea reclamation area across a 22km stretch from Umbai to Tanjung Bruas. It is targeted to position Melaka as an international investment and business destination, thereby contributing positively to Melaka's economy. M-WEZ was first announced in August 2020 and it comprises multiple short-, medium- and long-term plans from 2020 to 2035; and
- Gansu Amin Bio Halal Gelatine Co Ltd, a China-based halal gelatin producer, plans to invest around RM1 billion to setup a manufacturing plant in Melaka. This plan was announced in August 2018 and the latest status of this investment is not publicly available.

Business expansion and/or investments in Melaka are expected to contribute to the growth in Melaka's overall economy. The increase in economic activity leads to improved employment rates, increased disposable income among the population and increased earnings by businesses and companies. All of these may consequently drive the demand for residential and commercial properties in Melaka.

Nevertheless, due to the Covid-19 pandemic, Malaysia recorded a 5.60% YOY decline in GDP in 2020, indicating adverse economic conditions for the year which may have negatively impacted the overall demand

⁴ Source: DOSM

⁵ Source: Malaysian Investment Development Authority

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for properties. To mitigate the economic impact of the Covid-19 pandemic, BNM announced a reduction of OPR by a total of 100 basis points to 1.75 percent between 3 March 2020 and 7 July 2020, as well as a 6 months Loan Deferment to ease the cash flow of individuals and SMEs as part of an economic stimulus package known as package prihatin. Further, under a short-term economic recovery plan known as PENJANA, the HOC has been reintroduced for residential properties purchased between 1 June 2020 and 31 May 2021, and the 70% margin of financing limit applicable for a home-buyer's third housing loan onwards for properties priced RM600,000 and above will be uplifted during the HOC period. Additionally, as announced under Budget 2021, full stamp duty exemptions will be provided to first-time Malaysian home-buyers who purchase residential properties priced RM500,000 and below between 1 January 2021 and 31 December 2025. All of these are expected to support the demand for residential properties in Melaka.

► **Tourism activities drive the demand for properties in Melaka**

Melaka is a popular tourist destination because of its historical and cultural tourist attractions. Other than leisure travel, Melaka is also a destination for business and medical travel. Between 2016 and 2019, Melaka recorded an increase in domestic visitor arrivals by 13.94% from 12.27 million domestic visitors to 13.98 million domestic visitors⁶.

As homestays are gaining traction as an alternative for accommodation for tourists, the increase in tourism activities is expected to drive the demand for properties in Melaka. Homestays are residential units which are furnished and equipped with the necessary utilities for short term stay. With the increasing availability of online booking platforms, listing and booking homestay as an alternative accommodation for tourists becomes increasingly convenient. This encourages investments in residential properties as property owners have new sources of rental income through short term stays instead of relying on long term rentals.

Melaka's tourism market is expected to be continuously driven by its existing and new tourism attractions. New developments such as Encore Melaka Theatre, a theatre with a 360-degree rotating seat platform in Impression City that features cultural theatre performances is expected to attract more visitors to Melaka. Further, another upcoming tourism development, namely Malaysia Tourism City located in Kuala Linggi is planned to be built with the world's first Hasbro-themed water theme park, together with an adventure park and a weekend market called Luasempit. Luasempit Weekend Market was initially planned to be launched in September 2020 but has been delayed due to the Covid-19 pandemic, and the actual launching date is not publicly available. This project aims to boost Melaka's tourism market by increasing tourist arrivals and extending their overnight stays. The demand for accommodation for overnight stays will consequently drive the property market in Melaka. Additionally, to drive the state's tourism industry, the Melaka state government has launched a tourism mobile application (i.e. Melaka eXcess) that covers a wide variety of tourism information including attractions, accommodations, food and tours.

Due to the outbreak of the Covid-19 pandemic, the Government has imposed movement restrictions throughout Malaysia (i.e. MCO from 18 March 2020 to 3 May 2020, CMCO from 4 May 2020 to 9 June 2020 and RMCO from 10 June 2020 to 31 March 2021⁷) to curb the spread of the virus which has halted tourism activities in Melaka. Further, Melaka was re-imposed with CMCO from 9 November 2020 to 20 November 2020, and MCO from 13 January 2021 to 18 February 2021, due to the resurgence of Covid-19 cases. While all of these are expected to temporarily dampen tourism activities in Melaka, Melaka remains an attractive tourist destination and tourism activities are expected to resume when the pandemic subsides. However, any prolonged dampening in tourism activities, even after all the movement restrictions are lifted, and until the impact of the Covid-19 pandemic fully subsides, will adversely impact economic activities in Melaka which may lead to loss of businesses and jobs, pay cuts or lower salary growth and increase in unemployment rate. All of these may subsequently reduce consumer purchasing power, including the purchase of properties.

► **Growing population drives demand for housing**

Another key indicator that drives the demand for residential property is the demand for housing arising from the growth in population. Between 2016 and 2019, Melaka's population grew from 0.90 million to 0.93 million at a CAGR of 1.10%. Further, from 2016 to 2019, the workforce in Melaka increased from 0.40 million to 0.43 million at a CAGR of 2.44%, and the GDP per capita in Melaka increased from RM41,852 to RM46,976 at a CAGR of 3.92%⁸, signifying a growing population with financial ability to purchase and/or invest in properties, thus leading to increase in demand for residential properties in Melaka.

⁶ Source: DOSM

⁷ The nationwide RMCO was superseded by the re-imposed MCO and CMCO at targeted states and federal territories for different durations, depending on the severity of Covid-19 infections.

⁸ Sources: DOSM, SMITH ZANDER analysis

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SMITH ZANDER

Key Market Risks and Challenges

► **The completion and quality of development projects are dependent on the services of contractors**

Property developers who do not have their own construction arm will engage third party contractors to carry out construction activities for their development projects, including preparation of sites, sourcing raw materials, construction and finishing works as well as on-going project management of construction progress. However, property developers are ultimately responsible for the completion and quality of the construction work which will influence the overall quality of their projects.

Despite formal agreements signed with contractors, property developers may experience project delays, cost overruns and/or poor quality work attributed to contractors due to poor project management, insufficient resources and/or poor quality control procedures. Sudden crisis such as the outbreak of Covid-19 may temporarily disrupt the supply chain of construction materials, or force construction work to stop due to mandatory temporary closure of operations imposed by the Government to contain the spread of the Covid-19 virus, and this could also result in unexpected delays in the completion of development projects.

In addition, contractors are also subject to rules and regulations governed by regulatory bodies such as the Construction Industry Development Board Malaysia ("CIDB") and the Immigration Department of Malaysia in relation to safety measures and employment of foreign workers respectively. The non-compliance of these rules and regulations may lead to safety hazards on construction sites, poor construction quality and delays in project deliverables, which may lead to financial losses and negatively impact the credibility of property developers.

► **Adverse economic conditions may negatively impact the demand for properties**

The property market is dependent on the state of the economy. As properties are generally long term high value investments which require years of commitment in serving housing loans, the decision to purchase properties is usually made cautiously after taking into consideration various factors including, amongst others, economic conditions, property prices, market sentiment, development outlook of the property location as well as interest rates of housing loans.

Any changes to Malaysia's economic conditions that affect consumer purchasing power may consequently boost or dampen the demand for properties. A growing economy signifies a wealthier population with higher purchasing power including making high value investments such as purchasing properties. Conversely, a decline in economic conditions, such as the prolonged effect of the Covid-19 pandemic, may lead to loss of businesses and jobs, pay cuts or lower salary growth, increase in unemployment rates, and reduce consumer purchasing power where consumers may be more prudent in making investment decisions, especially investing in high value assets such as properties. Any prolonged adverse economic situations may also lead to higher property price competition which may subsequently put pressure on sellers to adjust property prices downward or offer more discounts/ rebates in order to secure sales.

► **Unfavourable changes in Government policies may affect property sales**

The property market is subject to Government policies in Malaysia. Any adverse changes in Government policies in relation to the property market, such as the introduction of minimum purchase price of properties for foreigners, could adversely affect the sale of residential properties. For example, the minimum purchase price of residential properties in Melaka for foreigners is RM500,000 for properties with strata title and RM1 million for properties with individual title⁹. Any increase in these minimum purchase prices may reduce the attractiveness of properties to foreigners, and may eventually affect the sale of residential properties in Melaka. In addition, the changes in OPR by BNM may affect the interest rates for housing loans, which will subsequently impact the total purchasing cost of properties, and this may eventually affect market sentiment and demand for residential properties.

3 COMPETITIVE LANDSCAPE

The property market in Melaka is competitive due to the large number of industry players that compete in this space. Industry players may be involved in the development of various types of buildings/developments such as residential, commercial, industrial, mixed, infrastructure and social amenities. Teladan Setia Group competes with industry players who are involved in the development of residential properties and mixed developments, specifically in Melaka, which is the Group's current area of focus.

⁹ Source: Melaka Land and Mineral Office (Pejabat Tanah dan Galian Melaka)

8. IMR REPORT (Cont'd)**SMITH ZANDER****Key Industry Players**

As Teladan Setia Group is principally involved in the property development business in Melaka, the key industry players who are the closest competitors to the Group have been identified on the following basis for selection:

- Companies that are involved in the development of residential properties in Melaka. These companies may also be involved in the development of other type(s) of properties in Melaka;
- Companies with on-going residential property development project(s), and/or completed residential property development project(s) between 2017 and 2019, in Melaka; and
- Companies with more than RM30 million revenue based on their respective latest available financial years.

The information on the key industry players is as follows:

Company Name	Principal business activities	Geographical coverage of property development business	Types of development	Examples of on-going and/or completed residential property development projects between 2017 and 2019 in Melaka	Latest available financial year	Revenue* (RM million)	Gross profit margin (%)	Profit/(Loss) after tax margin (%)	Price-to-book ratio (times) ^b
Scientex Quatari Sdn Bhd (a subsidiary of Scientex Berhad)	Investment holding, property investment and property development	- Melaka - Johor - Selangor - Perak - Penang	- Residential - Commercial - Industrial - Mixed	- The Heights Residence - Scientex Durian Tunggal	31 Jul 2019	888.42	40.70	24.39	-
MB World Group Berhad	Property development and building construction	- Melaka - Johor	- Residential - Commercial - Mixed	- NOVO 8 Residence	31 Dec 2019	337.57	40.21	16.09	- ^c
Teladan Setia Group	Property development	- Melaka	- Residential - Mixed	- Taman Desa Bertam (Phase 1C) - Taman Belimbing Setia - Taman Bertam Setia - Bali Residences	31 Dec 2019	232.99	34.57	18.63	1.12 ^d
Parkland Residence Sdn Bhd	Property development	- Melaka	- Residential	- Parkland Residence Sungai Melaka	30 Jun 2019 ^e	194.39	37.65	23.79	-
GJH Holdings Sdn Bhd	Property development and building and infrastructure construction	- Melaka - Negeri Sembilan - Johor	- Residential - Mixed	- Taman Paya Rumput Perdana - Taman Anjung Gapam (Phase 1 and 2)	31 Dec 2019	152.54	26.95	9.08	-
Parkland City Sdn Bhd	Property development	- Melaka - Johor - Negeri Sembilan - Selangor	- Residential - Commercial - Mixed	- Taman Sungai Rambai Putra (Phase 1) - Taman Pandan Jaya - Taman Muhibbah 8B	30 Jun 2019	122.12	36.80	20.34	-
PDG Development Sdn Bhd	Property development	- Melaka	- Residential - Industrial	- Taman Ozana Residence	31 Aug 2019	87.47	53.81	32.84	-
Gromutual Berhad	Property development and property investment and management	- Melaka - Johor	- Residential - Commercial - Industrial - Mixed	- Taman Padang Sebang Indah - Taman Tangga Batu Perdana	31 Dec 2019	58.89	53.19	19.44	0.26

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Company Name	Principal business activities	Geographical coverage of property development business	Types of development	Examples of on-going and/or completed residential property development projects between 2017 and 2019 in Melaka	Latest available financial year	Revenue* (RM million)	Gross profit margin (%)	Profit/(Loss) after tax margin (%)	Price-to-book ratio (times) ^b
Wawasan Intact Properties Sdn Bhd	Property development	- Melaka - Johor	- Residential - Mixed	- Taman Merlimau Permai	31 Dec 2019	52.51	41.11	19.56	-
Bukit Kenyalang Development Sdn Bhd	Property development	- Melaka - Negeri Sembilan	- Residential - Commercial - Mixed	- Taman Merlimau Pasir - Taman Juasseh Sentosa (Phase 1)	31 Dec 2019	44.62	19.17	13.48	-
Yong Tai Berhad	Property development and property investment	- Melaka - Kuala Lumpur	- Residential - Commercial - Mixed	- The Apple - Amber Cove	30 Jun 2020	42.61	(51.75)	(104.68)	0.64
Potensi Lestari Sdn Bhd	Property development	- Melaka	- Residential - Mixed	- Sri Melaka Residensi	31 Dec 2019	42.42	20.76	4.01	-

Notes:

- Latest available as at 23 January 2021.
 - The key industry players were identified by SMITH ZANDER based on the basis for selection mentioned above (concerned by Teladan Setia Group) and sources available, such as the internet, published documents and industry directories. However, there may be companies that have no online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of industry players is exhaustive.
 - a. Revenue may be derived from other businesses, from states outside Melaka, or from countries outside Malaysia, as segmental revenue is not publicly available from the Companies Commission of Malaysia.
 - b. Applicable to key industry players listed on Bursa Malaysia with market prices available. Calculated based on the market price (RM) as at 22 January 2021 divided by net asset per share (RM) based on their respective latest audited financial statements.
 - c. Price-to-book ratio is not available as MB World Group Berhad was delisted from Bursa Malaysia effective 11 September 2020.
 - d. Calculated based on the listing price (RM) divided by the enlarged share capital upon the listing of Teladan Setia Group Berhad on the ACE Market of Bursa Malaysia.
 - e. Financial reporting period of 15 months from 1 April 2018 to 30 June 2019 due to the change of financial year end from 31 March to 30 June.
- Sources: Real Estate and Housing Developers' Association Malaysia (Melaka Branch), Teladan Setia Group, various companies' annual reports and websites, Companies Commission of Malaysia, SMITH ZANDER analysis

Apart from the above companies incorporated in Malaysia, there is also a Malaysian property developer with a foreign-incorporated holding company (with subsidiaries that are actively involved in property development in Melaka), and as such, is deemed as a competitor to Teladan Setia Group:

Company Name	Principal business activities	Geographical coverage of property development business	Types of development	Examples of on-going and/or completed residential property development project between 2017 and 2019 in Melaka	Latest available financial year	Revenue* (RM million)	Gross profit margin (%)	Profit after tax margin (%)	Price-to-book ratio (times) ^b
Hatten Land Limited (a public listed company on Singapore Exchange)	Property development	- Melaka - Negeri Sembilan - Selangor	- Residential - Commercial - Mixed	- Satori Serviced Residences - Imperio Residence	30 Jun 2020	109.45	22.87	(209.90)	2.13

Notes:

- Latest available as at 23 January 2021.
 - a. Revenue may be derived from other states outside Melaka, as segmental revenue is not publicly available from the annual report.
 - b. Calculated based on the market price (RM) as at 22 January 2021 divided by net asset per share (RM) based on the latest audited financial statement.
- Sources: Company's annual report and website, SMITH ZANDER analysis

8. IMR REPORT (Cont'd)

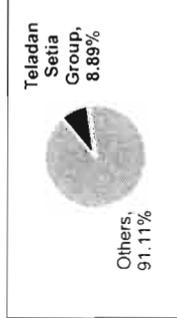
SMITH ZANDER

Market Share

As Teladan Setia Group is involved in the development of residential properties comprising single and up to 3 storey terrace houses, single and up to 3 storey semi-detached houses, detached houses and serviced apartments; and shops comprising single and up to 2½ storey shops and shop units/retail units, the market shares of the Group are computed against the transaction value and transaction volume of property segments that the Group is involved in, comprising residential properties (i.e. single and up to 3 storey terrace houses, single and up to 3 storey semi-detached houses, detached houses, condominium, apartments and serviced apartments) and shops (i.e. single and up to 2½ storey shops and shop units/retail units) in Melaka ("the Group's Property Segments").

Market share in Melaka by value of transaction, 2019

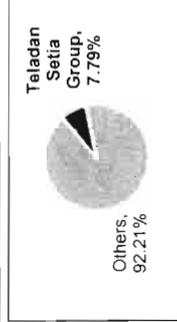
Teladan Setia Group recorded a market share of 8.89% based on its revenue of RM232.99 million for the financial year ended ("FYE") 31 December 2019 derived from the sale of its residential properties and shops, computed against the total transaction value of properties in the Group's Property Segments of RM2.62 billion in 2019.



Sources: NAPIC, Teladan Setia Group, SMITH ZANDER analysis

Market share in Melaka by volume of transaction, 2019

Teladan Setia Group recorded a market share of 7.79% based on its number of residential properties and shops sold of 670 units for the FYE 31 December 2019, computed against the total transaction volume of properties in the Group's Property Segments of 8,600 units in 2019.



Sources: NAPIC, Teladan Setia Group, SMITH ZANDER analysis

4 OUTLOOK AND PROSPECTS

Despite positive historical growth in the value of property transactions in Melaka from 2016 to 2019, the residential property and shop market in Melaka is expected to experience slower demand in the near future, premised on the slowdown in economic activities in view of the outbreak of the Covid-19 pandemic since early 2020. This is demonstrated by the decrease in value of property transaction as at Q3 of 2020 as compared to the same period in 2019. Further, Malaysia recorded a 5.60% YOY decline in GDP in 2020, indicating adverse economic conditions for the year. The imposition of movement restrictions throughout Malaysia to curb the spread of the Covid-19 virus has affected property development, construction and tourism activities in Melaka. Further, the dampening in tourism activities, even after the movement restrictions are lifted, and until the impact of the outbreak of the Covid-19 virus fully subsides, may adversely impact economic activities in Melaka which may lead to loss of businesses and jobs, pay cuts or lower salary growth rate and increase in unemployment rate. All of these may subsequently reduce consumer purchasing power, including the purchase of properties.

Nevertheless, BNM had announced several measures to mitigate the economic impact of Covid-19 pandemic such as the reduction of OPR by a total of 100 basis points to 1.75 percent between 3 March 2020 and 7 July 2020, as well as a 6 months Loan Deferment to ease the cash flow of individuals and SMEs as part of an economic stimulus package known as package prihatIn. Further, under a short-term economic recovery plan known as PENJANA, the HOC has been reintroduced for residential properties purchased between 1 June 2020 and 31 May 2021, and the 70% margin of financing limit applicable for a home-buyer's third housing loan onwards for properties priced RM600,000 and above will be uplifted during the HOC period. Additionally, as announced under Budget 2021, full stamp duty exemptions will be provided to first-time Malaysian home-buyers who purchase residential properties priced RM500,000 and below between 1 January 2021 and 31 December 2025. Since the outbreak of the Covid-19 pandemic is unprecedented, the extent of the uncertainties caused to the property market is not clear at this point in time until the movement restrictions are fully uplifted or until the pandemic subsides. Hence, while there will still be properties transacted in Melaka, the demand may slow down in the near future until the economic condition improves.

9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS

9.1.1 We are subject to the prevailing market conditions in the property market in Malaysia and specifically, in Melaka

As most of our property development projects are located in Melaka, we are dependent on the prevailing market conditions of the property market in Malaysia and specifically, in Melaka, for the sales performance of our properties as well as the development planning of our future projects. The performance of the property market and value of properties in Malaysia and Melaka are affected by amongst others, the supply and demand of properties, rate of economic growth, interest rates, inflation as well as introduction of regulatory measures to curb speculative investments in the property market in Malaysia. Other factors beyond our control such as changes in political environment or sudden outbreak of diseases (e.g. the outbreak of the Covid-19 virus in early 2020) may also impact the economic activities in Malaysia and Melaka. For example, on 3 March 2020, BNM announced a reduction of 25 basis points in the overnight policy rate to 2.5%, a further reduction of 50 basis points to 2.0% on 5 May 2020 and a further reduction of 25 basis points to 1.75% on 7 July 2020, marking it as the lowest in the past decade, which could encourage market sentiment. Based on BNM's latest quarterly bulletin for 4Q 2020, Malaysia recorded a 5.6% year-on-year decline in its gross domestic product.

All these factors may adversely impact the employment market and consumers' purchasing power causing consumers to be more cautious of their spending and investments which may subsequently affect the demand for properties. We have observed that the Covid-19 and MCO situation in particular has brought about discussions and focus on layoffs and wage cuts, amongst others. We have not made any such adjustments, but cannot guarantee the same should the situation persist. Any slowdown of the property market arising from situations like these may adversely affect the performance of the property market and value of properties in Malaysia.

There can be no assurance that the Malaysian economy will continue to grow, value of properties will not be affected, interest rates or inflation will not rise and consumer spending power will not be affected in the future to support the demand for properties. Any introduction of regulatory measures which dampen consumer sentiment or cause declines in value of properties may adversely affect our development planning decisions which include the types of property to develop and selling price of the properties, or may cause a delay in the timing of the launch of our planned property development projects, and ultimately will adversely affect our Group's business, cash flow and sales performance.

9.1.2 We are affected by the outbreak of Covid-19 and the MCO

The outbreak of the Covid-19 virus has spread to many countries around the world, which has disrupted the production and delivery of supplies such as construction materials due to the inactivity caused by the orders such as the MCO, or limitations on the transportation as governments around the world attempt to contain the spread of the Covid-19 virus. Nonetheless, there have been no disruptions in supplies reported by our contractors arising from the MCO.

9. RISK FACTORS (Cont'd)

As our revenue is recognised based on the progress of our projects, any limitations to construction activity will similarly affect the recognition of our revenue. As at LPD, the MCO has resulted in delays in the progress of our projects, and will continue to delay so long as the MCO persists. Under the conditional MCO announced on 1 May 2020, we resumed our sales and marketing activities on 4 May 2020. Meanwhile, some of our contractors have reported disruptions in the supply of raw material due to the restrictions in interstate travel. As such, deliverables from these suppliers were delayed.

Our construction activities only resumed on 14 May 2020 following a press release from the Government specifying that the health and safety procedures for foreign labour were to be undertaken by companies operating in Selangor and Kuala Lumpur regions only.

On 23 January 2021, one of our contractors reported that 203 of its foreign workers tested positive for Covid-19, which will disrupt the construction progress of our Bali Residences, due to site closure for approximately 2 weeks from 23 January 2021. Further details of this disruption is set out in Section 7.2.5.

Moving forward, we expect a negative impact to our revenue and consequently our profits due to the delayed recognition of progress from our projects as a result of the Covid-19 and the MCO. If the MCO situation is prolonged, our projects will continue to be affected as long as our contractors are unable to continue working due to any restrictions imposed by the Government, and this may delay the construction completion dates and our property handover dates which may cause us to be subject to potential LAD claims from our customers.

Section 7.2.5 sets out further details of such delays which will potentially impact our revenue and profitability due to our inactivity. At this juncture, we are confident that with our financial strength and brand visibility, we will be able to weather the vagaries arising from the Covid-19 and MCO situation, but we cannot assure the same should the situation change for the worse.

9.1.3 We are exposed to unexpected interruptions or delays in completing a project caused by external factors (including natural disasters or sudden crisis such as outbreak of diseases)

The timely completion of property development projects undertaken by our Group is dependent on many external factors inherent in property development, some of which may be beyond our control including, among others, the timely receipt of required licences, permits or regulatory approvals, availability of construction materials, equipment and labour, availability of financing and appointment of qualified and competent consultants, professionals and contractors to complete the development on time. In addition, delays in the completion of our projects could also arise from environmental factors such as natural disasters like landslides and flooding; and/or sudden crisis such as the outbreak of the Covid-19 virus in countries where our contractors source for supplies. Please refer to Section 9.1.2 above for further details of the risks related to Covid-19.

Any prolonged interruptions or delays in completing a project may result in our property buyers imposing LAD on us which could affect our GDC, volatility in our revenue and profitability as well as cash flows. While we do not have exact back-to-back LAD claim arrangements with our contractors in respect of any LAD claims made by buyers, there are LAD clauses in the respective contractors' contracts which are enforceable by us in the event of any delays directly attributable to the works of the contractors. Such LAD amounts are derived based on the contract sum and thus differ from contract to contract.

9. RISK FACTORS (Cont'd)

In the event of a delay in delivery of vacant possession, LAD claims made by buyers to the Group are calculated daily based on 10% per annum on the purchase price of the buyer's unit. Assuming the delay is caused by a contractor, we may claim LAD from the contractor, which is calculated in various ways depending on the contract. In this respect, our Group's LAD claims from its contractors are usually lower than the buyer's LAD claims from our Group. The difference between these claims is an exposure to our Group and is an inherent risk undertaken by property developers.

For the financial years/period under review and up to LPD, we have paid RM0.8 million in LAD as a result of delay in the completion of the Taman Desa Bertam (Phase 1A and 1B) i.e. late delivery of vacant possession by about a month. The delay was due to longer time taken for earthworks at the beginning of each phase of the project. We do not expect any potential LAD in the near future. At this juncture, we expect to be able to meet the handover timeframes of all our projects.

9.1.4 Our business is capital intensive and depends on our ability to secure adequate financing

As a property developer, we rely on internally generated funds as well as external borrowings such as bank overdrafts, term loans and bridging loans to partially finance our working capital and acquisition of landbank.

If we are unable to secure adequate credit facilities at competitive rates for the abovementioned requirements, our cash flows, operations, growth and expansion plans will be adversely affected. There is also a risk of simultaneous demand for immediate repayment on our outstanding short term credit facilities, and tightening of loan facilities due to deteriorating market conditions arising from economic, financial, political and other reasons.

If the call back on our callable credit facilities (i.e. bank overdrafts) take place, this would have a material adverse effect on our cash flows, working capital and in turn, will have a material effect on our Group's financial performance and prospects.

Socio-economic conditions which are negatively affected, such as by the Covid-19 and MCO, may cause lenders to be more cautious in lending as businesses are expected to be affected by the dampened consumer sentiment and change in spending habits. Although our borrowings are not affected, we cannot guarantee that they will not be affected should the Covid-19 and MCO situation persist.

Our total bank borrowings as at 30 September 2020 amounted to approximately RM126.3 million. Any significant increase in interest rates on our borrowings will increase our finance cost and adversely affect our profitability and cash flows as well.

9.1.5 We may not be able to acquire suitable landbank to sustain our business operations and financial performance

As a property developer, we rely on our existing landbank as well as our ability to identify and acquire suitable landbank with development potential to deliver sustainable business operations and financial performance. As such, we have to continuously identify and acquire suitable landbank for future development.

As at LPD, our Group has approximately 73.9 acres of land located in Melaka and Selangor held for future developments and is in the process acquiring another 145.2 acres. We estimate that our current landbank is sufficient for us to achieve sustainable revenue and profit at least up to the end of 2024. Please refer to Section 7.2.2 for further information on our landbank.

9. RISK FACTORS (Cont'd)

Notwithstanding the above, there can be no assurance that we will be able to continue to identify and acquire suitable landbank in strategic locations at commercially viable prices or able to secure opportunities to jointly develop land with land owners on commercially viable terms and with good development potential. Failure to do so would impair our ability to launch new property development projects, which in turn is likely to have a material and adverse effect on our Group's business, results of operations and prospects.

9.1.6 We may achieve lower GDV than estimated

We have engaged the Independent Valuer to value our material on-going property development projects. The valuation certificates set out in Section 15 were made on the basis of certain forecasts, projections and conditions of the property market where our developments are located, prevailing at a particular point in time.

These conditions may change over time, as property values are subject to, among others, factors affecting supply of and demand for properties, the rate of economic growth of the country and interest rates. The uncertainties brought about by the Covid-19 situation have dampened market sentiment. Although our present sales remain unaffected and we have not experienced any cancellation in sales, our future launches may be impacted by the change in market sentiment.

The GDV of the property development projects undertaken by our Group are estimated based on market conditions as at the date of valuation of the property development projects and certain assumptions may ultimately prove to not be reflective of the prevailing market conditions at the point of sale of our properties. These assumptions include the demand for our properties and selling prices. Any unfavourable change in the basis of certain forecasts, projections and conditions of the property market may result in our Group not being able to realise our projected GDV and in turn, could have a material adverse impact on our Group's business, results of operations and prospects.

9.1.7 Our Group is dependent on our Executive Directors, key senior management and a highly-skilled and experienced workforce

The success of our Group is dependent on the experience, industry knowledge and network, and skills of our Executive Directors and key senior management. Our Managing Director, Teo Lay Ban and Executive Director, Sia Ah Piew have approximately 24 and 25 years of experience in the property development industry respectively and in-depth knowledge of our operations. Our key senior management comprise individuals who each also have significant relevant experience in the property development industry.

Our Group's success is also dependent on the continued service of our Executive Directors and key senior management. Due to their in-depth knowledge of our operations and experience in the property development industry, they are critical to the overall management and operations of our business and our property development projects, our corporate culture and our strategic direction.

As such, the loss of any Executive Director and any of our key senior management simultaneously or within a short time may create unfavourable or material impact on our Group's operations and the future growth of our business, which may ultimately affect the results of operations, performance and prospects of our Group, if we are not able to replace or attract suitable talents in a timely manner.

Therefore, our ability to attract and retain a highly-skilled and experienced workforce is crucial for our continued success, future business growth and prospects.

9. RISK FACTORS (Cont'd)

9.1.8 We may face unanticipated increase in costs associated with our property development projects

Under the terms of our letters of award and/or construction contracts with our appointed main contractors, the main contractors are responsible for the wages of construction workers and procuring construction materials and equipment required for our property development projects. As such, they will bear the risk of fluctuations in construction cost which comprises building material costs (including fluctuations arising from foreign exchange movements affecting the prices of imported materials) and labour costs.

However, any unforeseen spikes or persistent increase in construction costs may affect our contractors' cash flow and their ability to secure the required resources, if such situations are prolonged. This may affect our contractors' ability to carry out the construction work and may result in delay in the completion of construction works for our property development projects as well as our property delivery and billing schedules, and subsequently adversely affect our reputation in the market, as well as our sales performance and profit margins.

In addition, there can be no assurance that the contractors to be appointed for our future projects will continue to agree to bear the risk of fluctuations in wages and construction material prices. If we fail to secure such contracts in the future, any material increase in such costs may decrease our profit margins from our property development projects, and our results of operations may be materially and adversely affected.

Our cash flows and profitability are dependent upon our ability to accurately estimate the costs associated with our property development projects and manage them throughout the duration of our projects. These costs may be affected by a variety of factors, such as lower/longer than anticipated quality and timely completion of construction works, conditions at the work sites differing materially from what was anticipated prior to the commencement of the construction works, higher costs of construction materials and labour, delay in the availability of financing and political or social disruptions, amongst others.

These variations in costs may cause actual gross profit for a project to differ from those originally estimated and, as a result, certain projects could have lower margins than anticipated, which will adversely affect our profitability, cash flows and results of operations.

Further, unexpected crises such as political crisis, natural disasters and disease outbreaks, amongst others, in the countries of origin for the required supplies may temporarily disrupt the supply chain of construction materials for the construction industry. One such case is the outbreak of Covid-19. Please refer to Section 9.1.2 for further details.

9.1.9 We may be inadequately insured

Our Group is aware of the adverse consequences arising from inadequate insurance coverage given that our Group's operations are vulnerable to general risks such as fire breakouts, flooding and other accidents. There are, however, certain types of losses (such as from wars, acts of terrorism or acts of God) that generally are not insured because they are either uninsurable or not economically insurable. Our Group has insured and/or caused to be insured our material assets including all on-going property development projects under construction and completed properties.

As at LPD, we have the following insurance coverages, which we believe adequately protect us and our employees with respect to its operations in general:

9. RISK FACTORS (Cont'd)

Type of insurance	Sum Assured (RM)
Group personal accident policy	12,234,000
Group medical policy	Up to 70,000 per staff
Money policy	100,000
Burglary policy	70,000
Fire insurance policy	1,200,000
Glass insurance policy	17,000
Public liability insurance policy	500,000 for any one accident

There can be no assurance that these risks will continue to be insurable in the future and/or that the amount insured would cover all the replacement and/or repair costs of these insured assets. Hence, our business may be adversely and materially affected in the event of such occurrences where our losses and liabilities are not covered by insurance.

9.2 RISKS RELATING TO OUR INDUSTRY**9.2.1 We are subject to the risk of unfavourable changes in Government policies affecting the performance of the property market and value of properties**

The property market is subject to Government policies in Malaysia. Any adverse changes in Government policies in relation to the property market such as housing, land and development policies, and prohibition of foreigners in purchasing certain properties in Malaysia could adversely affect the performance of the property market and value of properties in Malaysia.

In addition, any restrictive policy changes by BNM such as upward changes in the overnight policy rate by BNM, which increases interest rates for housing loans, and reduced loan-to-value ratios will subsequently restrict the purchasing ability of buyers. This would likely have a negative impact on consumer sentiment and purchasing power, and dampen overall demand for properties.

There can be no assurance that any future unfavourable changes in Government policies will not adversely affect our Group's business and results of operations in the future.

9.2.2 We are dependent on the services of our contractors for completion and quality of our property development projects

We engage main contractors to carry out construction works. Contractors are selected and appointed based on our selection criteria such as track record, quality, pricing and timeliness and thereafter, we will enter into formal contracts with the selected contractors.

Notwithstanding our arrangements with contractors, we are ultimately responsible for the timely completion and quality of the construction works which will influence the overall quality of our property development projects. Despite entering into formal agreements with our appointed contractors, we may experience delays in completion or poor quality of work attributed to our contractors due to instances such as insufficient resources (i.e. labour, building materials and equipment) and/or fluctuation in the prices of building materials during the course of construction and poor quality workmanship.

In addition, our contractors are also subject to the rules and regulations governed by regulatory bodies such as the CIDB, and the Immigration Department of Malaysia in relation to the employment of foreign workers in the local construction industry. Any non-compliance of these rules and regulations may affect their renewal of relevant registrations or licences and/or may lead to revocation of their registrations or licences. In such an event, these contractors will not be able to continue working for us without valid registrations or licences.

9. RISK FACTORS (Cont'd)

Further, there is no assurance that our contractors will not terminate their contract with us. If our contractors face severe financial and resource restraints, and decide to terminate their services with us, we may not be able to seek alternative sources in a timely manner and/or at the same cost. As a result, our property development projects may be delayed and may have an adverse impact on our Group's ability to handover properties to buyers in a timely manner. While we impose a termination penalty on our contractors, there can be no assurance that we are able to collect the compensation in full, or at all, from our contractors. We may be required to bear some or all of the losses arising from such situations, and this will adversely affect our project delivery schedules, project profitability and reputation in the market. This will in turn have a material impact on our Group's business, results of operations and prospects.

9.2.3 We face competition from other developers in the property development industry, which could adversely affect our business

The property development industry is highly fragmented, and we compete with other developers ranging from small independent firms to larger public listed companies. In particular, the property market in Melaka is competitive due to a large number of industry players. Our competitors may have greater resources than us or have specialised expertise in certain segments.

Competition among developers may intensify, possibly resulting in lower property prices, higher cost of acquiring new landbank, higher cost to attract or retain experienced employees which will then adversely affect our financial performance and prospects.

Therefore, there can be no assurance that we will be able to continuously remain competitive as an established property developer in Melaka and to sustain our competitive edge over the long term.

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 No prior market for our Shares

Prior to our Listing, there was no public trading for our Shares. The listing of our Shares on the ACE Market does not guarantee that an active market for our Shares will develop.

There is also no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market.

9.3.2 Failure/delay in or termination/abortion of our Listing

Our Listing may be aborted or delayed should any of the following occurs:

- (i) The selected investors fail to subscribe for their portion of our IPO Shares;
- (ii) Our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein; and
- (iii) We are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

9. RISK FACTORS (Cont'd)

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules.

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9.3.3 Volatility of our Share price and volume of our Shares

The trading price and volume of our Shares may fluctuate due to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

9.4 OTHER RISKS

9.4.1 Continued control by our Promoters/substantial shareholders

Our Promoters will collectively hold approximately 75.0% of our enlarged share capital upon Listing. Because of the size of their shareholdings, our Promoters will have significant influence on the outcome of certain matters requiring the vote of shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities.

9.4.2 Forward-looking/prospective statements

Certain statements or expectations or forecasts in this Prospectus are based on historical data which may not be reflective of our future results. Forward-looking statements in this Prospectus are based on assumptions and subject to uncertainties and contingencies.

There can be no assurance that such prospective statements or expectations or forecasts will materialise and actual results may be deviate significantly. Such deviation may have a material and adverse effect on us.

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10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Save for the Acquisition and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them which are material to our Group during FYE 2017 to 2019, FPE 2020 and up to LPD:

Related parties	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Value of transactions									
					FYE 2017		FYE 2018		FYE 2019		FPE 2020		1 October 2020 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Teo Lay Ban	Midas	Teo Lay Ban	Teo Lay Ban is our Promoter, substantial shareholder and Managing Director	Progress billing for the sale of 1 unit of shop office in Taman Bertam Putra (Phase 1) to Teo Lay Ban ⁽¹⁾	168	#	312	0.1 ⁽³⁾	-	-	-	-	-	-
Wee Siew Tein	Midas	Wee Siew Tein	Wee Siew Tein is the spouse of Teo Lay Ban who is our Promoter, substantial shareholder and Managing Director	Progress billing for the sale of 1 unit of shop office in Taman Bertam Putra (Phase 1) to Wee Siew Tein ⁽¹⁾	168	#	312	0.1 ⁽³⁾	-	-	-	-	-	-
Wee Siew Tein	Asal Harta	Wee Siew Tein	Wee Siew Tein is the spouse of Teo Lay Ban who is our Promoter, substantial shareholder and Managing Director	Progress billing for the sale of 2 units of service apartment in Bali Residences to Wee Siew Tein ⁽¹⁾	-	-	-	-	47	#	329	0.4 ⁽³⁾	71	#

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related parties	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Value of transactions									
					FYE 2017 RM'000	% 0.2 ⁽³⁾	FYE 2018 RM'000	%	FYE 2019 RM'000	%	FPE 2020 RM'000	%	1 October 2020 up to LPD RM'000	%
Teo Lay Ban and Wee Siew Tein	Asal Harta	Teo Lay Ban and Wee Siew Tein	Teo Lay Ban is our Promoter, substantial shareholder and Managing Director	Sale of 1 unit of service apartment in Atlantis Residences to Teo Lay Ban and Wee Siew Tein ⁽¹⁾	550		-		-		-		-	
Influx Formula Sdn Bhd	Asal Harta	Teo Lay Ban	Teo Lay Ban is our Promoter, substantial shareholder and Managing Director	Progress billing for the sale of 2 units of service apartment in Bali Residences to Influx Formula Sdn Bhd ⁽¹⁾	-		-		47		328	0.4 ⁽³⁾	70	#
Teo Lay Ban	Teladan Setia	Teo Lay Ban	Teo Lay Ban is our Promoter, substantial shareholder and Managing Director	Acquisition of 2.5% equity interest in Riverwell from Teo Lay Ban	500	N/A	-		-		-		-	
Teo Lay Ban	Teladan Setia	Teo Lay Ban	Teo Lay Ban is our Promoter, substantial shareholder and Managing Director	Disposal of entire investment in Widenote to Teo Lay Ban	-		*	N/A	-		-		-	

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related parties	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Value of transactions									
					FYE 2017		FYE 2018		FYE 2019		FPE 2020		1 October 2020 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Polywell Enterprise	Teladan Setia	Teo Lay Ban, Teo Lay Lee, Teo Lee, Teo Siew May and Wan Lei Chin	Teo Lay Lee and Teo Siew May are our Promoter, substantial shareholder and Non-Independent Non-Executive Director	Interest expenses on advances to Teladan Setia ⁽²⁾	458	37.4 ⁽⁴⁾	354	34.9 ⁽⁴⁾	-	-	-	-	-	-
				Repayment of advances by Teladan Setia ⁽²⁾	100	N/A	13,044	N/A	-	-	-	-	-	-
				Acquisition of Polyintan	-	-	-	-	-	-	-	-	(5)1,826	N/A

Notes:

- * Less than RM1,000
- # Less than 0.1% of our revenue for the respective financial years/periods
- N/A Not applicable

⁽¹⁾ The sale of these properties to the related parties were discounted at similar range as our staff discount

10. RELATED PARTY TRANSACTIONS (Cont'd)

- (2) These advances from Polywell Enterprise were used for Teladan Setia's working capital, as Polywell Enterprise was its holding company since 1997 to 2013. A nominal interest rate of 4% per annum was charged on the advance, taking into account our Group's effective interest rates from external financing for the financial years under review, which ranges from 4.61% to 8.57% (for our term loans) and 8.00% to 8.88% (for our bank overdrafts). To date, all advances have been repaid to Polywell Enterprise. Moving forward, we do not expect any new advances from Polywell Enterprise
- (3) As a percentage of our revenue for the respective financial years/periods
- (4) As a percentage of our finance costs for the respective financial years/periods
- (5) Being the cash consideration to be paid for our acquisition of Polyintan. The purchase consideration of Polyintan of RM1.8 million was arrived at after taking into consideration the net liabilities position of Polyintan as at 31 December 2019 of RM5.0 million and a net revaluation surplus of the land held by Polyintan amounting to RM6.8 million. The acquisition is conditional upon obtaining development order for the properties owned by Polyintan. Thereafter, the purchase consideration shall be adjusted in accordance with the then market value of the properties owned by Polyintan. No amount of this consideration has been paid as at LPD

Madam Wee Siew Tein is not a staff member of the Group. As such, transactions with her were not made at arms' length. In future, related party transactions will be subject to the procedures under items (i) and (ii) of Section 10.1 to ensure that they are, among others, made at arms' length. Save for the foregoing, our Directors are of the view that the above related party transactions were conducted on an arm's length basis and on competitive commercial terms not more favourable to the related parties. Additionally, there are no related party transactions that individually may not be material to our Group, but when grouped in a meaningful manner, the aggregate of such transactions would be material to our Group.

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10. RELATED PARTY TRANSACTIONS (Cont'd)

Moving forward, in order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(i) Recurrent related party transactions

- (a) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products/services and/or quantities; or
- (b) If quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at a general meeting. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(ii) Other related party transactions

- (a) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (b) The rationale for the Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (c) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable insofar as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transactions that require shareholders' approval, the Directors, major shareholders and/or persons connected with such Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting. The relevant directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

10. RELATED PARTY TRANSACTIONS (Cont'd)

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. If a member of our Audit Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

10.2 OTHER TRANSACTIONS

10.2.1 Transactions entered into that are unusual in their nature or conditions

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for FYE 2017 to 2019, FPE 2020 and up to LPD.

10.2.2 Outstanding loans (including guarantees of any kind)

There were no outstanding loans made by us to or for the benefit of a related party as at LPD.

The late Datuk Teo Poh Boon and Teo Lay Ban had jointly and severally provided personal guarantees for the banking facilities extended by Hong Leong Bank Berhad, Hong Leong Islamic Bank Berhad, United Overseas Bank (Malaysia) Berhad, AmBank (M) Berhad, Public Bank Berhad, CIMB Bank Berhad and Maybank Islamic Bank Berhad ("**Financiers**").

In conjunction with the Listing, we have obtained conditional approval for the release and/or discharge of the guarantees from our Financiers by substituting the same with a corporate guarantee from our Company. Until such release and/or discharge perfected, our Managing Director will continue to guarantee the banking facilities extended to our Group.

10.2.3 Promotions of any material assets acquired/to be acquired within 3 financial years preceding the date of this Prospectus

Save as disclosed below, none of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of or in any material assets which had been, within FYE 2017 to 2019 and FPE 2020, acquired or proposed to be acquired, disposed or proposed to be disposed or leased or proposed to be leased to/by us:

- (i) Acquisition by Teladan Setia of its 2.5% equity interest in Riverwell from Teo Lay Ban for a consideration of RM0.5 million on 29 December 2017;
- (ii) Disposal by Teladan Setia of its 100% equity interest in Widenote to Teo Lay Ban for a consideration of RM1 on 31 December 2018;
- (iii) First right of refusals granted to our Group in respect of the disposal of shares in Polywell Enterprise, Polywell Development, Indra and Polyintan, and all the land held by Polywell Enterprise, Polywell Development, Indra and Polyintan, details of which are set out in Section 6.5(xvii) to (xx). Save for the acquisition disclosed in paragraph (iv) below, our Group has not exercised its rights over any of the subject shares or subject land as at LPD; and

10. RELATED PARTY TRANSACTIONS (Cont'd)

- (iv) Acquisition by Teladan Setia of 100% equity interest in Polyintan from Polywell Enterprise for a cash consideration of RM1.8 million (subject to adjustment) pursuant to the share sale agreement dated 11 November 2020 (as supplemented on 4 January 2021), details of which are set out in Section 6.5(xxvii). The cash consideration is subject to adjustment in accordance with the market value of the properties owned by Polyintan upon obtaining the development order for development on the properties. The transaction is expected to be completed by the third quarter of 2021.

10.2.4 Transactions entered into with M&A Securities

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

- (i) Agreement dated 13 September 2018 between Teladan Setia and M&A Securities for the appointment of M&A Securities as Adviser, Placement Agent and Sponsor for our Listing; and
- (ii) Underwriting Agreement dated 23 December 2020 entered into between our Company and M&A Securities for the underwriting of 50,734,000 Issue Shares.

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11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS

As at LPD, Teo Lay Ban, Teo Lay Lee, Teo Siew May and Wan Lei Chin through various private companies ("Related Land Companies") of which they are also the substantial shareholder and/or director, own the following parcels of land:

Related Land Companies	Related parties' shareholdings in the Related Land Companies	Title details	Description	Category of land use/ Existing use/ Land area (acres)	Year of purchase/ Purchase cost (RM'000)
(i) Polywell Enterprise	Teo Lay Ban: 39.2% Teo Lay Lee: 19.6% Teo Siew May: 19.6% Wan Lei Chin: 21.7%	GM 654 Lot 544, in the Mukim of Pulai, District of Johor Bahru, State of Johor	Agriculture land with no access roads and developer will not be able to construct access roads due to surrounding lands being owned by third parties	Agriculture/ Vacant/ 6.09	2004/ 219
(ii) Polywell Enterprise	Teo Lay Ban: 39.2% Teo Lay Lee: 19.6% Teo Siew May: 19.6% Wan Lei Chin: 21.7%	GM 770 Lot 75257, in the Mukim of Plentong, District of Johor Bahru, State of Johor	Commercial land with express condition to be used as petrol station	Building/ Vacant/ 2.12	2011/ 6,652
(iii) Polywell Enterprise	Teo Lay Ban: 39.2% Teo Lay Lee: 19.6% Teo Siew May: 19.6% Wan Lei Chin: 21.7%	HS(M) 2637 PTD 101131, in the Mukim of Plentong, District of Johor Bahru, State of Johor	Agriculture land with no access roads and developer will not be able to construct access roads due to surrounding lands being owned by third parties	Agriculture/ Vacant/ 1.96	2012/ 2,580
(iv) Polywell Development	Indirect interest held thru Polywell Enterprise as Polywell Development is a wholly-owned subsidiary of Polywell Enterprise	Geran 27545 Lot 203, in the Mukim of Plentong, District of Johor Bahru, State of Johor	Agriculture land with the main and approaching access roads to the land being occupied by squatters	Nil ⁽¹⁾ / Vacant/ 19.61	2001/ 2,600

11. CONFLICT OF INTEREST (Cont'd)

Related Land Companies	Related parties' shareholdings in the Related Land Companies	Title details	Description	Category of land use/ Existing use/ Land area (acres)	Year of purchase/ Purchase cost (RM'000)
(v) Polywell Development	Indirect interest held thru Polywell Enterprise as Polywell Development is a wholly-owned subsidiary of Polywell Enterprise	CT 7766 and 7767, Lot 2302 and 2303 (currently known as HS(D) 583780, 583781, 583782 and 583783, PTD 162415, 162416, 162417 and 162418), in the Mukim of Tebrau, District of Johor Bahru, State of Johor	Although the land has been approved for property development, the site is cut across by Senai/Desaru Highway. Further, there is no proper drainage discharge at the site.	Agriculture/ Vacant/ 16.89	2001/ 3,554
(vi) Indra	Teo Lay Ban: 2.1% Teo Lay Lee: 1.1% Teo Siew May: 1.1% Wan Lei Chin: 1.1% Plus indirect interest held thru Polywell Enterprise as Indra is a 94.7%-owned subsidiary of Polywell Enterprise	GM 253 Lot 552, in the Mukim of Pulai, District of Johor Bahru, State of Johor	Agriculture land with no access roads and developer will not be able to construct access roads due to surrounding lands being owned by third parties	Agriculture/ Vacant/ 4.72	2005/ 321
(vii) Polyintan ⁽²⁾	Indirect interest held thru Polywell Enterprise as Polyintan is a wholly-owned subsidiary of Polywell Enterprise	PM 1100 Lot 10243, in the Mukim of Durian Tunggal, District of Alor Gajah, State of Melaka	Agriculture land zoned for institutional and society with express condition in the issue document of title to be used as golf course only (in accordance to Rancangan Tempatan Majlis Perbandaran Hang Tuah Jaya, Blok Perancangan Kecil 5.1) ⁽³⁾	Nil ⁽¹⁾ / Vacant/ 0.21	2017/ 83

11. CONFLICT OF INTEREST (Cont'd)

Related Land Companies	Related parties' shareholdings in the Related Land Companies	Title details	Description	Category of land use/ Existing use/ Land area (acres)	Year of purchase/ Purchase cost (RM'000)
(viii) Polyintan ⁽²⁾	Indirect interest held thru Polywell Enterprise as Polyintan is a wholly-owned subsidiary of Polywell Enterprise	Geran 3540 and 3541, Lot 2544 and 2545, in the Mukim of Durian Tunggal, District of Alor Gajah, State of Melaka	Agriculture land zoned for institutional and society (in accordance to Rancangan Tempatan Majlis Perbandaran Hang Tuah Jaya, Blok Perancangan Kecil 5.1) ⁽³⁾	Nil ⁽¹⁾ / Vacant/ 10.24	1997/ 6,250

Notes:

- (1) Pursuant to Section 53 of the National Land Code 1965, the lands (being country land or town/village land held under Land Office title) are subject to implied condition that it shall only be used for agricultural purpose until a category of land use is imposed
- (2) We are currently in the process of acquiring Polyintan. Please refer to Section 6.5 (xxvii) for further details of the acquisition
- (3) Polyintan is in the midst of applying for a development order to develop residential properties on this land

The Promoters had in the past acquired these lands for investment purposes via the Related Land Companies.

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11. CONFLICT OF INTEREST (Cont'd)

Our Board (save for Teo Lay Ban, Teo Lay Lee and Teo Siew May) having reviewed the following is of the view that our Promoters' interests in the Related Land Companies do not give rise to any conflict of interest with our Group:

- (i) The above land are currently not ready for development (save for those under Polyintan as explained above) and as such, the acquisition of such land or Related Land Companies by our Group at this juncture will be earnings dilutive and not cash flow generating.
- (ii) The Related Land Companies have undertaken not to develop any land, present or future held by the Related Land Companies, in any manner whatsoever, whether singly or jointly with any third party, including by way of joint venture arrangement.
- (iii) Our Group has been granted the first right of refusal to purchase the shares in the Related Land Companies, and any land, present or future held or to be acquired by the Related Land Companies, at the following terms:
 - (a) The shareholders of the Related Land Companies have undertaken not to dispose of their shares in the Related Land Companies without first offering it to the Group and the Related Land Companies have undertaken not to dispose of the subject land without first offering it to the Group;
 - (b) The first right of refusal to purchase shares in the Related Land Companies or the subject land (as the case may be) can be exercised by the Group within 30 days from notification (i) by the shareholders of the Related Land Companies that they desire to sell the subject shares; or (ii) by the respective Related Land Companies that they desire to sell the subject land, whichever is applicable. The shareholders of the Related Land Companies or the Related Land Companies are obliged to provide such notification to the Group prior to offering the subject shares or land to a third party;
 - (c) The purchase consideration to be stated in the notification of the shareholders of the Related Land Companies or the Related Land Companies, as the case may be, shall be derived on willing-buyer willing-seller basis guided by the prevailing market value of the shares in the Related Land Companies or the subject land (as the case may be) as appraised by an independent valuer;
 - (d) The first right of refusal shall continue so long as (i) our Group is in the business of property development or investment holding and (ii) the Related Land Companies and its shareholders remain as related parties to our Group; and
 - (e) Polywell Enterprise has undertaken not to purchase land or interest in any land, and not to participate in any manner the development of any real estate, whether by Polywell Enterprise or through any of its present and future subsidiaries without our Company's prior written consent.

For clarity, the terms of the offer to any third party (after the offer is first rejected by our Group) shall not be more favourable than that which is offered to our Group.

- (iv) Save for their investment holding of the land, the Related Land Companies are currently not involved in any property development activities that are similar or would compete with the business of our Group. As at LPD, all the Related Land Companies are involved in property investment only.

11. CONFLICT OF INTEREST (Cont'd)

We do not expect to exercise our right to purchase any of the above shares and/or land upon any offer until certain key criteria are satisfied. Chiefly, the land held by the Related Land Companies must be ready for development based on our assessment of the zoning of the land, its surrounding areas, accessibility and property market condition at that point in time, amongst others. For avoidance of doubt, the first right of refusal is available only upon an offer made to the Related Land Companies. There is no option granted to Teladan Setia to purchase the shares in the Related Land Companies and/or land.

The decision whether or not to exercise our right to purchase will be considered by our non-interested Directors.

If we do not exercise our first right of refusal to purchase the subject land or subject shares of the Related Land Companies, the Related Land Companies or shareholders of the Related Land Companies will be free to dispose of the subject land or subject shares (as the case may be) to any third party, provided that the sale will be of the terms not more favourable than the terms offered to us.

Save as disclosed above, none of our other Directors or substantial shareholders has any interest, direct or indirect, in other businesses or corporations carrying on a similar or related trade as our Group as at LPD. Save as disclosed in Section 10.1, none of our Directors and/or substantial shareholders are customers and/or suppliers of our Group as at LPD.

It is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nominating Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nominating Committee will first then evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nominating Committee will then:

- (i) Immediately inform our Board of the conflict of interest situation;
- (ii) Make recommendations to our Board to direct the conflicted Director to:
 - (a) Withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
 - (b) Abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of our Nominating Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nominating Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

11. CONFLICT OF INTEREST (Cont'd)

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

- (i) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Sponsor, Underwriter and Placement Agent for our Listing.
- (ii) Lee & Tengku Azrina has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing.
- (iii) RSM Malaysia has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing.
- (iv) Smith Zander International Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as IMR for our Listing.
- (v) CH Williams Talhar & Wong Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Independent Valuer for our Listing.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our historical financial information throughout FYE 2017 to 2019 and FPE 2020 have been prepared in accordance with MFRS and IFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

Our Company was incorporated on 14 February 2019 to facilitate our Listing, and we completed the acquisition of the entire equity interest of Teladan Setia on 5 January 2021. Teladan Setia has been under the common control of our Promoters throughout FYE 2017 to 2019 and FPE 2020 and is regarded as a continuing entity. Notwithstanding the passing of Datuk Teo Poh Boon, common control is still with the beneficiaries of Datuk Teo Poh Boon i.e. Wan Lei Chin, Teo Lay Lee and Teo Siew May vide the will of the late Datuk Teo Poh Boon. Thus, there is no change in the common control of the Promoters. As such, the historical financial information of our Group for FYE 2017 to 2019 and FPE 2020 is presented based on the combined audited financial statements of TSG Group.

12.1.1 Historical combined statements of profit or loss and other comprehensive income

The following table sets out a summary of our combined statements of profit or loss and other comprehensive income for FYE 2017 to 2019 and FPE 2020 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			Unaudited	Audited
	FYE	FYE	FYE	FPE	FPE
	2017	2018	2019	2019	2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	359,511	259,141	232,988	176,457	100,028
Less : Cost of sales	(240,240)	(167,452)	(152,451)	(114,323)	(63,564)
GP	119,271	91,689	80,537	62,134	36,464
Other operating income	1,723	2,613	2,470	1,659	2,318
Other operating expenses	(19,538)	(10,485)	(9,281)	(8,049)	(6,499)
Administrative expenses	(18,962)	(16,911)	(17,921)	(9,770)	(8,038)
Finance cost	(1,223)	(1,014)	(468)	(328)	(466)
PBT	81,271	65,892	55,337	45,646	23,779
Taxation	(18,342)	(17,066)	(11,935)	(11,935)	(6,477)
Profit from continuing operations	62,929	48,826	43,402	33,711	17,302
Loss from discontinued operation, net of tax	(26)	(102)	-	-	-
Total comprehensive income/PAT for the financial years/period	62,903	48,724	43,402	33,711	17,302
Total comprehensive income/PAT for the financial years/period attributable to:					
Owners of our Company	62,979	48,724	43,402	33,711	17,302
Non-controlling interests	(76)	*	-	-	-
	62,903	48,724	43,402	33,711	17,302
EBIT ⁽¹⁾	81,281	65,002	54,106	44,861	22,817
EBITDA ⁽¹⁾	82,383	66,536	55,427	45,814	23,710

12. FINANCIAL INFORMATION (Cont'd)

	Audited			Unaudited	Audited
	FYE	FYE	FYE	FPE	FPE
	2017	2018	2019	2019	2020
	RM'000	RM'000	RM'000	RM'000	RM'000
GP margin (%) ⁽²⁾	33.2	35.4	34.6	35.2	36.5
PBT margin (%) ⁽³⁾	22.6	25.4	23.8	25.9	23.8
Net margin (%) ⁽³⁾	17.5	18.8	18.6	19.1	17.3
Basic EPS (sen) ⁽⁴⁾	9.8	7.6	6.7	5.2	2.7
Diluted EPS (sen) ⁽⁵⁾	7.8	6.1	5.4	4.2	2.2

Notes:

* Less than RM1,000

(1) EBIT and EBITDA are calculated as follows:

	Audited			Unaudited	Audited
	FYE 2017	FYE 2018	FYE 2019	FPE 2019	FPE 2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Profit for the financial year/period	62,903	48,724	43,402	33,711	17,302
Less:					
Interest income	(1,187)	(1,802)	(1,699)	(1,113)	(1,428)
Add:					
Finance cost	1,223	1,014	468	328	466
Taxation	18,342	17,066	11,935	11,935	6,477
EBIT	81,281	65,002	54,106	44,861	22,817
Add:					
Depreciation	1,102	1,534	1,321	953	893
EBITDA	82,383	66,536	55,427	45,814	23,710

(2) Calculated based on GP divided by revenue

(3) PBT margin and net margin are calculated based on the respective PBT and profit from continuing operations for the financial years/period divided by revenue

(4) Calculated based on PAT attributable to owners of our Company divided by our enlarged number of Shares in issue before IPO

(5) Calculated based on PAT attributable to owners of our Company divided by our enlarged number of Shares in issue after IPO

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12. FINANCIAL INFORMATION (Cont'd)**12.1.2 Historical combined statements of financial position**

The following table sets out the combined statements of financial position of our Group as at 31 December 2017, 2018, 2019 and 30 September 2020 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			
	FYE 2017	FYE 2018	FYE 2019	FPE 2020
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	3,900	5,050	5,348	4,548
Right-of-use assets ⁽²⁾	-	489	408	283
Inventories	81,977	81,977	171,748	171,748
Deferred tax assets	431	-	-	-
Total non-current assets	<u>86,308</u>	<u>87,516</u>	<u>177,504</u>	<u>176,579</u>
Current assets				
Inventories	229,543	205,877	182,830	193,273
Trade and other receivables	51,827	71,495	27,742	34,310
Contract assets	35,163	17,226	61,052	49,161
Current tax assets	2,640	1,402	1,467	830
Cash and cash equivalents	69,701	85,234	92,297	75,566
Total current assets	<u>388,874</u>	<u>381,234</u>	<u>365,388</u>	<u>353,140</u>
Total assets	475,182	468,750	542,892	529,719
Equity				
Share capital	3,750	3,750	3,750	3,750
Retained profits	278,755	297,255	340,656	357,958
Equity attributable to owners of our Company	<u>282,505</u>	<u>301,005</u>	<u>344,406</u>	<u>361,708</u>
Non-controlling interests	15	14	-	-
Total equity	<u>282,520</u>	<u>301,019</u>	<u>344,406</u>	<u>361,708</u>
Non-current liabilities				
Bank borrowings	86,058	67,965	105,913	104,686
Lease liabilities ⁽²⁾	-	327	270	195
Finance lease liabilities	147	200	369	260
Deferred tax liabilities	19	46	46	46
Total non-current liabilities	<u>86,224</u>	<u>68,538</u>	<u>106,598</u>	<u>105,187</u>
Current liabilities				
Trade and other payables	72,362	⁽¹⁾ 76,139	⁽¹⁾ 68,858	38,040
Bank borrowings	14,810	16,309	22,462	21,618
Contract liabilities	10,267	-	-	-
Lease liabilities ⁽²⁾	-	207	179	120
Finance lease liabilities	333	180	216	180
Current tax liabilities	8,666	6,358	173	2,866
Total current liabilities	<u>106,438</u>	<u>99,193</u>	<u>91,888</u>	<u>62,824</u>
Total liabilities	<u>192,662</u>	<u>167,731</u>	<u>198,486</u>	<u>168,011</u>
Total equity and liabilities	475,182	468,750	542,892	529,719

12. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) Inclusive of dividend payable of RM26.2 million
- (2) Our Group has early adopted MFRS 16 Leases and applied this standard retrospectively since FYE 2018. In accordance with the transition requirements under the Appendix C, paragraph 5(b) of this Standard, comparatives are not restated. The Group rents commercial units which make up its rights-of-use assets and their corresponding rentals make up its lease liabilities. The following is an explanation on right-of-use assets and lease liabilities:

Right-of-use asset

Our 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.

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Depreciation is computed on a straight-line basis over the estimated useful lives of the right-of-use assets.

Lease liabilities

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, our respective Group entities' incremental borrowing rate. Generally, our Group entities use their incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method.

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12. FINANCIAL INFORMATION (Cont'd)

12.1.3 Historical combined statements of cash flows

The following table sets out the combined statements of cash flows of our Group for FYE 2017 to 2019 and FPE 2020 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			
	FYE 2017	FYE 2018	FYE 2019	FPE 2020
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
PBT				
Continuing operations	81,271	65,892	55,337	23,779
Discontinued operations	(26)	(102)	-	-
	81,245	65,790	55,337	23,779
Adjustments for:				
Bad debts written off	-	-	16	*
Depreciation of property, plant and equipment	1,102	1,387	1,156	768
Depreciation of right-of-use assets	-	147	165	125
Sundry deposits written off	-	95	-	-
Interest expenses	1,223	1,014	468	466
Interest income	(1,187)	(1,802)	(1,699)	(1,428)
(Gain)/Loss on disposal of property, plant and equipment	62	(107)	(459)	(277)
Gain on disposal of a subsidiary	-	(128)	-	-
Property, plant and equipment written off	1,199	5	-	-
Operating profit before working capital changes	83,644	66,401	54,984	23,433
Changes in working capital:				
Inventories	1,703	27,798	29,981	(5,480)
Trade and other receivables	(9,788)	(19,796)	32,218	(6,568)
Contract assets and liabilities	(11,355)	7,670	(43,826)	11,890
Trade and other payables	16,600	(21,202)	5,140	(17,118)
Cash generated from operations	80,804	60,871	78,497	6,157
Interest received	1,187	1,802	1,699	1,428
Tax paid	(18,672)	(18,267)	(18,693)	(6,022)
Tax refund	231	1	572	2,875
Net cash generated from operating activities	63,550	44,407	62,075	4,438
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	399	122	498	345
Purchase of property, plant and equipment	(1,449)	(1,621)	(1,092)	(36)
Net cash outflow on disposal of a subsidiary	-	(357)	-	-
Withdrawal/(Placement) of fixed deposit	(843)	(10,313)	(182)	(589)
Purchase of land held for development	(26,647)	-	(8,253)	-
Net cash generated from/(used in) investing activities	(28,540)	(12,169)	(9,029)	(280)

12. FINANCIAL INFORMATION (Cont'd)

	Audited			
	FYE 2017	FYE 2018	FYE 2019	FPE 2020
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Acquisition of non-controlling interests	(500)	-	-	-
Interest paid	(4,987)	(5,897)	(7,402)	(5,428)
Issuance of share capital	-	-	*	-
Issuance of shares by a subsidiary to non-controlling interests	15	-	-	-
Proceeds from borrowings	26,963	33,594	18,160	23,497
Repayment of borrowings	(33,677)	(49,408)	(44,945)	(26,250)
Repayment of finance lease liabilities	(413)	(400)	(195)	(145)
Repayment of lease liabilities	-	(127)	(169)	(134)
Dividend paid	(4,750)	(4,000)	(12,500)	(13,700)
Net cash used in financing activities	(17,349)	(26,238)	(47,051)	(22,160)
Cash and cash equivalents				
Net changes	17,661	6,000	5,995	(18,002)
At beginning of financial year/period	44,306	61,967	67,967	73,962
At end of financial year/period	61,967	67,967	73,962	55,960

Note:

* Less than RM1,000

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and segmental analysis of our combined financial statements for FYE 2017 to 2019 and FPE 2020 should be read with the Accountants' Report included in Section 13.

12.2.1 Overview of our operations**(i) Principal activities**

Our Group is principally involved in property development. To this end, our Group focuses on residential and commercial developments.

Please refer to Section 7 for our Group's detailed business overview.

(ii) Revenue

Our Group's revenue is mainly derived from the sale of our developments and completed units. In terms of ongoing developments, our revenue is also dependent on the construction progress of the projects. The analysis of revenue by activity as set out in Section 12.2.2(i) shows how much of our revenue is derived from project sales, and separates it from sales of inventories i.e. our completed units.

Our Group's revenue recognition criteria are as follows:

- (a) Revenue generated from the sale of development properties refer to sales derived from our on-going development projects. This is accounted for using the percentage of completion method. The stage of completion is determined by reference to the project cost incurred to-date over the total estimated costs where the outcome of the projects can be reliably estimated; and

12. FINANCIAL INFORMATION (Cont'd)

- (b) Revenue generated from the sale of completed development units and land refer to the sale of our existing inventory of completed unsold units from past projects. This is accounted for in full upon signing of sale and purchase agreement.

Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

(iii) Cost of sales

Our cost of sales comprises property development expenditure which includes infrastructure costs, building construction cost undertaken by contractors, interior furnishing (mainly furniture and renovation sometimes offered by our Group to our buyers as part of a design package), land costs and contributions to the relevant authorities.

(iv) Other operating income

Other operating income comprises mainly interest income and gain on disposal of property, plant and equipment.

(v) Other operating expenses

Other operating expenses comprise mainly advertisement and promotion, commission and brokerage expenses as well as maintenance cost for our completed projects.

(vi) Administrative expenses

Administrative expenses comprise overheads incurred to maintain our operations such as administrative staff costs, directors' remuneration and depreciation.

(vii) Finance cost

Finance cost comprises mainly interest expense on our borrowings.

(viii) Recent developments

Save for the Acquisition, purchase of new landbank and the acquisition of Polyintan as set out in Section 6.5, there were no other significant events subsequent to our Group's audited combined financial statements for FPE 2020 and there are no other significant events that may have a material effect on our financial position and results since FPE 2020.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.2 Review of our results of operations

(i) Revenue

Analysis of revenue by activities

	FYE 2017		FYE 2018		FYE 2019		FPE 2019		Audited FPE 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sales of development properties										
- From project sales, which are recognised over time based on completion progress	342,049	95.1	215,687	83.2	193,063	82.9	150,976	85.6	88,710	88.7
- From sales of our inventory of completed units, which is recognised at a point in time	17,462	4.9	43,454	16.8	39,925	17.1	25,481	14.4	11,318	11.3
	359,511	100.0	259,141	100.0	232,988	100.0	176,457	100.0	100,028	100.0

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12. FINANCIAL INFORMATION (Cont'd)

Analysis of revenue by development projects

	FYE 2017		Audited FYE 2018		FYE 2019		Unaudited FPE 2019		Audited FPE 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Taman Desa Bertam ⁽¹⁾	11,933	3.3	97,832	37.7	128,316	55.1	115,237	65.3	22,544	22.6
Atlantis Residences	298,008	82.9	90,481	34.9	9,247	4.0	9,753	5.6	408	0.4
Taman Bertam Putra (Phase 1)	14,621	4.1	48,673	18.8	11,701	5.0	9,385	5.3	748	0.7
Taman Saujana Heights	11,541	3.2	7,913	3.0	9,447	4.1	1,367	0.8	8,135	8.2
Bali Residences	-	-	5,639	2.2	53,609	23.0	29,940	17.0	47,815	47.8
Taman Sentosa	-	-	1,955	0.8	-	-	-	-	-	-
Taman Cheng Setia (Phase 6)	-	-	1,476	0.6	2,140	0.9	773	0.5	1,236	1.2
Taman Krubong Indah ⁽²⁾	1,490	0.4	657	0.3	-	-	-	-	-	-
Taman Belimbing Setia ⁽³⁾	709	0.2	551	0.2	7,576	3.3	2,495	1.4	11,130	11.1
Taman Seri Tuah Permai	-	-	478	0.2	4,697	2.0	2,860	1.6	430	0.4
Taman Bertam Setia ⁽⁴⁾	4,617	1.3	174	0.1	6,088	2.6	4,477	2.5	7,582	7.6
Taman Desa Idaman ⁽⁵⁾	1,542	0.4	-	-	67	*	70	*	-	-
The Tropicana Residences	-	-	-	-	-	-	-	-	-	-
Taman Bukit Larang Indah	-	-	-	-	90	*	90	*	-	-
Bandar Baru Merlimau	15,050	4.2	3,312	1.2	-	-	-	-	-	-
Taman Seri Rambai ⁽⁶⁾	-	-	-	-	10	*	10	*	-	-
	359,511	100.0	259,141	100.0	232,988	100.0	176,457	100.0	100,028	100.0

Notes:

- * Less than 0.1%
- (1) Comprising project and/or inventory sales from Taman Desa Bertam (Phase 1A, 1B and 1C)
- (2) Taman Krubong Indah is a residential development comprising 118 units of single storey cluster and 12 units of low cost single storey semi-detached house
- (3) Comprising project and/or inventory sales from Taman Belimbing Setia (Phase 1, 2A, 2B and 3)
- (4) Comprising project and/or inventory sales from Taman Bertam Setia (Phase 1B, 1C, 2B, 3 and 5)
- (5) Comprising project and/or inventory sales from Taman Desa Idaman (Phase 1C and 2)
- (6) Taman Seri Rambai is a residential development comprising 64 units of single storey semi-detached house and 1 unit of bungalow land, which was completed in July 2012, and its contribution in FPE 2019 was from the sale of the bungalow land.

12. FINANCIAL INFORMATION (Cont'd)

The revenue unbilled for sold and unsold units as at the end of FPE 2020 for our on-going projects are set out below:

Projects	Revenue unbilled for	
	Sold units (RM million)	Unsold units (RM million)
(a) Taman Desa Bertam (Phase 2)	70.6	63.3
(b) Taman Desa Bertam (Phase 3A)	5.8	129.6
(c) Taman Belimbing Setia (Phase 2B)	7.3	1.0
(d) Taman Bertam Setia (Phase 1C)	3.6	-
(e) Bali Residences	157.0	93.7
Total	244.3	287.6

Since FYE 2017, only 2 units with total selling price of RM0.8 million were sold to our Group's suppliers.

Comparison between FYE 2017 and FYE 2018

Our Group's total revenue decreased by RM100.4 million or 27.9% from RM359.5 million in FYE 2017 to RM259.1 million in FYE 2018 mainly due to lower revenue recognised from Atlantis Residences of RM207.5 million as Tower C and Tower D were fully completed in the beginning of FYE 2018.

The decrease in revenue was also contributed by the lower contribution from Taman Bertam Setia (Phase 1B, 2B and 5) (decrease of RM4.4 million) and Bandar Baru Merlimau (decrease of RM11.7 million) due to more progress achieved in FYE 2017, as well as the completion of Taman Desa Idaman (Phase 1C) (decrease of RM1.5 million) during FYE 2017.

The decrease was partially offset by:

- (a) On-going development of Taman Desa Bertam (Phase 1A, 1B and 1C) which achieved higher percentage of completion of 49.3% in FYE 2018 as compared to 7.3% in FYE 2017 and contributed an incremental revenue of RM85.9 million;
- (b) Completion of Taman Bertam Putra (Phase 1) in FYE 2018 as compared to percentage of completion of 26.5% in FYE 2017 which contributed an incremental revenue of RM34.1 million; and
- (c) Launching of Bali Residences towards the end of FYE 2018 which contributed revenue of RM5.6 million.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2018 and FYE 2019

Our Group's total revenue decreased by RM26.2 million or 10.1% from RM259.1 million in FYE 2018 to RM232.9 million in FYE 2019 mainly due to decrease in revenue recognised from:

- (a) Atlantis Residences of RM81.2 million as it was fully completed in the beginning of FYE 2018 while only 17 units of inventory amounting RM9.2 million was sold in FYE 2019.
- (b) Taman Bertam Putra (Phase 1) of RM37.0 million as it was fully completed in end of FYE 2018; and
- (c) Bandar Baru Merlimau of RM3.3 million due to its completion in FYE 2018.

The decrease in revenue was partially offset by:

- (a) Completion of Taman Desa Bertam (Phase 1A and 1B) as compared to percentage of completion of 57.5% in FYE 2018 which contributed an incremental revenue of RM1.0 million;
- (b) On-going development of Taman Desa Bertam (Phase 1C) which achieved higher percentage of completion of 90.5% in FYE 2019 as compared to 18.4% in FYE 2018 and contributed an incremental revenue of RM29.5 million;
- (c) On-going development of Bali Residences which achieved higher percentage of completion of 26.7% in FYE 2019 as compared to 4.9% in FYE 2018 and contributed an incremental revenue of RM48.0 million;
- (d) Sales of completed units in Taman Saujana Heights and Taman Seri Tuah Permai which contributed an incremental revenue of RM5.8 million; and
- (e) Launching of Taman Bertam Setia (Phase 1C) and Taman Belimbing Setia (Phase 2B) in FYE 2019 which contributed revenue of RM6.0 million and RM7.6 million respectively.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FPE 2019 and FPE 2020

In FPE 2020, due to the Covid-19 pandemic situation, our operations were halted since the beginning of the MCO in March 2020 and only continued progressively in May 2020 onwards. This has resulted in reduced revenue during FPE 2020.

Our Group's total revenue decreased by RM76.4 million or 43.3% from RM176.5 million in FPE 2019 to RM100.0 million in FPE 2020 mainly due to decrease in revenue recognised from Taman Desa Bertam of RM109.7 million as Phase 1A and 1B was fully completed in the middle of FPE 2019. The decrease in revenue also contributed by the decreased contribution from Atlantis Residences by RM9.3 million, Taman Bertam Putra (Phase 1) of RM8.6 million and Taman Seri Tuah Permai by RM2.4 million.

The decrease in revenue was partially offset by:

- (a) Launching of Taman Desa Bertam (Phase 2 and 3A) in FPE 2020 which contributed an incremental revenue of RM17.0 million;
- (b) On-going development of Bali Residences which achieved percentage of completion of 47.1% in FPE 2020 as compared to 17.3% in FPE 2019 and contributed an incremental revenue of RM17.9 million;
- (c) On-going development of Taman Bertam Setia (Phase 1C) which achieved percentage of completion of 94.4% in FPE 2020 as compared to 32.2% in FPE 2019 and contributed an incremental revenue of RM3.1 million;
- (d) On-going development of Taman Belimbing Setia (Phase 2B) which achieved percentage of completion of 73.0% in FPE 2020 as compared to 10.6% in FPE 2019 and contributed an incremental revenue of RM8.6 million; and
- (e) Sales of completed units in Taman Saujana Heights and Taman Cheng Setia (Phase 6) which contributed an incremental revenue of RM6.7 million and RM0.5 million respectively.

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12. FINANCIAL INFORMATION (Cont'd)

(ii) Cost of sales, GP and GP margin

Analysis of cost of sales by components

	FYE 2017		FYE 2018		FYE 2019		FPE 2019		FPE 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Construction cost ⁽¹⁾	207,300	86.3	119,840	71.6	111,749	73.3	83,193	72.8	45,641	71.8
Contribution to authorities	2,098	0.9	1,753	1.0	3,042	2.0	2,058	1.8	1,936	3.0
Finance cost	1,443	0.6	2,251	1.3	3,835	2.5	3,138	2.8	1,833	2.9
Foreseeable loss ⁽²⁾	298	0.1	948	0.6	(1,521)	(1.0)	(29)	<0.1	(228)	(0.4)
Interior design package ⁽³⁾	-	-	6,519	3.9	429	0.3	395	0.3	-	-
Infrastructure cost	5,715	2.4	10,527	6.3	9,562	6.2	7,178	6.3	4,523	7.1
Land cost	11,553	4.8	17,116	10.2	19,347	12.7	15,221	13.3	6,599	10.4
Professional fees	8,039	3.3	6,203	3.7	3,008	2.0	1,764	1.5	1,378	2.2
Others ⁽⁵⁾	3,794	1.6	2,295	1.4	3,000	2.0	1,405	1.2	1,882	3.0
	240,240	100.0	167,452	100.0	152,451	100.0	114,323	100.0	63,564	100.0

Notes:

- (1) Being construction works undertaken by our contractors
- (2) Foreseeable loss is recognised for the development of low-cost house in Taman Bertam Putra (Phase 1), where the total revenue fetched was lower than the total development costs. Development of low cost house is a condition imposed by authority for granting the APDL. There are foreseeable losses for the development of low cost units in every project, which is measured by GDV minus GDC of such units. As regular units in the project are built and sold, a share of this foreseeable loss is allocated to the sale of such regular units in earlier years of the project, irrespective of whether the low cost units are developed. Subsequently, these foreseeable losses are reversed upon the sale of such low cost units in FYE 2019, FPE 2019 and FPE 2020.
- (3) Relates to mainly furniture and renovation sometimes offered by our Group to our buyers as part of a design package. As at LPD, we only provide interior design package for Atlantis Residences
- (4) Include land cost of RM4.5 million, being land held for development which we surrendered to Lembaga Perumahan Melaka in lieu of our development of low-cost houses in Taman Bertam Setia (Phase 2 and 3), Taman Cheng Setia (Phase 5) and Taman Desa Idaman (Phase 3)
- (5) Others comprises anti-termite treatment, internal electrical installation, plan fee, plan processing fee, quit rent and assessment, quantity surveyor fee, site maintenance and testing fee

12. FINANCIAL INFORMATION (Cont'd)

Analysis of cost of sales by activities

	FYE 2017		Audited		FYE 2018		FYE 2019		Unaudited		Audited	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sales of development properties	229,664	95.6	138,788	82.9	123,582	81.1	95,656	83.7	59,507	93.6		
- From project sales, which are recognised over time based on completion progress												
- From sales of our inventory of completed units, which is recognised at a point in time	10,576	4.4	28,555	17.0	28,869	18.9	18,667	16.3	4,057	6.4		
Other costs	-	-	(1)109	0.1	-	-	-	-	-	-		
	240,240	100.0	167,452	100.0	152,451	100.0	114,323	100.0	63,564	100.0		

Notes:

(1) Others consist of earthwork cost carried out for a piece of land sold as per the terms of the sale and purchase agreement with the buyer

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12. FINANCIAL INFORMATION (Cont'd)

Analysis of cost of sales by development projects

	FYE 2017		Audited		FYE 2018		FYE 2019		Unaudited		Audited	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Taman Desa Bertam ⁽¹⁾	7,743	3.2	60,770	36.3	82,979	54.4	73,196	64.0	17,033	26.8		
Atlantis Residences	199,485	83.0	57,319	34.2	6,524	4.3	6,813	6.0	(3,863)	(6.1)		
Taman Bertam Putra (Phase 1)	11,110	4.6	34,517	20.6	9,667	6.3	7,297	6.4	555	0.9		
Taman Saujana Heights	7,277	3.0	5,172	3.1	6,407	4.2	922	0.8	6,338	9.9		
Bali Residences	-	-	4,640	2.8	34,270	22.5	18,745	16.4	31,642	49.8		
Taman Sentosa	-	-	1,536	0.9	-	-	-	-	-	-		
Taman Cheng Setia (Phase 6)	-	-	550	0.3	820	0.5	270	0.2	550	0.9		
Taman Krubong Indah ⁽²⁾	753	0.3	376	0.2	-	-	-	-	-	-		
Taman Belimbing Setia ⁽³⁾	719	0.3	204	0.1	3,581	2.4	1,184	1.1	5,263	8.3		
Taman Seri Tuah Permai	-	-	275	0.2	2,790	1.8	1,674	1.5	279	0.4		
Taman Bertam Setia ⁽⁴⁾	2,265	1.0	62	0.1	4,676	3.1	3,485	3.0	5,767	9.1		
Taman Desa Idaman ⁽⁵⁾	808	0.4	-	-	216	0.1	216	0.2	-	-		
The Tropicana Residences	-	-	-	-	-	-	-	-	-	-		
Taman Bukit Larang Indah	-	-	-	-	377	0.3	377	0.3	-	-		
Bandar Baru Merlimau	10,080	4.2	1,922	1.1	-	-	-	-	-	-		
Taman Seri Rambai ⁽⁶⁾	-	-	-	-	144	0.1	144	0.1	-	-		
Surrender cost	-	-	-	-	-	-	-	-	-	-		
Other costs	-	-	109	0.1	-	-	-	-	-	-		
	240,240	100.0	167,452	100.0	152,451	100.0	114,323	100.0	63,564	100.0		

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12. FINANCIAL INFORMATION (Cont'd)

Notes:

- * Less than 0.1%
- (1) Comprising cost of sales from Taman Desa Bertam (Phase 1A, 1B and 1C)
- (2) Taman Krubong Indah is a residential development comprising 118 units of single storey cluster and 12 units of low cost single storey semi-detached house
- (3) Comprising cost of sales from Taman Belimbing Setia (Phase 1, 2A, 2B and 3)
- (4) Comprising cost of sales from Taman Bertam Setia (Phase 1B, 1C, 2B, 3 and 5)
- (5) Comprising cost of sales from Taman Desa Idaman (Phase 1C and 2)
- (6) Taman Seri Rambai is a residential development comprising 64 units of single storey semi-detached house and 1 unit of bungalow land, which was completed in July 2012, and its cost of sale incurred in FYE 2019 was for the sale of the bungalow land

Analysis of GP and GP margin by activities

	FYE 2017			Audited			FYE 2019			Unaudited			Audited			
	GP			FYE 2018			FYE 2019			FPE 2019			FPE 2020			
	GP	margin	%	GP	margin	%	GP	margin	%	GP	margin	%	GP	margin	%	
Sales of development properties																
- Recognised over time based on completion progress	112,385	32.9		76,899	35.7		69,481	36.0		55,320	36.6		29,203	32.9		
- Recognised at a point in time for completed units	6,886	39.4		14,899	34.0		11,056	27.7		6,814	26.7		7,261	64.2		
Other costs	-	-		(109)	(100.0)		-	-		-	-		-	-		
	119,271	33.2		91,689	35.4		80,537	34.6		62,134	35.2		36,464	36.5		

12. FINANCIAL INFORMATION (Cont'd)

Analysis of GP and GP margin by development projects

	FYE 2017		Audited FYE 2018		FYE 2019		Unaudited FPE 2019		Audited FPE 2020	
	GP		GP		GP		GP		GP	
	RM'000	margin %	RM'000	margin %	RM'000	margin %	RM'000	margin %	RM'000	margin %
Taman Desa Bertam ⁽¹⁾	4,190	35.1	37,062	37.9	45,337	35.3	42,041	36.5	5,511	24.4
Atlantis Residences	98,523	33.1	33,162	36.7	2,723	29.4	2,940	30.1	4,271	1,046.8
Taman Bertam Putra (Phase 1)	3,511	24.0	14,156	29.1	2,034	17.4	2,088	22.2	193	25.8
Taman Saujana Heights	4,264	36.9	2,741	34.6	3,040	32.2	445	32.6	1,797	22.1
Bali Residences	-	-	999	17.7	19,339	36.1	11,195	37.4	16,173	33.8
Taman Sentosa	-	-	419	21.4	-	-	-	-	-	-
Taman Cheng Setia (Phase 6)	-	-	926	62.7	1,320	61.7	503	65.1	686	55.5
Taman Krubong Indah ⁽²⁾	737	49.5	281	42.8	-	-	-	-	-	-
Taman Belimbing Setia ⁽³⁾	(10)	(1.4)	347	63.0	3,995	52.7	1,311	52.5	5,867	52.7
Taman Seri Tuah Permai	-	-	203	42.5	1,907	40.6	1,186	41.5	151	35.1
Taman Bertam Setia ⁽⁴⁾	2,352	50.9	112	64.4	1,412	23.2	992	22.2	1,815	23.9
Taman Desa Idaman ⁽⁵⁾	734	47.6	-	-	(149)	(222.4)	(146)	(208.6)	-	-
The Tropicana Residences	-	-	-	-	-	-	-	-	-	-
Taman Bukit Larang Indah	-	-	-	-	(287)	(318.9)	(287)	(318.9)	-	-
Bandar Baru Merlimau	4,970	33.0	1,390	42.0	-	-	-	-	-	-
Taman Seri Rambai ⁽⁶⁾	-	-	-	-	(134)	(1,340)	(134)	(1,340)	-	-
Surrender cost	-	-	-	-	-	-	-	-	-	-
Others	-	-	(109)	(100.0)	-	-	-	-	-	-
	119,271	33.2	91,689	35.4	80,537	34.6	62,134	35.2	36,464	36.5

Notes:

- * Less than 0.1%
- (1) Being GP and GP margin for Taman Desa Bertam (Phase 1A, 1B and 1C)
- (2) Taman Krubong Indah is a residential development comprising 118 units of single storey cluster and 12 units of low cost single storey semi-detached house
- (3) Being GP and GP margin for Taman Belimbing Setia (Phase 1, 2A, 2B and 3)
- (4) Being GP and GP margin for Taman Bertam Setia (Phase 1B, 1C, 2B, 3 and 5)

12. FINANCIAL INFORMATION (Cont'd)

- (5) Being GP and GP margin for Taman Desa Idaman (Phase 1C and 2)
- (6) Taman Seri Rambai is a residential development comprising 64 units of single storey semi-detached house and 1 unit of bungalow land, which was completed in July 2012, and its contribution in FPE 2019 was from the sale of the bungalow land.

Comparison between FYE 2017 and FYE 2018

Our Group's total cost of sales decreased by RM72.8 million or 30.3% from RM240.2 million in FYE 2017 to RM167.5 million in FYE 2018 mainly due to lower development cost as Atlantis Residences was fully completed in the beginning of FYE 2018 which accounted for a decrease in cost of sales of RM142.2 million.

The decrease in total cost of sales was also contributed by the lower development cost from Taman Bertam Setia (Phase 1B, 2B and 5) (decrease of RM2.2 million) and Bandar Baru Merlimau (decrease of RM8.2 million) due to more progress achieved in FYE 2017, as well as the completion of Taman Desa Idaman (Phase 1C) (decrease of RM0.8 million) during FYE 2017.

The decrease in total cost of sales was partially offset by:

- (a) On-going development of Taman Desa Bertam (Phase 1A, 1B and 1C) which achieved higher percentage of completion of 49.3% in FYE 2018 as compared to 7.3% in FYE 2017 and contributed an incremental cost of RM53.0 million;
- (b) Completion of Taman Bertam Putra (Phase 1) in FYE 2018 as compared to percentage of completion of 26.5% in FYE 2017 which contributed an incremental cost of RM23.4 million; and
- (c) Launching of Bali Residences towards the end of FYE 2018 which contributed cost of RM4.6 million.

Our Group's GP decreased by RM27.6 million from RM119.3 million in FYE 2017 to RM91.7 million in FYE 2018 mainly due to decrease in GP for Atlantis Residences (decrease of RM65.4 million) in line with its completion in FYE 2018. This was offset by higher contribution from Taman Desa Bertam (Phase 1A, 1B and 1C) (increase of RM32.9 million) and Taman Bertam Putra (Phase 1) (increase of RM10.6 million) in line with their progress as explained above.

Overall, our GP margin increased from 33.2% in FYE 2017 to 35.4% in FYE 2018. The main contributors to our GP margin for FYE 2018 were Taman Desa Bertam (Phase 1A, 1B and 1C) (37.9%), Atlantis Residences (36.7%) and Taman Bertam Putra (Phase 1) (29.1%). The higher GP margin from Atlantis Residences, Taman Bertam Putra (Phase 1) and Bandar Baru Merlimau was due to lower GDC incurred upon completion. For Atlantis Residences, lower superstructure cost was incurred for Tower C upon completion. For Taman Bertam Putra (Phase 1), lower roadworks cost was incurred. For Bandar Baru Merlimau, lower costs were incurred with respect to contribution for authorities and landscaping.

12. FINANCIAL INFORMATION (Cont'd)

The increase in the GP margin for Taman Desa Bertam (Phase 1A, 1B and 1C) in FYE 2018 as compared to FYE 2017 was mainly due to lower contracts cost awarded to the contractors in FYE 2018.

During FYE 2018, we were able to yield higher GP margin in Taman Cheng Setia (Phase 6) (62.7%) and Taman Belimbing Setia (Phase 2A) (63.0%) mainly due to lower GDC as the infrastructure cost and contribution to authorities have been fully incurred in the earlier phases.

Comparison between FYE 2018 and FYE 2019

Our Group's total cost of sales decreased by RM15.0 million or 9.0% from RM167.5 million in FYE 2018 to RM152.5 million in FYE 2019 mainly due to full completion of Atlantis Residences in the beginning of FYE 2018 which accounted for a decrease in cost of sales of RM50.8 million.

The decrease in total cost of sales was also contributed by the lower development cost from Taman Bertam Putra (Phase 1) (decrease of RM24.9 million) and Bandar Baru Merlimau (decrease of RM1.9 million) due to its completion in FYE 2018.

The decrease in total cost of sales was partially offset by:

- (a) Completion of Taman Desa Bertam (Phase 1A and 1B) as compared to percentage of completion of 57.5% in FYE 2018 which contributed an incremental cost of RM2.0 million;
- (b) On-going development of Taman Desa Bertam (Phase 1C) which achieved higher percentage of completion of 90.5% in FYE 2019 as compared to 18.4% in FYE 2018 and contributed an incremental cost of RM20.2 million;
- (c) On-going development of Bali Residences which achieved percentage of completion of 26.7% in FYE 2019 as compared to 4.9% in FYE 2018 and contributed an incremental cost of RM29.6 million;
- (d) Sales of completed units in Taman Saujana Heights and Taman Seri Tuah Permai which contributed an incremental cost of RM1.2 million and RM2.5 million respectively; and
- (e) Launching of Taman Bertam Setia (Phase 1C) and Taman Bertam Setia (Phase 2B) in FYE 2019 which contributed an incremental cost of RM4.4 million and RM3.6 million respectively.

Our Group's GP decreased by RM11.2 million from RM91.7 million in FYE 2018 to RM80.5 million in FYE 2019 mainly due to decrease in GP for Atlantis Residences (decrease of RM30.4 million) as it was completed in FYE 2018 and Taman Bertam Putra (Phase 1) (RM12.1 million) as more progress was recognised in FYE 2018 due to completion. This was offset by contribution from Taman Desa Bertam (Phase 1A, 1B and 1C) (increase of RM8.3 million), Bali Residences (increase by RM18.3 million), Taman Cheng Setia (Phase 6) (increase by RM0.4 million) and Taman Belimbing Setia (Phase 2B) (increase by RM3.6 million) in line with their development progress.

12. FINANCIAL INFORMATION (Cont'd)

Overall our GP margin decreased from 35.4% in FYE 2018 to 34.6% in FYE 2019. The main contributors to this GP margin were Taman Desa Bertam (Phase 1A, 1B & 1C) (35.3%), Atlantis Residences (29.4%) and newly commenced Bali Residences (36.1%). The decreased GP margin in Taman Desa Bertam (Phase 1A, 1B and 1C) was due to higher GDC upon completion. We incurred additional cost to replace the previous earthworks contractor due to unanticipated earthworks as well as compensation to our main contractor due to reintroduction of sales and services tax which were not factored into our original cost. The decrease in GP margin of Atlantis Residences (29.4%) was due to interior design costs being recognised towards the end of the projects. The decrease in GP margin of Taman Bertam Putra (Phase 1) (17.4%) was due to the sales of oddly shaped bungalow land at loss and sales of low cost flat at marginal loss in FYE 2019.

The gross loss from Taman Desa Idaman (Phase 1C and 2), Taman Bukit Larang Indah and Taman Sri Rambai in FYE 2019 were due to discounted sales of oddly shaped bungalow land left over from these developments. The lower GP margin for Taman Bertam Setia (Phase 1B and 3) was also due to sales of oddly shaped bungalow land in Phase 3.

In FYE 2019, GP margin for Taman Cheng Setia (Phase 6) was relatively consistent from 62.7% to 61.7%. However, for Taman Belimbing Setia, the GP margin decreased from 63.0% to 52.7% based on the different margins for different phases, as 63.0% GP margin was achieved for the sale of inventory units in Phase 2A, and 52.7% GP margin was achieved for the ongoing progress of Phase 2B.

The increase in the GP margin for Bali Residences in FYE 2019 as compared to FYE 2018 was mainly due to lower GDC incurred in FYE 2019 compared to FYE 2018 in relation to construction works.

Comparison between FPE 2019 and FPE 2020

Our Group's total cost of sales decreased by RM50.7 million or 44.4% from RM114.3 million in FPE 2019 to RM63.6 million in FPE 2020 in line with the decrease in our revenue amidst the MCO situation. This was mainly due to completion of Taman Desa Bertam (Phase 1A and 1B) in the middle of FPE 2019 which accounted for a decrease in cost of sales of RM56.2 million.

The decrease in total cost of sales was also contributed by decrease in cost of sales of RM10.7 million from Atlantis Residences due to reversal of overestimated GDC upon its finalised bill in FPE 2020. Additionally, decreased cost of sales were incurred from Taman Bertam Putra (Phase 1) (decrease of RM6.7 million) and Taman Seri Tuah Permai (decrease of RM1.4 million) due to less completed units sold.

The decrease in total cost of sales was partially offset by:

- (a) Launching of Taman Desa Bertam (Phase 2 and 3A) in FPE 2020 which contributed an incremental cost of RM11.7 million;
- (b) On-going development of Bali Residences which achieved percentage of completion of 47.1% in FPE 2020 as compared to 17.3% in FPE 2019 and contributed an incremental cost of RM12.8 million;

12. FINANCIAL INFORMATION (Cont'd)

- (c) On-going development of Taman Bertam Setia (Phase 1C) which achieved percentage of completion of 94.4% in FPE 2020 as compared to 32.2% in FPE 2019 and contributed an incremental cost of RM2.3 million;
- (d) On-going development of Taman Belimbing Setia (Phase 2B) which achieved percentage of completion of 73.0% in FPE 2020 as compared to 10.6% in FPE 2019 and contributed an incremental cost of RM4.1 million; and
- (e) Sales of completed units in Taman Saujana Heights and Taman Cheng Setia (Phase 6) which contributed an incremental cost of RM5.7 million.

Our Group's GP decreased by RM25.6 million from RM62.1 million in FPE 2019 to RM36.5 million in FPE 2020 in line with our decreased revenue and costs of sales, mainly contributed by decrease in GP for Taman Desa Bertam (decrease of RM36.5 million) as Phase 1A and 1B was completed in FPE 2019 and Taman Bertam Putra (Phase 1) (decreased of RM1.9 million) and Taman Seri Tuah Permai (decreased of RM1.0 million) as fewer completed units were sold in FPE 2020. This was offset by contribution from Taman Desa Bertam (Phase 2 and 3) (increase of RM3.2 million) and Bali Residences (increase by RM5.0 million) in line with their progress as explained above.

Overall our GP margin increased from 35.2% in FPE 2019 to 36.5% in FPE 2020. The main contributors to this GP margin were Bali Residences (33.8%), Taman Belimbing Setia (Phase 2B) (52.7%), Taman Desa Bertam (Phase 1C, 2 and 3A) (24.4%) and Atlantis Residences (1,046.8%). The calculation of the GP margin in Atlantis Residences is exceptionally high due to the reversal of overestimated GDC as explained as above. However, as compared to FPE 2019, the decreased GP margin in Taman Desa Bertam (Phase 1C) was due to higher GDC upon completion. We incurred additional roadwork cost which is not factored into our original cost.

The decrease in GP margin of Taman Saujana Heights was mainly due to levies paid to the State Government to enable us to sell Bumiputera lots to non-Bumiputera buyers, as well as more rebate given to purchasers in FPE 2020. The decrease in GP margin of Taman Seri Tuah Permai was due to more rebate given to purchasers during our promotion in FPE 2020. In this respect, we ran clearance promotions for both projects during FPE 2020.

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12. FINANCIAL INFORMATION (Cont'd)

(iii) Other income

	FYE 2017		Audited		FYE 2018		FYE 2019		Unaudited		Audited	
	RM'000	%	RM'000	%								
Interest income	1,187	68.9	1,802	69.0	1,699	68.8	1,113	67.1	1,428	61.6		
Gain on disposal of property, plant and equipment	-	-	107	4.1	461	18.7	246	14.8	277	11.9		
Gain on disposal of subsidiary	-	-	128	4.9	-	-	-	-	-	-		
Deposit forfeiture	377	21.9	289	11.1	34	1.4	70	4.2	133	5.7		
Sales of oil palm fresh fruit bunches	-	-	-	-	122	4.9	103	6.2	6	0.3		
Rental income	1	*	11	0.4	28	1.1	14	0.9	74	3.2		
Others ⁽¹⁾	158	9.2	276	10.5	126	5.1	113	6.8	400	17.3		
	1,723	100.0	2,613	100.0	2,470	100.0	1,659	100.0	2,318	100.0		

Notes:

* Less than 0.1%

(1) Others include additional work claim from our buyer, insurance received from the buyer of Atlantis Residences, where we have paid in advance on behalf of them, liquidated and ascertained damages received from the contractors and late payment interest charged to buyers

Comparison between FYE 2017 and FYE 2018

Other income increased by RM0.9 million or 51.7% from RM1.7 million in FYE 2017 to RM2.6 million in FYE 2018. This was mainly due to increase in interest income from financial institution which is in line with higher cash collected from the sale of properties. We have also recorded a gain of disposal of RM0.1 million from the disposal of Widenote to Teo Lay Ban (our Managing Director) as the company was not involved in property development and loss making.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2018 and FYE 2019

Other income decreased by RM0.1 million or 5.5% from RM2.6 million in FYE 2018 to RM2.5 million in FYE 2019. In FYE 2019, we recognised a gain on disposal of motor vehicles of RM0.5 million. In addition, there was income of RM0.12 million earned from fresh fruit bunches harvested from some of our newly acquired vacant land. This was offset by decrease in deposit forfeitures by RM0.26 million and decrease of RM0.2 million of other items of income mainly comprising late payment interest charged to buyers.

Comparison between FPE 2019 and FPE 2020

Other income increased by RM0.6 million or 35.3% from RM1.7 million in FPE 2019 to RM2.3 million in FPE 2020. This was mainly due to higher interest income of RM0.3 million, wages subsidy of approximately RM0.1 million and refund of survey fee for Atlantis Residences of approximately RM0.2 million.

(iv) Other operating expenses

	FYE 2017		Audited		FYE 2019		Unaudited		Audited	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Advertisement and promotion	1,587	8.1	1,269	12.1	1,141	12.3	935	11.6	407	6.2
Bumi release expenses	-	-	-	-	2	*	1	*	-	-
Commission and brokerage	13,952	71.4	5,596	53.4	3,820	41.2	2,792	34.7	1,969	30.3
Deposit and development cost forfeited	-	-	-	-	-	-	-	-	2,495	38.4
Early completion incentive	3,500	17.9	-	-	327	3.5	327	4.1	-	-
LAD	-	-	-	-	792	8.5	702	8.7	12	0.2
Building maintenance cost for our completed projects	479	2.5	1,423	13.6	1,857	20.0	1,713	21.3	1,331	20.5
Maintenance fees	20	0.1	2,197	20.9	1,342	14.5	1,579	19.6	285	4.4
	19,538	100.0	10,485	100.0	9,281	100.0	8,049	100.0	6,499	100.0

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2017 and FYE 2018

Other operating expenses decreased by RM9.0 million or 46.2% from RM19.5 million in FYE 2017 to RM10.5 million in FYE 2018. The was mainly due to lower commission and brokerage paid as substantial units of Atlantis Residences have been sold in FYE 2017. As part of our marketing programme, we are committed to absorb the maintenance fees charged by Atlantis Residences' property management company for 12 months, from the handover date on behalf of the buyer.

Comparison between FYE 2018 and FYE 2019

Other operating expenses decreased by RM1.2 million or 11.5% from RM10.5 million in FYE 2018 to RM9.3 million in FYE 2019. This is mainly due to the lower commission and brokerage in FYE 2019 (decreased by RM1.8 million) as more units in Atlantis Residences in FYE 2018 were sold as compared to FYE 2019. This decrease was offset by higher commission paid for Bali Residences sales in FYE 2019.

The decrease in maintenance fees of RM0.9 million is mainly due to overprovision of Atlantis Residences management fee in FYE 2018.

The decrease was offset by LAD of RM0.8 million for Taman Desa Bertam (Phase 1A & 1B) in FYE 2019. This is due to late delivery of vacant possession by about 1 month. The delay was due to longer time taken for earthworks at the beginning of each phases.

Additionally, in FYE 2019, there is QLASSIC incentive of RM0.3 million given to a contractor for Taman Bertam Putra (Phase 1) for achieving a 70% QLASSIC score.

Comparison between FPE 2019 and FPE 2020

Other operating expenses decreased by RM1.5 million or 18.8% from RM8.0 million in FPE 2019 to RM6.5 million in FPE 2020. The reduction of commission and brokerage in FPE 2020 was due to higher commission paid for Bali Residences in FPE 2019 as most of its sales were made in FPE 2019. Additionally, in FPE 2019, we paid a QLASSIC incentive of RM0.3 million to our contractor for Taman Bertam Putra (Phase 1) and payment of LAD of RM0.7 million to our buyers.

The decrease in maintenance fee of RM1.3 million is because the period for us to absorb management fees for Atlantis Residences has ended, so we only continue to pay maintenance fees for unsold units. However, the decrease in other operating expenses was partially offset by the deposit and development cost forfeited of RM2.5 million for the termination of our purchase of the land under lots number PT 218 and PT 217, both in the Kawasan Bandar XLIV, District of Melaka Tengah, State of Melaka.

12. FINANCIAL INFORMATION (Cont'd)

(v) Administrative expenses

	FYE 2017		Audited		FYE 2018		FYE 2019		Unaudited		Audited	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Annual dinner	246	1.9	270	1.3	249	1.4	249	2.5	133	1.7	133	1.7
Assessment and quit rent	145	1.0	440	0.8	233	1.3	236	2.4	303	3.8	303	3.8
Audit fee	94	0.5	113	0.7	123	0.7	11	0.1	31	0.4	31	0.4
Bad debts written off	-	-	-	-	16	1.5	-	-	*	-	*	-
Bank charges	523	2.8	752	4.4	261	0.1	214	2.2	496	6.2	496	6.2
Compensation	28	0.1	88	0.5	107	0.6	107	1.1	20	0.2	20	0.2
Depreciation	1,100	5.8	1,534	9.1	1,321	7.4	953	9.7	893	11.1	893	11.1
Directors' fees and remuneration	4,677	24.7	4,006	23.7	5,672	31.7	1,798	18.4	1,014	12.6	1,014	12.6
Donation	179	0.9	148	0.9	62	0.3	38	0.4	72	0.9	72	0.9
Electricity and water charges	166	0.9	108	0.6	156	0.9	94	1.0	53	0.7	53	0.7
Entertainment	70	0.4	50	0.3	44	0.2	29	0.3	14	0.2	14	0.2
Insurance	368	1.9	141	0.8	168	0.9	146	1.5	111	1.4	111	1.4
Licence fee	27	0.1	12	0.1	26	0.1	22	0.2	55	0.7	55	0.7
Legal and professional fees	1,070	5.6	1,242	7.4	2,002	11.2	1,420	14.5	1,492	18.6	1,492	18.6
Loss on disposal of property, plant and equipment	62	0.3	-	-	2	*	2	*	-	-	-	-
Medical fee	13	0.1	8	0.1	7	*	5	*	4	*	4	*
Penalty	23	0.1	599	3.6	(62)	(0.3)	(62)	(0.6)	1	*	1	*
Postage, printing and stationery	118	0.6	120	0.7	150	0.8	115	1.2	108	1.3	108	1.3
Property, plant and equipment written off	1,199	6.3	5	*	2	*	-	-	-	-	-	-
Rental	169	0.9	17	0.1	(8)	*	(8)	(0.1)	-	-	-	-
Repair and maintenance	265	1.4	289	1.7	275	1.5	211	2.2	181	2.2	181	2.2
Staff costs	7,535	39.8	6,434	38.0	5,924	33.0	3,113	31.9	2,698	33.5	2,698	33.5

12. FINANCIAL INFORMATION (Cont'd)

	FYE 2017		Audited FYE 2018		FYE 2019		Unaudited FPE 2019		Audited FPE 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Stamp duty	292	1.5	2	*	531	3.0	487	5.0	138	1.7
Travelling and transport charges	92	0.5	152	0.9	99	0.6	67	0.7	46	0.6
Others ⁽¹⁾	501	2.7	381	2.2	561	3.1	523	5.4	175	2.2
	18,962	100.0	16,911	100.0	17,921	100.0	9,770	100.0	8,038	100.0

Notes:

* Less than 0.1%

⁽¹⁾ Others mainly include telephone charges, newspaper, membership subscription, secretarial fee, staff training and recruitment, general expenses, input tax not claimable and etc

Comparison between FYE 2017 and FYE 2018

Administrative expenses decreased by RM2.1 million or 10.8% from RM19.0 million in FYE 2017 to RM16.9 million in FYE 2018 mainly due to the decrease in staff costs and directors' remuneration. Lower staff costs due to lower staff incentives as most of the units in Atlantis Residences have been sold towards the end of FYE 2017. Additionally, there was only minimal amount of property, plant and equipment written off in FYE 2018 compared to FYE 2017.

The increase in depreciation is due to purchase of new motor vehicles and renovation for the sales gallery of Bali Residences during the year. We have also paid a penalty of RM0.6 million when we submitted the revised tax computation vide Inland Revenue Board's Special Voluntary Disclosure Programme ("SVDP") in June 2019 for year of assessment 2015 and 2016, due to adoption of accounting policies from Malaysian Private Entities Reporting Standards ("MPERS") to MFRS. The penalty arose due to the change in accounting policies from MPERS to MFRS which resulted in revisions in estimation of the income tax. In this respect, the adoption of MFRS required us to capitalise and amortise borrowing costs, sales commission and purchaser's legal fees instead of immediately expensing them under MPERS. As such, these expenses were effectively deferred, resulting in additional tax payable for the year of assessment. There was also an increase in bank charges in FYE 2018 due to bank guarantee given to the authorities for Bali Residences which commenced development in FYE 2018.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2018 and FYE 2019

Administrative expenses increased by RM1.0 million or 6.0% from RM16.9 million in FYE 2018 to RM17.9 million in FYE 2019. The increase was mainly attributable to higher legal fee and stamp duty paid for the purchase of landbank as well as professional fees incurred in relation to our Listing in FYE 2019.

There is an increase of RM1.7 million of directors' fee and emoluments as this year there is higher director bonus and fee based on our financial performance. This was partially offset by lower bank charges (decreased by RM0.5 million), staff costs (decreased by RM0.5 million) due to lower staff incentives in line with sales achieved and penalty (decreased by RM0.6 million) being a reversal of overprovision for tax penalty in FYE 2019.

Comparison between FPE 2019 and FPE 2020

Administrative expenses decreased by RM1.8 million or 18.4% from RM9.8 million in FPE 2019 to RM8.0 million in FPE 2020. The decrease was mainly due to the decrease in staff costs by RM0.4 million as there was no company trip in FPE 2020 compared to FPE 2019, and directors' remuneration (decreased by RM0.8 million) following the departure of Datuk Teo Poh Boon.

The lower stamp duty paid in FPE 2020 (decreased by RM0.3 million) was because our landbank purchases made during the period were completed in November 2020, after FPE 2020. In addition, the decrease in other costs by RM0.4 million is because in FPE 2019, we incurred application fees for strata titles for Bali Residences.

There is increase in bank charges of RM0.3 million being bank guarantee for opening of Housing Development Account for Taman Desa Bertam Phase 2 and 3.

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12. FINANCIAL INFORMATION (Cont'd)

(vi) Finance cost

	FYE 2017		Audited FYE 2018		FYE 2019		Unaudited FPE 2019		Audited FPE 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bank overdrafts	540	44.1	377	37.2	200	42.7	121	36.8	314	66.5
Finance lease liabilities	41	3.4	35	3.5	21	4.5	19	5.8	16	3.4
Term loans and bridging loans	184	15.1	197	19.4	197	42.1	154	46.8	110	23.3
Interest charged by Polywell Enterprise on advances to Teladan Setia	458	37.4	354	34.9	-	-	-	-	-	-
Lease liabilities	-	-	51	5.0	50	10.7	35	10.6	26	6.8
	1,223	100.0	1,014	100.0	468	100.0	329	100.0	466	100.0

Comparison between FYE 2017 and FYE 2018

Finance cost decreased by RM0.2 million or 17.0% from RM1.2 million in FYE 2017 to RM1.0 million in FYE 2018. This was mainly due to decrease in bank overdrafts interest coupled with lower utilisation of bank overdrafts facilities during the year.

Comparison between FYE 2018 and FYE 2019

Finance cost decreased by RM0.5 million or 53.8% from RM1.0 million in FYE 2018 to RM0.5 million in FYE 2019. The decrease was mainly attributable to decrease in interest charged by related party and bank overdraft interest.

Comparison between FPE 2019 and FPE 2020

Finance cost increased by RM0.2 million or 41.6% from RM0.3 million in FPE 2019 to RM0.5 million in FPE 2020. The increase was mainly attributable to increase in interest for bank overdrafts.

12. FINANCIAL INFORMATION (Cont'd)**(vii) PBT and PBT margin**

	Audited			Unaudited	Audited
	FYE 2017	FYE 2018	FYE 2019	FPE 2019	FPE 2020
	RM'000	RM'000	RM'000	RM'000	RM'000
PBT (RM'000)	81,271	65,892	55,337	45,646	23,779
PBT margin (%)	22.6	25.4	23.8	25.9	23.8

PBT decreased by RM15.4 million or 18.9% from RM81.3 million in FYE 2017 to RM65.9 million in FYE 2018 mainly due to lower GP generated from our business. Despite the decreased in GP, our PBT margin increased from 22.6% in FYE 2017 to 25.4% in FYE 2018 in line with the increase in the GP margin from 33.2% in FYE 2017 to 35.4% in FYE 2018. Other contributing factors were an increase in interest income from financial institution which is in line with higher cash collected from the sale of properties, and decrease in other operating expenses and administrative expenses mainly due to the lower commission and staff incentives relating to Atlantis Residences as most units of Atlantis Residences were sold in FYE 2017.

PBT decreased by RM10.6 million or 16.0% from RM65.9 million in FYE 2018 to RM55.3 million in FYE 2019 mainly due to lower GP generated from our business. PBT margin also slight decreased by 1.6% from 25.4% in FYE 2018 to 23.8% in FYE 2019 in line with the decrease in the GP margin from 35.4% in FYE 2018 to 34.6% in FYE 2019.

PBT decreased by RM21.9 million or 47.9% from RM45.6 million in FPE 2019 to RM23.8 million in FPE 2020 in line with the lower GP generated from our business. However, although our GP margin increased from 35.2% to 36.5%, PBT margin decreased from 25.9% to 23.8% in FPE 2020 mainly because we continued to incur fixed operating expenses and administrative expenses whilst the level of our operations (and in turn, our revenue and GP) reduced.

(viii) Taxation

	Audited			Unaudited	Audited
	FYE 2017	FYE 2018	FYE 2019	FPE 2019	FPE 2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Taxation	18,342	17,066	11,935	11,935	6,477
Effective tax rate (%)	22.6	25.9	21.6	26.1	27.2
Statutory tax rate (%)	24.0	24.0	24.0	24.0	24.0

The effective tax rate for FYE 2017 was lower than the statutory tax rate of 24.0% mainly due to tax exemption based on increase in chargeable business income in accordance with the Income Tax Act (Exemption) (No.2) Order 2017 to Asal Harta in FYE 2017. Effectively, Asal Harta was charged a reduced tax rate on the incremental portions of its chargeable business income, in accordance with the order.

The effective tax rate for FYE 2018 was higher than the statutory tax rate of 24.0% mainly due to higher non-deductible expenses such as interest paid to Polywell Enterprise.

12. FINANCIAL INFORMATION (Cont'd)

The tax paid in FYE 2019 of RM18.7 million include additional tax of RM5.1 million paid to Inland Revenue Board under SVDP due to adoption of accounting policies from MPERS to MFRS, which covers the years of assessment from 2014 to 2017.

Our effective tax rate for FYE 2019 of 21.6% was lower than the statutory tax rate of 24.0% due to the reversal of overprovision of taxation of RM1.1 million in Asal Harta and Midas for FYE 2018 in relation to ex-gratia payment to buyers being a goodwill token for extension of time obtained to complete Atlantis Residences. This expense was previously treated as non-deductible expenses, resulting in the overprovision of taxation.

Our effective tax rate for FPE 2020 of 27.2% was higher than the statutory tax rate of 24.0% mainly due to higher non-deductible expenses i.e. the deposit and development cost forfeited arising from the termination of our purchase of land.

12.2.3 Review of financial position**(i) Assets**

	Audited			
	FYE 2017	FYE 2018	FYE 2019	FPE 2020
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	3,900	5,050	5,348	4,548
Right-of-use assets ⁽¹⁾	-	489	408	283
Inventories	81,977	81,977	171,748	171,748
Deferred tax assets	431	-	-	-
Total non-current assets	<u>86,308</u>	<u>87,516</u>	<u>177,504</u>	<u>176,579</u>
Current assets				
Inventories	229,543	205,877	182,830	193,273
Trade and other receivables	51,827	71,495	27,742	34,310
Contract assets	35,163	17,226	61,052	49,161
Current tax assets	2,640	1,402	1,467	830
Cash and cash equivalents	69,701	85,234	92,297	75,566
Total current assets	<u>388,874</u>	<u>381,234</u>	<u>365,388</u>	<u>353,140</u>
Total assets	475,182	468,750	542,892	529,719

Note:

⁽¹⁾ Please refer to Section 12.1.2 for further explanation on the rights-of-use assets of the Group.

Comparison between FYE 2017 and FYE 2018

Non-current assets increased by RM1.2 million from RM86.3 million in FYE 2017 to RM87.5 million in FYE 2018. This was mainly due to the purchase by Asal Harta of one unit of service apartment of RM0.8 million in Atlantis Residences, resulting in its transfer from inventories to property, plant and equipment. Besides, we have also incurred renovation cost of RM0.7 million for the sales gallery of Bali Residences.

12. FINANCIAL INFORMATION (Cont'd)

Current assets decreased by RM7.6 million from RM388.9 million in FYE 2017 to RM381.2 million in FYE 2018. This was mainly due to decrease in inventories as we have sold more completed units of Atlantis Residences in FYE 2018. The decrease in contract assets was due to completion and hand over of Atlantis Residences. Our cash and cash equivalents also increased due to higher collections from our on-going projects and launching of new projects. The increase in trade and other receivables was mainly due to refundable deposits of RM11.5 million paid for the purchase of land held for development known as Geran 6772 Lot 53, Tanjung Minyak, Melaka, which was completed in FPE 2019.

Comparison between FYE 2018 and FYE 2019

Non-current assets increased by RM90.0 million from RM87.5 million in FYE 2018 to RM177.5 million in FYE 2019. This was mainly due to purchase of land held for development known as Geran 6772 Lot 53, Tanjung Minyak, Melaka.

Current assets decreased by RM15.8 million from RM381.2 million in FYE 2018 to RM365.4 million in FYE 2019. This was due to:

- (i) Decrease in inventories of RM23.0 million as we continue to sell our completed properties;
- (ii) Decrease in trade and other receivables of RM43.8 million, mainly due to:
 - (a) collection of outstanding billing of RM38.5 million comprising mainly cash purchases and progress claims for Taman Desa Bertam (Phase 1A, 1B and 1C), Taman Bertam Putra (Phase 1) and Atlantis Residences. Besides;
 - (b) decrease in deposits due to completion of the purchase of land held for development, resulting in the reclassification of the deposit of RM11.5 million to land held for development in 2019; and
 - (c) partially offset by new deposit of RM2.4 million for 2 new pieces of leasehold land.

On the other hand, there is an increase in contract assets of RM43.8 million mainly due to higher development progress of Bali Residences and Taman Desa Bertam (Phase 1C).

Comparison between FYE 2019 and FPE 2020

Non-current assets decreased by RM0.9 million from RM177.5 million in FYE 2019 to RM176.6 million in FPE 2020. This was mainly due to disposal of motor vehicles and depreciation during the year.

Current assets decreased by RM12.3 million from RM365.4 million in FYE 2019 to RM353.1 million in FPE 2020. This was mainly due to:

- (i) decrease in contract assets of RM6.6 million as completion and handover of Taman Desa Bertam (Phase 1C); and
- (ii) decrease in our cash and cash equivalents by RM16.7 million, mainly from paying out RM13.7 million in dividends.

12. FINANCIAL INFORMATION (Cont'd)**(ii) Liabilities**

	Audited			
	FYE 2017	FYE 2018	FYE 2019	FPE 2020
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities				
Bank borrowings	86,058	67,965	105,913	104,686
Lease liabilities ⁽²⁾	-	327	270	195
Finance lease liabilities	147	200	369	260
Deferred tax liabilities	19	46	46	46
Total non-current liabilities	<u>86,224</u>	<u>68,538</u>	<u>106,598</u>	<u>105,187</u>
Current liabilities				
Trade and other payables	72,362	⁽¹⁾ 76,139	⁽¹⁾ 68,858	38,040
Bank borrowings	14,810	16,309	22,462	21,618
Contract liabilities	10,267	-	-	-
Lease liabilities ⁽²⁾	-	207	179	120
Finance lease liabilities	333	180	216	180
Current tax liabilities	8,666	6,358	173	2,866
Total current liabilities	<u>106,438</u>	<u>99,193</u>	<u>91,888</u>	<u>62,824</u>
Total liabilities	<u>192,662</u>	<u>167,731</u>	<u>198,486</u>	<u>168,011</u>

Notes:

- (1) Inclusive of dividend payable of RM26.2 million in FYE 2018 and RM13.7 million in FYE 2019
- (2) Please refer to Section 12.1.2 for further explanation on the lease liabilities of the Group.

Comparison between FYE 2017 and FYE 2018

Non-current liabilities decreased by RM17.7 million from RM86.2 million in FYE 2017 to RM68.5 million in FYE 2018 due to repayment of term loans. We are able to repay earlier and higher than monthly installments after we received sufficient collections from our buyers.

Current liabilities decreased by RM7.2 million from RM106.4 million in FYE 2017 to RM99.2 million in FYE 2018 due to decrease in contract liabilities after we commenced the development for Taman Desa Bertam (Phase 1A and 1B) and Taman Bertam Putra (Phase 1). An increase of RM26.2 million in current liabilities also arose from dividends payable. This was offset by a repayment of RM11.2 million to trade payable in relation to the Atlantis Residences project and repayment of advances from Polywell Enterprise together with interest of RM13.5 million.

Comparison between FYE 2018 and FYE 2019

Non-current liabilities increased by RM38.1 million from RM68.5 million in FYE 2018 to RM106.6 million in FYE 2019 mainly due to term loan of RM70.0 million drawn down for the purchase of land held for development known as Geran 6772 Lot 53, Tanjong Minyak, Melaka.

Current liabilities decreased by RM7.3 million from RM99.2 million in FYE 2018 to RM91.9 million in FYE 2019 due to:

- (i) decrease in trade and other payables of RM7.3 million in relation to payment to contractors for Atlantis Residences and Taman Bertam Putra (Phase 1);

12. FINANCIAL INFORMATION (Cont'd)

- (ii) dividend payment of RM12.5 million in FYE 2019 in respect of dividend declared in FYE 2018; and
- (iii) RM6.2 million decrease in current tax liabilities mainly due to RM5.1 million payments made to Inland Revenue Board in FYE 2019 under the SVDP.

Comparison between FYE 2019 and FPE 2020

Non-current liabilities decreased by RM1.4 million from RM106.6 million in FYE 2019 to RM105.2 million in FPE 2020 due to progressive repayment of term loan and finance lease liabilities.

Current liabilities decreased by RM29.1 million from RM91.9 million in FYE 2019 to RM62.8 million in FPE 2020 mainly due to decrease in trade and other payables of RM30.8 million comprising mainly:

- (i) the released retention sum of RM8.1 million to our contractor when it was due; and
- (ii) dividend payment of RM13.7 million in FPE 2020 in respect of dividends declared in FYE 2018.

The decrease in current liabilities was slightly offset by the increase in current tax liabilities by RM2.7 million due to revised tax instalments for the remainder of 2020 as our previous monthly tax installments for FPE 2020 were underestimated.

12.2.4 Review of cash flows

	Audited			
	FYE 2017	FYE 2018	FYE 2019	FPE 2020
	RM'000	RM'000	RM'000	RM'000
Net cash generated from operating activities	63,550	44,407	62,075	4,438
Net cash used in investing activities	(28,540)	(12,169)	(9,029)	(280)
Net cash used in financing activities	(17,349)	(26,238)	(47,051)	(22,160)
Net changes	17,661	6,000	5,995	(18,002)
At beginning of financial year/period	44,306	61,967	67,967	73,962
At end of financial year/period	61,967	67,967	73,962	55,960

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12. FINANCIAL INFORMATION (Cont'd)**FYE 2017****Net cash for operating activities**

In FYE 2017, we generated operating cash flows before working capital changes of RM83.6 million. Our net cash from operating activities was RM63.6 million after accounting for key items as set out below:

- (a) Increase in trade and other receivables of RM9.8 million mainly due to outstanding progress billings from the cash buyers and financial institutions who have yet to release payments to us for their lenders, mainly from Atlantis Residences;
- (b) Increase in contract assets of RM21.6 million mainly due to increase in accrued billings of RM27.5 million for Atlantis Residences as the construction progress is ahead of the billings issued to property buyers;
- (c) Decrease in inventories of RM1.7 million mainly due to sales and completion of the Atlantis Residences (Tower A and B) during the year. This was partially offset by the increase of GDC for other projects such as Taman Desa Bertam – Phase 1A, 1B and 1C (RM10.1 million) and Taman Bertam Putra (Phase 1) (RM4.3 million);
- (d) Increase in contract liabilities of RM10.3 million due to first 10% billing to buyers for Taman Desa Bertam (Phase 1A, 1B and 1C) and Taman Bertam Putra (Phase 1) upon signing of sale and purchase agreement;
- (e) Increase in trade and other payables of RM16.6 million mainly due to higher accruals of GDC and final billings pending from contractors from Atlantis Residences; and
- (f) Interest received of RM1.2 million and net payment of tax of RM18.4 million.

Net cash for investing activities

In FYE 2017, we recorded net cash used in investing activities of RM28.5 million mainly due to:

- (a) Purchase of land held for development in Pekan Baru Sungai Besi, Selangor with internally generated funds of RM26.6 million. The remaining RM49.0 million was financed through term loans;
- (b) Purchase of motor vehicles of RM0.7 million and renovation for our sales gallery in Bali Residences of RM0.5 million; and
- (c) Pledge of fixed deposit of RM0.8 million to financial institutions.

The cash outflows above were partially offset by proceeds from disposal of freehold building and furniture and fittings of RM0.4 million.

Net cash for financing activities

In FYE 2017, we recorded net cash used in financing activities of RM17.4 million mainly due to:

- (a) Repayment of loans and finance lease liabilities of RM34.1 million;
- (b) Dividend payment of RM4.8 million;

12. FINANCIAL INFORMATION (Cont'd)

- (c) Acquisition of remaining equity interest of 2.5% in Riverwell of RM0.5 million; and
- (d) Interest payment of RM5.0 million.

The cash outflows above were partially offset by drawdown of term loans and bridging loans of RM27.0 million to finance our working capital for Atlantis Residences and Taman Desa Bertam (Phase 1A, 1B and 1C).

FYE 2018

Net cash for operating activities

In FYE 2018, we generated operating cash flows before working capital changes of RM66.4 million. Our net cash from operating activities was RM44.4 million after accounting for key items as set out below:

- (a) Increase in trade and other receivables of RM19.8 million mainly due to outstanding progress billings from the cash buyers and financial institutions who have yet to release payments to us for their lenders, mainly from Taman Desa Bertam (Phase 1A and 1B). Besides, we have also paid a refundable deposit of RM11.5 million for the purchase of land held for development known as Geran 6772 Lot 53, Tanjong Minyak, Melaka;
- (b) Decrease in contract liabilities of RM10.3 million after we commenced our development work for Taman Desa Bertam (Phase 1A, 1B and 1C) and Taman Bertam Putra (Phase 1);
- (c) Decrease in trade and other payables of RM21.2 million due to repayment of RM13.5 million to Polywell Enterprise (a related party) in relation to advances provided;
- (d) Decrease in inventories of RM27.8 million mainly due to sales and completion of Atlantis Residences during the year;
- (e) Decrease in contract assets of RM17.9 million mainly due to decrease in accrued billing for Atlantis Residences as this project was fully completed during the financial year; and
- (f) Interest received of RM1.8 million and net payment of tax of RM18.3 million.

Net cash for investing activities

In FYE 2018, we recorded net cash used in investing activities of RM12.1 million mainly due to:

- (a) Pledge of fixed deposit of RM10.3 million to financial institutions for additional bank guarantees obtained for the housing authority being amount of earnest deposit for Taman Bertam Putra (Phase 1), Taman Desa Bertam (Phase 1A, 1B and 1C) and Bali Residences;
- (b) Purchase of motor vehicles of RM0.8 million and renovation for our sales gallery in Bali Residences of RM0.7 million; and
- (c) Net cash outflows from disposal of Widenote of RM0.4 million.

12. FINANCIAL INFORMATION (Cont'd)

The cash outflows above were partially offset by proceeds from disposal of motor vehicles of RM0.1 million.

Net cash for financing activities

In FYE 2018, we recorded net cash used in financing activities of RM26.2 million mainly due to:

- (a) Repayment of loans and finance lease liabilities of RM49.8 million;
- (b) Dividend payment of RM4.0 million; and
- (c) Interest payment of RM5.9 million.

The cash outflows above were partially offset by drawdown of term loans and bridging loans of RM33.6 million to finance our working capital requirements in Taman Desa Bertam (Phase 1A and 1B and 1C).

FYE 2019

Net cash for operating activities

In FYE 2019, we generated operating cash flows before working capital changes of RM55.0 million. Our net cash from operating activities was RM62.1 million after accounting for key items as set out below:

- (a) Decrease in inventories of RM30.0 million mainly due to decrease in completed properties after we offered more attractive incentive to the buyers to encourage sales for our completed units and also completion of Taman Desa Bertam (Phase 1A and 1B);
- (b) Decrease in trade and other receivables of RM32.2 million mainly due to collection of outstanding progress billings from cash buyers and release of progress payments by end-financiers mainly in relation to Taman Desa Bertam (Phase 1A and 1B);
- (c) Increase in contract assets of RM43.8 million due to increase in accrued billings of RM29.1 million for Bali Residences and RM11.9 million for Taman Desa Bertam (Phase 1C) as the construction progress is recognised ahead of net billings issued to property buyers;
- (d) Increase in trade and other payables of RM5.1 million mainly due to higher construction progress for Taman Desa Bertam (Phase 1A, 1B and 1C) and Bali Residences.
- (e) Interest received of RM1.7 million and net payment of tax of RM18.1 million.

Net cash for investing activities

In FYE 2019, we recorded net cash used in investing activities of RM9.0 million mainly due to:

- (a) Purchase of land held for development known as Geran 6772 Lot 53, Tanjong Minyak, Melaka with internally generated funds of RM8.3 million. The remaining RM70.0 million was financed through term loans; and
- (b) Purchase of motor vehicles of RM1.1 million.

12. FINANCIAL INFORMATION (Cont'd)

The cash outflows above were partially offset by proceeds from disposal of motor vehicles of RM0.5 million.

Net cash for financing activities

In FYE 2019, we recorded net cash used in financing activities of RM47.1 million mainly due to:

- (a) Repayment of loans and finance lease liabilities of RM45.3 million;
- (b) Dividend payment of RM12.5 million; and
- (c) Interest payment of RM7.4 million.

The cash outflows above were partially offset by drawdown of term loans and bridging loans of RM18.2 million to finance our working capital requirements in Bali Residences.

FPE 2020

Net cash for operating activities

In FPE 2020, we generated operating cash flows before working capital changes of RM23.4 million. Our net cash from operating activities was RM4.4 million after accounting for key items as set out below:

- (a) Increase in inventories of RM5.5 million mainly due to increase in GDC for Taman Desa Bertam Phase 2 and 3A and Bali Residences;
- (b) Increase in trade and other receivables of RM6.6 million mainly due to outstanding progress billings from the cash buyers and financial institutions have yet to release payments to us for their lenders, mainly from Taman Desa Bertam (Phase 2 and 3A). Besides, we have also paid a refundable deposit to Majlis Bandaraya Melaka Bersejarah of RM1.2 million for earthwork carried out for our new development land;
- (c) Decrease in contract assets of RM11.9 million mainly due to decrease in accrued billing for Taman Desa Bertam (Phase 1C) as this project was fully completed during the financial year;
- (d) Decrease in trade and other payables of RM17.1 million due to repayment of RM8.2 million to our contractors for the retention sum due; and
- (e) Interest received of RM1.4 million and net payment of tax of RM3.2 million.

Net cash for investing activities

In FPE 2020, we recorded net cash used in investing activities of RM0.3 million mainly due to pledge of fixed deposit of RM0.6 million to financial institutions for additional bank guarantees obtained for housing authority and placed as an earnest deposit for Taman Desa Bertam (Phase 2).

The cash outflows above were partially offset by proceeds from disposal of motor vehicles of RM0.3 million.

12. FINANCIAL INFORMATION (Cont'd)

Net cash for financing activities

In FPE 2020, we recorded net cash used in financing activities of RM22.2 million mainly due to:

- (a) Repayment of loans and finance lease liabilities of RM26.5 million;
- (b) Dividend payment of RM13.7 million; and
- (c) Interest payment of RM5.4 million

The cash outflows above were partially offset by drawdown of term loans and bridging loans of RM23.5 million to finance our working capital requirements in Bali Residences.

12.3 LIQUIDITY AND CAPITAL RESOURCES**12.3.1 Working capital**

We finance our operations with cash generated from operations, credit extended by trade payables and/or financial institutions as well as cash and bank balances. Our facilities from financial institutions comprise term loans, bank overdrafts, bridging loans, bank guarantees as well as finance lease liabilities.

Our Board is confident that our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

- (a) Our cash and cash equivalent of approximately RM52.4 million as at LPD,;
- (b) Our expected future cash flows from operations;
- (c) Our total banking facilities as at LPD of RM188.5 million (excluding finance leases), of which RM146.1 million have been utilised; and
- (d) Our pro forma gearing level of 0.37 times, based on our pro forma statements of financial position as at 30 September 2020 after the Acquisition and subsequent events, Public Issue and utilisation of proceeds.

We carefully consider our cash position and ability to obtain further financing before making significant capital commitments, such as new land acquisition and commencement of new property development projects.

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12. FINANCIAL INFORMATION (Cont'd)

12.4 BORROWINGS

All of our borrowings are secured and interest-bearing. Our total outstanding borrowings as at 30 September 2020 stood at RM126.7 million, details of which are set out below:

	Purpose	Security	Tenure	Effective interest rate %	As at
					30 September 2020
					RM'000
Interest bearing short-term borrowings, payable within 1 year:					
Bank overdrafts	Working capital	(i) Fixed charge over land and buildings (ii) Joint and several guarantee by the late Datuk Teo Poh Boon and our Managing Director ⁽³⁾	On demand	7.1	5,428
Term loans	Purchase of land held for development Working capital	(i) Fixed charge over land and buildings (ii) Joint and several guarantee by the late Datuk Teo Poh Boon and our Managing Director ⁽³⁾	Between 5 to 15 years	3.3 – 7.9	16,190
Finance lease liabilities	Purchase of motor vehicles Key man insurance	(i) Assets purchased through the facility	4 years	4.5 – 4.9	180
					21,798
Interest bearing long-term borrowings, payable after 1 year:					
Term loans	Purchase of land held for development Working capital	(i) Fixed charge over land and buildings (ii) Joint and several guarantee by the late Datuk Teo Poh Boon and our Managing Director ⁽³⁾	Between 5 to 15 years	3.3 – 7.9	104,686

12. FINANCIAL INFORMATION (Cont'd)

	Purpose	Security	Tenure	Effective interest rate %	As at
					30 September 2020
					RM'000
	Purchase of leasehold building				
	Key man insurance				
Finance lease liabilities	Purchase of motor vehicles	(i) Assets purchased through the facility	4 years	4.5 – 4.9	260
Total borrowings					104,946
					126,744

Gearing (times)

After Acquisition and subsequent events but before Public Issue ⁽¹⁾

After Acquisition, and subsequent events, Public Issue and utilisation of proceeds ⁽²⁾

0.4
0.3

Notes:

- (1) Computed based on our pro forma equity attributable to the owners of the Company of RM361.7 million in the pro forma statements of financial position after the Acquisition and subsequent events, but before Public Issue and proposed utilisation of proceeds
- (2) Computed based on our pro forma equity attributable to the owners of the Company of RM433.8 million in the pro forma statements of financial position after the Acquisition, and subsequent events, Public Issue and utilisation of proceeds which includes the repayment of bank borrowings of RM4.0 million
- (3) In conjunction with the Listing, we have obtained conditional approval for the release and/or discharge of the guarantees from our Financiers by substituting the same with a corporate guarantee from our Company. Until such release and/or discharge are perfected, our Managing Director will continue to guarantee the banking facilities extended to our Group

12. FINANCIAL INFORMATION (Cont'd)

Separately, we have also recognised the following lease liabilities:

Purpose	Tenure	As at 30 September 2020 RM'000
Lease liabilities payable within 1 year	Between 2 to 3 years	120
Lease liabilities payable after 1 year	Between 2 to 3 years	195

As at LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency. We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout FYE 2017 to 2019, FPE 2020 and up to LPD.

As at LPD, neither our Company nor any of our subsidiaries is in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of our securities.

Over FYE 2017 to 2019 and FPE 2020, we have not experienced any claw back or reduction in the facilities limit granted to us by our lenders.

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12. FINANCIAL INFORMATION *(Cont'd)*

12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

Save as disclosed in Section 12.4 above, we do not have or utilise any other financial instruments or have any other treasury policies. All our financial instruments are used towards purchase of property, plant and equipment and our property development business. As at 30 September 2020, save for our finance lease liabilities which are based on fixed rates, all our other facilities with licensed financial institutions are based on base lending rate plus or minus a rate which varies depending on the type of facility.

12.6 MATERIAL CAPITAL COMMITMENTS

As at LPD, save as disclosed below, we do not have any other material capital commitments:

	<u>RM'000</u>
Land held for property development:	
Authorised and contracted for	<u>35,024</u>
Freehold land:	
Authorised but not contracted for	<u>4,010</u>
Acquisition of Polyintan:	
Authorised and contracted for	<u>11,468</u>

The above land held for property development comprises 7 parcels of land which we are in the process of acquiring. The amount contracted for the acquisition of Polyintan includes the settlement of amount owing by Polyintan to Polywell Enterprise of RM9.6 million. The material capital commitments above shall be funded through our internally generated funds and/or bank borrowings at our discretion.

12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at LPD.

As at LPD, save as disclosed below, our Directors confirm that there are no material contingent liabilities incurred by our Group, which upon becoming enforceable may have a material effect on our Group's business, financial results or position:

	<u>RM'000</u>
Bank guarantees for deposits with the housing and local authorities as well as utilities provider	18,156

For housing authorities, bank guarantees are the earnest money which is required to be deposited with the Pengawal Perumahan in accordance with the requirement of Section 6(1)(a) or 6(1)(b) of the Housing Development (Control & Licensing) Act 1966, as a guarantee for the due performance of the licensee's obligations under the said act and rules.

12. FINANCIAL INFORMATION (Cont'd)

For other utilities providers such as Indah Water Konsortium, Jabatan Kerja Raya and Tenaga Nasional Berhad, we need to give guarantee when handing over our completed property development to them.

We also give bank guarantee to local authorities with respect to building maintenance cost under subsection 92(1) of the Strata Management Act 2013.

12.8 KEY FINANCIAL RATIOS

The key financial ratios of our Group for FYE 2017 to 2019 and FPE 2020 are as follows:

	Audited			
	FYE 2017	FYE 2018	FYE 2019	FPE 2020
Trade receivables turnover (days) ⁽¹⁾	38	67	55	54
Trade payables turnover (days) ⁽²⁾	31	50	57	93
Current ratio (times) ⁽³⁾	1.5	1.8	2.0	2.5
Gearing ratio (times) ⁽⁴⁾	0.4	0.3	0.4	0.4

Notes:

- (1) Computed based on average trade receivables as at year/period end over revenue for the year multiplied by 365 days for each financial year and 274 days for FPE 2020
- (2) Computed based on average trade payables (excluding retention sum) as at year/period end over costs of sales for the year multiplied by 365 days for each financial year and 274 days for FPE 2020
- (3) Computed based on current assets (excluding inventories which consists of completed units, property development costs and others (being installed design packages for Atlantis Residences) as these items are not readily convertible into cash) over current liabilities as at each financial year/period end
- (4) Computed based on total borrowings over total equity as at each financial year/period end

12.8.1 Trade receivables turnover

The normal credit period granted by our Group to our buyers as provided in the sales and purchase agreements is 30 days from the date of progress billings. As the revenue for our property development activities will be recognised using the percentage of completion method, the movements in our Group's revenue from property development activities may not be in line with the movements in the trade receivables turnover days as trade receivables are recorded based on progress billings issued to the end buyers.

Our trade receivables turnover days for FYE 2017 to 2019 and FPE 2020 were between 38 to 67 days, which have exceeded the credit period granted to our buyers mainly due to longer processing time taken by the end-financiers before releasing the payment to us.

12. FINANCIAL INFORMATION (Cont'd)

The ageing analysis of our trade receivables as at 30 September 2020 is as follows:

	Trade receivables as at 30 September 2020		Amount collected subsequent from 1 October 2020 up to LPD		Trade receivables net of subsequent collections	
	RM'000 (a)	Percentage of trade receivables (a)/total of (a)	RM'000 (b)	Percentage collected (b)/(a)	RM'000 (c) = (a)-(b)	Percentage of trade receivables net of subsequent collections (c)/total of (c)
Neither past due nor impaired	9,760	43.8	7,126	73.0	2,634	44.7
Past due but not impaired:						
• 1 to 30 days	6,574	29.5	4,471	68.0	2,103	35.6
• 31 to 120 days	4,658	20.9	3,957	85.0	701	11.9
• More than 120 days	1,278	5.8	816	63.9	462	7.8
Total	22,270	100.0	16,370	73.5	5,900	100.0

The increase in trade receivable turnover in FYE 2018 was mainly due to a delay in the release of payment by end-financiers of the Taman Desa Bertam project to our Group. This happens midway through projects, as initial progress claims' payment released by end-financiers are issued directly to repay our term loan and/or bridging loan utilised for the project's development. These initial payments are known as redemption sums. Once the redemption sum for a particular subdivided title has been fully paid off, the end-financier will withhold further progress claims' payment until the subdivided title has been discharged from our loan financier and charged to the end-financiers. Pending such payment, the outstanding progress claim will be our trade receivables.

The discharge and charge process of the subdivided titles is not immediate and usually takes a few weeks as our loan financier needs some time to process the redemption sum payments and execute the discharge documents. After which, the end-financiers' lawyers will be able to execute the charge of the subdivided titles at the land office in favour of the end-financiers. The increase in trade receivables turnover is a one-off occurrence related to the performance of one of our financiers.

Our Group does not have any significant credit risk as we are principally a property developer and we sell our properties to a large number of buyers using financing from reputable end-financiers.

12. FINANCIAL INFORMATION (Cont'd)

Our Group has not encountered any major disputes with our debtors. With respect to overdue debts, we have generally been able to collect payment eventually as evident by our subsequent collections after FPE 2020. As such, our management was of view that the overdue trade receivables were recoverable and no impairment was made in FPE 2020. Our management closely monitors the recoverability of our overdue trade receivables on a regular basis, and, when appropriate, provides for impairment of these trade receivables. Trade receivables comprise substantially of amounts due from buyers with end financing facilities from end-financiers.

In respect of buyers with no end financing facilities, the Group retains the legal title to all properties sold until the full contracted sales value is settled. Accordingly, under normal circumstances, amount due from buyers are not impaired. The sales and purchase agreement generally provide that, in the event of a cancellation of the sale by the purchaser, 10% of the purchase price shall be forfeited to the developer and the balance shall be refunded to the purchaser. In particular, if there is cancellation of sales, 10% of the purchase price shall be forfeited if 50% of the purchase price has been paid. Whereas, 20% of the purchase price shall be forfeited if more than 50% of the purchase price has been paid. The balance shall be refunded to the purchaser. In the past, we have experienced cancellations of sales, and the deposits forfeited were recognised as other income. Upon cancellation and refund, the accounting of the progress billings, attributable profit recognised, cash received and trade receivables are reversed, while the corresponding costs incurred to-date on the cancelled unit is reclassified to property development costs. We then record the forfeiture of deposit as other income. Save for the reversal of any profits or losses from the progress billings and the income from the forfeiture, there is no other significant impact of such cancellations to us. For the financial years /period under review up to the LPD, there have been 6 cancellation of sales of such nature.

12.8.2 Trade payables turnover

We award construction works of our property development projects to third party contractors. Trade payables are recognised at their original invoice amounts which represent their fair value on initial recognition. We have been granted credit terms of 30 to 120 days from the date of invoice by our contractors and suppliers. Our trade payables turnover days were between 31 to 93 days for the financial years/period under review.

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